

EDUCATION

SUMMARY OF STATE EXPENDITURES FOR EDUCATION

As in previous years state expenditures for education in 1965-66 will account for the largest share of the budget dollar. It is estimated that the State of California will spend more than \$1.5 billion during the budget year for all facets of public education; this represents over 58 percent of the General Fund dollars estimated to be expended during 1965-66. This expenditure includes support for the public schools, debt service on public school bonds, support and construction for the University of California and the state colleges and support for the state-operated schools for handicapped children. Table I shows total state expenditures for the past fiscal year, estimated expenditures for the current year and the proposed sum for 1965-66. State expenditures for education in 1965-66 will increase by an amount of \$83,455,000 over the preceding year.

Table I
State Expenditures for Education
(In thousands)

	1963-64	1964-65	1965-66	Change from 1964-65	
	actual	estimated	proposed	Amount	Percent
STATE OPERATIONS:					
Department of Education	\$6,521	\$7,493	\$6,703	—\$790	—10
Special Schools	5,438	5,827	5,907	80	1.4
University of California	158,254	179,318	195,585	16,267	9.0
California State Colleges ¹	101,353	117,571	130,103	12,532	10.6
Other ²	3,882	5,408	5,774	366	6.8
Totals, State Operations	\$275,448	\$315,617	\$344,072	\$28,455	9.0
CAPITAL OUTLAY:					
University of California					
General Fund	\$1,940	\$2,016	\$1,530	—\$486	—24.0
Bond funds	69,021	61,674	55,025	—6,649	—10.8
State Colleges					
General Fund	1,160	2,118	1,084	—1,034	—48.8
Bond funds	40,756	94,201	50,029	—44,172	—46.9
Special schools	135	39	19	20	—51.3
Other ³					
General Fund	28	34	—	—34	—100
Bonds funds	—	66	—	—66	—100
Totals, Capital Outlay	\$113,040	\$160,148	\$107,687	—\$52,421	—32.7
General Fund	3,263	4,207	2,633	—1,534	—36.5
Bond funds	109,777	155,941	105,054	—50,887	—32.6
LOCAL ASSISTANCE:					
Public school support	\$839,341	\$937,544	\$1,034,355	\$93,851	10.0
Teachers' retirement	47,239	52,513	60,500	7,987	15.2
Debt service (General Fund)	35,689	45,635	51,686	6,051	13.3
Free textbooks	10,907	12,719	8,413	—4,306	—33.9
Child care centers	5,793	6,414	7,439	1,025	16.0
Vocational education	230	230	230	—	0.0
Assistance to local libraries	800	800	800	—	0.0
Junior college assistance	2,785	7,214	10,000	2,786	13.9
Totals, Local Assistance	\$942,784	\$1,063,069	\$1,170,473	\$107,394	10.1

Education

General Summary

Summary of State Expenditures for Education—Continued

Table I—Continued
State Expenditures for Education
(In thousands)

	1963-64 <i>actual</i>	1964-65 <i>estimated</i>	1965-66 <i>proposed</i>	Change from 1964-65	
				<i>Amount</i>	<i>Percent</i>
General Fund -----	\$939,999	\$1,055,855	\$1,160,473	\$104,608	9.9
Bond funds -----	2,785	7,214	10,000	2,786	38.6
GRAND TOTALS -----	\$1,331,272	\$1,538,834	\$1,622,232	\$83,428	5.4
General Fund -----	1,218,710	1,375,679	1,507,178	131,529	9.6
Bond funds -----	112,562	163,155	115,054	—48,101	—29.5

¹ Includes salary increase funds.

² Includes Coordinating Council, Hastings, College of Medicine, Maritime Academy and State Scholarship Commission.

³ Includes Hastings, Maritime Academy and College of Medicine.

A summary of the total estimated subventions for education in 1965-66 appears in Table II. This summary includes support for public school operations; support for child care centers; contributions to the Teachers' Retirement Fund; support for the free textbook program; General Fund support for the National Defense and Education Act program, the vocational education program and state assistance for local libraries. Federal subventions for the school lunch and special milk programs are also shown. All programs involving General Fund moneys are discussed in this analysis. Total state subventions for education in 1965-66 are estimated at \$1.2 billion while federal subventions will total \$125 million.

Table II
Subventions for Education
1965-66

TOTAL APPORTIONMENTS FOR PUBLIC SCHOOLS

State School Fund apportionments	
General Fund -----	\$1,014,665,496
State School Fund -----	2,800,000
California Water Fund ¹ -----	150,000
Driver Training Penalty Assessment Fund -----	7,900,000
Subtotal -----	\$1,025,515,496
Programs funded outside School Fund	
Educational television -----	\$30,000
Educationally handicapped minors -----	2,000,000
New junior college districts -----	6,500,000
Mentally retarded minors -----	10,000
Newly formed junior colleges -----	300,000
Subtotal, General Fund -----	\$8,840,000
Total -----	\$1,034,355,496

General Summary

Education

Summary of State Expenditures for Education—Continued

Table II—Continued
Subventions for Education
1965-66

CHILD CARE CENTERS	
General Fund	\$7,439,167
CONTRIBUTIONS TO STATE TEACHERS' RETIREMENT FUND	
General Fund	60,500,000
FREE TEXTBOOKS	
General Fund	8,412,718
SCHOOL BUILDING CONSTRUCTION	
State School Construction Fund ¹	528,400
DEBT SERVICE ON PUBLIC SCHOOL BONDS	
General Fund	\$51,685,950
Public School Building Loan Fund ¹	11,500,000
State School Building Aid Fund ¹	14,350,000
Total	77,535,950
JUNIOR COLLEGE ASSISTANCE	
State Construction Program Fund ¹	10,000,000
ASSISTANCE TO PUBLIC LIBRARIES	
General Fund	800,000
NATIONAL DEFENSE EDUCATION	
Title III ²	\$3,650,031
Title V ²	1,372,678
Total	5,022,709
SCHOOL LUNCH PROGRAM	
Federal Funds ²	6,500,000
SPECIAL MILK PROGRAM	
Federal funds ²	8,200,000
VOCATIONAL EDUCATION: REIMBURSEMENT TO SCHOOL DISTRICTS	
General Fund	\$230,271
Federal Funds ²	5,673,197
Total	5,903,468
TOTAL SUBVENTIONS FOR EDUCATION, ALL SOURCES	\$1,225,197,908

SUBVENTION DETAIL

General Fund	\$1,152,573,602
State School Fund	2,800,000
California Water Fund ¹	150,000
Public School Building Loan Fund	11,500,000
Driver Training Penalty Assessment Fund	7,900,000
State School Building Aid Fund ¹	14,350,000
State School Construction Fund ¹	528,400
State Construction Program Fund ¹	10,000,000
Federal Funds ²	25,395,906
TOTAL FEDERAL SUBVENTIONS FOR PUBLIC SCHOOLS	25,395,906

TOTAL STATE SUBVENTIONS FOR PUBLIC SCHOOLS³

\$1,199,802,002

¹ Neither receipts nor expenditures of bond funds are included in overall budget totals.

² Neither receipts nor expenditures of federal funds are included in overall budget totals.

³ Total state subventions for education, including bond funds which are not included in budget totals.

STATE SCHOOL APPORTIONMENTS

The State School Fund for apportionments to local school districts represents by far the largest part of state support for education. As

Summary of State Expenditures for Education—Continued

illustrated by Table II it is estimated that \$1,025 million will be expended in 1965-66 for this purpose. Of this sum \$914 million is for the continuing program, \$46 million represents a statutory increase caused by growth and \$65 million is attributable to increased subventions provided by the major school finance bill (AB 145, Chapter 132) enacted by the 1963 Legislature.

1964 School Apportionment Legislation

During the 1964 First Extraordinary Session, the Legislature passed AB 145 (Unruh), which became Chapter 132. This was the largest school apportionment bill in California's history. This measure is expected to have far reaching effects upon the quality of public school education because of the additional state funds it provides for the various foundation programs and because of its emphasis on small class size and school district unification. The measure made an additional \$171 million (\$52 million and \$119 million) available for a two-year period in state equalization aid, a part of which was used to increase the existing foundation programs for the elementary, high school, adult and junior college levels. An additional \$10 per ADA was apportioned to school districts for each pupil in average daily attendance for grades 1 to 3 inclusive. In 1965-66 and each year thereafter \$15 per ADA is to be added to the foundation program of all unified districts currently in existence and other newly unified districts which meet certain specified standards. The second major provision of this bill authorized withholding a portion of state support from school districts which, beginning in 1965, maintained class sizes in grades 1 to 3 which are larger than certain specified standards. It is the intention of the Legislature that the class size for these grades be reduced to a level of 30 pupils per class by 1968-69. AB 145 also contained a statement of legislative intent that eventually all areas of the state shall be incorporated into unified school districts maintaining grades 1 through 12. It was proposed that all nonunified areas must conduct elections on approved unification plans by July 1, 1966. In the event of failure, similar elections shall be held every two years thereafter. If no county committee plan is prepared for an area, the State Department of Education is to formulate such a plan for the areas by September 15, 1965. If a unification election fails to gain approval, in the next fiscal year but no later than the 1966-67 fiscal year, an "areawide equalization tax" will be imposed in the territory; the proceeds of which are to be distributed back to the districts on the basis of need.

Derivation and Distribution

In order to show how money in the State School Fund is apportioned we have included Table III which illustrates the "derivation" and the "distribution" of the State School Fund and includes the estimated figures for 1964-65. The exact amount of money which is annually transferred into the State School Fund is determined by a "derivation" formula which relates certain statutory and constitutional amounts per pupil in average daily attendance (ADA) to the total ADA of the preceding year. After the State School Fund is derived, it is "distributed" or divided into various parts for specific educational pro-

General Summary

Education

Summary of State Expenditures for Education—Continued

grams and activities specified by statute as eligible for state support. Such programs include basic and equalization aid which comprise the foundation program, special education, pupil transportation and programs for the mentally gifted. Once the School Fund has been distributed it is apportioned as allowances to county superintendents and school districts according to formulas in the Education Code. A total of \$839,340,587 was apportioned to school districts and county offices in 1963-64, the last completed fiscal year. This figure does not include funds for the free textbook program nor does it include funds for activities at the state level or for other educational programs.

Table III
Summary of the Elements of Derivation and Distribution
of the State School Fund ²
Estimated for 1964-65

I. Elements of Derivation				
<i>Item</i>	<i>Education Code Section</i>	<i>Statutory Unit Rate</i>	<i>Preceding ¹ Year's ADA</i>	<i>Total</i>
Statutory minimum -----	17301(a)	\$180.00	4,193,231	\$754,781,580
Plus additional funds as necessary -----	17301(b)	40.88 ²	4,193,231	171,419,283
Subtotal -----	-	\$220.88	-	\$926,200,863
Reimbursements				
Driver training -----				\$7,390,439 ³
Project-connected pupils -----				140,385 ³
TOTAL STATE SCHOOL FUND DERIVATION -----				\$933,731,687
II. Elements of Distribution				
<i>Item</i>	<i>Education Code Section</i>	<i>Statutory Unit Rate</i>	<i>Preceding ¹ Year's ADA</i>	<i>Total</i>
Distribution under Section 17303				
Basic and equalization aid -----	17303	\$180.00	4,193,231	\$754,781,580
Distribution under Section 1303.5 -----		Not to exceed		
County School Fund, direct services -----	17303.5(a)	1.60	4,193,231	6,709,169
Pupil transportation -----	17303.5(b)	4.00	4,193,231	16,772,924
Special education -----	17303.5(c)	9.63	4,193,231	40,380,815
County School Service Fund, other purposes -----	17303.5(d)	3.06	4,193,231	12,831,287
Mentally gifted programs -----	17303.5(e)	.80	4,193,231	3,354,585
Basic and equalization aid -----	17303.5(f)	21.79 ²	4,193,231	91,370,503
Subtotal -----	-	\$40.88	-	-
Total distributions under Sections 17303 and 17303.5 plus -----	-	\$220.88	-	\$926,200,863
Driver training -----				7,390,439 ³
Project-connected pupils -----				140,385 ³
TOTAL STATE SCHOOL FUND DISTRIBUTION -----				\$933,731,687

¹ Actual 1963-64 ADA on which 1964-65 fund is derived.

² As amended by Chapter 132, 1964 First Extraordinary Session (AB 145, Unruh).

³ Amounts actually apportioned December 10, 1964.

Summary of State Expenditures for Education—Continued**SCHOOL DISTRICTS SURVEY**

During the past interim the offices of Legislative Analyst and Auditor General conducted a study for the Assembly Interim Committee on Education in an effort to determine how effectively the educational dollar was being spent in a number of representative school districts. The findings, conclusions and recommendations of these studies are presented in the final report of the committee. Perhaps the most significant conclusion that could be drawn from the district survey was that a small classroom size appeared to be the single most important educational factor necessary for an assured minimum acceptable educational program. This conclusion was supported by the survey finding which discovered a high correlation between pupil achievement and small classes. It was noted that the Legislature through AB 145 already has recognized the desirability of striving for class sizes of no more than 30 students (grades 1-3) by 1968-1969; and it was concluded that for these reasons the state should devote an increasing proportion of its support for the maintenance of small classes. The foundation program study also substantiated the widely held belief that the Legislature has little control over school district expenditures and thus it cannot directly influence the quality of education administered at the elementary and high school levels except through influence over maximum class sizes and minimum teachers' salaries. The survey pointed out that the unrestricted nature of local expenditures permits widespread differences in the districts' educational programs, curricula, staffing and expenditure patterns. Many of these factors such as classroom size and teachers' salaries are generally dependent upon district wealth. However, it was demonstrated that many other differences (i.e., central and district staffing and administrative salaries) appeared to be based primarily on local administrative desires rather than on district wealth, size or any other discernible factors.

The survey found that there is a wide gap between the level of teachers' salaries and administrators' salaries and while it was not disputed that school administrators generally should earn more than schoolteachers, it was considered inequitable that overall administrative salaries are disproportionately higher, relative to district wealth, than teachers' salaries.

Finally it was concluded that the present lack of a standardized statewide achievement test has prevented the Legislature from making adequate district comparisons and from evaluating the educational quality of the state school system with respect to various levels of expenditure. Without such comparative tests it was considered impossible for the Legislature to measure the efficiency of the state's share of the foundation program.

A STATEWIDE PROPERTY TAX

One of the most basic problems currently confronting school finance in California is the lack of uniform local tax effort due to the very great ranges in assessed valuation per average daily attendance (ADA) among the school districts of the state. For example, at the elementary level the range is from a low in the state of \$66 assessed valuation per

Summary of State Expenditures for Education—Continued

unit of average daily attendance (AV/ADA) in the Reservation Elementary School District, Sonoma County, to a high in the state of \$999,-362 AV/ADA in the Bush Bar Elementary School District, Shasta County. The problem could be partially corrected by unifications of elementary districts along existing high school district boundaries. On this basis the spread from low to high could be reduced, respectively, to \$4,597 AV/ADA as in Wheatland, Yuba County, and to \$137,273 AV/ADA as in Emeryville, Alameda County. By another approach, the disparity could be largely corrected by the repeal of basic aid, the \$125 per ADA which goes to districts regardless of wealth and effort, so that all state money is apportioned on an equalization basis. The problem could be corrected to a lesser extent by reducing the \$125 basic aid amount to the \$120 required by the Constitution; the \$5 increase was added to basic aid by the Legislature in 1957.

The problem could be fully corrected by the use of a uniform statewide tax levied against all the assessed valuation at the elementary level and at the high school level. This method would provide that every elementary student in the state would have a backing of \$12,369 AV/ADA and every high school student would have \$32,848 AV/ADA behind him rather than the great extremes in wealth as shown in the preceding paragraph. Recent estimates of the Department of Education show, for example, that a uniform statewide equalization tax of \$1.10 (60 cents for elementary purposes and 50 cents for high school purposes) would free about \$24 million of state equalization aid. This released money could be used to increase the respective foundation programs about \$5 or \$6 per unit of average daily attendance.

COMPENSATORY EDUCATION

During the 1965 Legislative Session the Advisory Committee on Compensatory Education and the Department of Education will report the results of California's two-year pilot program in compensatory education which will terminate on June 30, 1965. Although this final report has not yet been formalized, we are summarizing this experiment and the Advisory Committee's recommendations for expanding the program on a permanent basis because of the potentially high state costs involved and because it is possible that available funds might have to be diverted from other continuing educational programs in order to support a permanent compensatory education program of the magnitude being discussed. The estimated total state and local costs of an expanded program under the provision of the Committee's recommendation could be as high as \$63 million and \$17 million respectively. The first-year state cost is estimated at \$22 million.

This program authorized by Chapter 98, Statutes of 1963, was aimed at uncovering methods of encouraging "culturally disadvantaged children" to remain in school until graduation. A culturally disadvantaged child is defined as an individual age 3-18 who although potentially capable of completing the public schools is hindered from doing so by cultural, socio-economic, and environmental handicaps. During this two-year project an estimated 16,000 students in 24 school districts are par-

Summary of State Expenditures for Education—Continued

ticipating in projects which are emphasizing a variety of teaching methods; these include cultural enrichment activities, after school tutoring programs and remedial and corrective programs. Participating school districts are being reimbursed on the basis of \$24 per pupil if they match one-third of the total, or \$12 per pupil. Of the \$692,000 which was appropriated for this program, approximately \$611,000 will have been reimbursed to school districts maintaining approved projects by the end of the program and an estimated amount of \$55,000 will have been used for state level administration.

Committee's Tentative Recommendations

The Advisory Committee has used low family income and low pupil achievement levels as the main criteria by which to identify the culturally disadvantaged child. However, it has experienced considerable difficulty in using similar criteria to estimate the magnitude of the compensatory education problem in California due to a lack of precise data. Such estimates have ranged from 1,000,000 children to 680,000 children; this latter figure has been accepted by the Advisory Committee and is contained in its recommendations for expending the program. It is based primarily on low family income (less than \$3,999 for a family of four) which is the State Department of Finance's deprivation classification and the State Department of Education's estimate that 1,000,000 school children achieve at a level of nine months or more below their actual grade level.

The committee tentatively recommends three types of programs for local districts in poverty-impacted areas. It is suggested that the cost of these programs be shared by the state and the participating districts. These programs and their costs to the state and local districts are:

- A. Planning Grant Program. This is a one-year self-study program aimed at mobilizing district resources for a major compensatory education program. Cost \$30 per pupil (state share—\$15; local share—\$15).
- B. Basic Program. This would include the following eight elements: (1) lower teacher-pupil ratio, (2) preschool demonstration projects, (3) in-service professional study, (4) school-community co-operation, (5) cultural enrichment programs, (6) after school tutoring programs, (7) remedial and corrective programs, (8) evaluation, testing and consultation. Cost \$150 per pupil (state share \$125, local share \$25).
- C. Intensive Program. This program is to be used by schools in areas of extensive cultural disadvantage. It includes all the elements of the basic program plus: (1) the use of school community coordinator, (2) extensive curriculum modification; and (3) intensive use of auxiliary personnel. Cost \$250 per pupil (state share \$190; local share \$60).

It should be noted that the Advisory Committee has not attached any priority to the various components of the foregoing programs.

Summary of State Expenditures for Education—Continued

Additional allocations are proposed for (1) six teacher education projects to be carried out under the auspices of the state colleges (\$500,000); (2) support for college research centers (\$100,000); (3) special materials production and television (50,000); and state-level administration of the program (\$250,000).

We believe that numerous problems involving the state and local administrative relationship for an expanded program must be resolved before funds are authorized for an expanded program. Some of these problems restated in the form of questions follow.

1. If the program is expanded what standardized achievement tests will be used by school districts and how often will they be administered to measure the qualitative success or failure of the program? How often will the result of such tests be reported to the Department of Education and the Legislature?

2. Under an expanded program what standards and criteria will be used to determine a district's eligibility for state support? How many culturally disadvantaged children must a school district contain in order for it to receive state support?

3. To what extent will equalization be introduced into the financing of an expanded program?

4. Should the administration of this activity be transferred to the existing Division of Instruction where the administration of other special programs is conducted? What will be the administrative relationship of the Advisory Committee on Compensatory Education, the Office of Compensatory Education and the Department of Education under an expanded program?

We hope that the Advisory Committee on Compensatory Education will answer these questions when its proposal for an expanded program is presented to the 1965 legislative session.

It is notable that the Advisory Committee's tentative proposal for expanding the compensatory education program may have important implications for existing state educational support. Many of the components of the proposed program such as smaller class sizes, cultural enrichment activities, etc., are items which would benefit the normal student as well as the culturally disadvantaged student. Perhaps future educational funds could be more advantageously used to improve teacher training and to lower class sizes in order to counteract the deficiencies within the public school system that are producing one million underachievers. The Legislature may have to decide if additional educational funds should be used for compensatory education or to improve the existing public school system. These two objectives do not necessarily conflict with one another. However, under the Advisory Committee's definition of cultural disadvantage, many underachieving students automatically will be excluded from a permanent compensatory education program simply because their family's income is higher than the eligibility level. It is hoped that the Advisory Committee and the Department of Education will be able to more precisely identify both the culturally disadvantaged children and the poverty impacted areas which would be eligible for state support under an expanded program.

**Department of Education
GENERAL ACTIVITIES**

ITEM 88 of the Budget Bill

Budget page 208

**FOR SUPPORT OF THE DEPARTMENT OF EDUCATION
FROM THE GENERAL FUND**

Amount requested	\$3,809,532
Estimated to be expended in 1964-65 fiscal year	4,030,525

Decrease (5.5 percent)	\$220,993 ¹
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¹ Decrease largely due to the termination of the pilot program in compensatory education in June 1965.

TOTAL RECOMMENDED REDUCTION	\$231,149
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Summary of Recommended Reductions

	<i>Amount</i>	<i>Page</i>	<i>Line</i>
From amount requested to maintain existing level of service			
1. 1 Editorial assistant	\$7,800	209	24
2. 2 Intermediate typist-clerks	9,120	209	27
3. 1 Editorial aid	5,786	209	26
4. Operating expenses for in-state travel	1,450	209	58
5. Planning, survey for school districts (increase reimbursements)	74,000	211	20
6. Teacher's guides	30,000	211	78
7. 1 Intermediate stenographer	4,788	213	51
8. Personnel services—Division of Instruction	53,985 ²	211	66
9. Personnel services—Division of Special Schools	34,220	214	57

² State General Fund and federal moneys.

PROGRAM PLANS AND BUDGET

The general activities budget of the Department of Education provides funds for administrative, supervisory and advisory functions for California's public school system under the direction of the State Board of Education. The department also administers five special residence schools for physically handicapped minors and the statewide vocational education program. The department is composed of five divisions in addition to the Division of Libraries which for budgetary purposes is treated as a separate item and is analyzed elsewhere. These divisions and their proposed expenditures for 1965-66 follow:

**General Fund Support for the Department of Education
General Activities**

Proposed Expenditures for 1965-66

1. Division of Departmental Administration	\$987,097
2. Division of Public School Administration	1,117,927
3. Division of Instruction	865,918
4. Division of Higher Education	323,633
5. Division of Special Schools and Services	514,957

Total: General Activities	\$3,809,532
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Proposed General Fund expenditures for the Department of Education in 1965-66 are projected at \$3,809,532, a decrease of \$220,993 or 5.5 percent below the current level. There is actually an increase of \$125,007 in the request which is offset by a \$346,000 reduction in departmental expenditures due to the termination in June 1965 of the pilot program in compensatory education. A discussion of this program and plans for its expansion are on page 219 of this analysis.

General Activities—Continued

The Department of Education is requesting an additional 12.1 permanent positions at a cost of \$70,804 in 1965-66. A total of 9.4 of the 12.1 positions requested were actually established administratively in the 1964-65 fiscal year. The requested positions are listed below:

Division of Departmental Administration

- 1 Editorial assistant
- 1 Graphic artist
- 1 Editorial aid
- 2 Intermediate typist-clerks
- 1 Programmer II
- 0.7 Temporary help

6.7 Subtotal

Division of Higher Education

- 1.4 Temporary help
- 2 Intermediate clerks
- 1 Intermediate stenographer

4.4 Subtotal

Division of Public School Administration

- 1 Assistant budget analyst

1 Subtotal

12.1 Total positions requested

The five divisions within the Department of Education do not in themselves constitute separate programs; in many cases bureaus within each division have similar functions and subprograms. However, for the purpose of this analysis we are examining the general activities budget in terms of division activities since neither the Department of Education nor the Department of Finance prorate expenditures for intradepartmental programs. Each of these divisions is listed below along with its respective functions and proposed expenditures for 1965-66.

1. Division of Departmental Administration

This division, headed by the Superintendent of Public Instruction's chief deputy is composed of the following bureaus which provide administrative services to other departmental units:

- Bureau of Education Research
- Fiscal Office
- Office of the Administrative Advisor
- Investigations Office
- Personnel Office
- Publications Office

The budget requests for the expenses of the State Board of Education and the superintendent's office are also included in this division's budget. Under a program budget format the expenditures of these

General Activities—Continued

Program. The total cost of the bureau's services during the 1965-66 year will total approximately \$319,018. Of this amount \$184,018 will be General Fund expenditures (offset by \$40,000 in reimbursements for planning surveys for school districts). A total of \$135,000 of the \$319,018 will be reimbursed by the State School Building Aid Fund.

3. Division of Instruction

The Division of Instruction is responsible for coordinating and supervising elementary and secondary education. The 20 consultants within this division provide direct consulting services to county superintendents and local school districts. The department contends that such services are intended to "improve school curriculum and instructional procedures and to promote the use of better instructional materials." These services might properly be divided into two categories: primary functions, such as the approval of programs in specific academic and subject matter areas which are mandated by the Education Code, and secondary functions which relate to consultant participation in "workshops, conferences and various professional associations."¹

In previous issues of the *Analysis of the Budget* we have questioned the necessity of many of these secondary consultative services which are provided not only by this bureau but also by other units within the department. This problem is discussed in greater detail in the accomplishments section of this analysis.

The chief of this division serves as the Associate Superintendent of Public Instruction and he is also the Executive Secretary of the State Curriculum Commission, the body responsible for advising the State Board of Education in matters of public school materials and curriculum. The division is composed of the following eight units:

- Division Administration
- Bureau of Elementary Education
- Bureau of Secondary Education
- Bureau of Audiovisual and School Library Education
- Bureau of Pupil Personnel Services
- Bureau of Health and Physical Education and Recreation
- Bureau of National Defense Education Act Administration
- Vocational Education Section

The units within this division are supported in whole or in part by the General Fund. An amount of \$865,918 is requested for the activities of this division during the 1965-66 fiscal year; this represents a decrease of \$60,734 or 7.5 percent less than the current expenditure. The termination in June 1965 of two positions connected with a school library study is primarily responsible for a decrease in salary expenditures. In addition two positions identified with programs for the mentally gifted were transferred to the Division of Special Schools and Services during the current year. Proposed operating expenses show an increase of \$80,832 over 1964-65. A proposed expenditure request of \$125,000 for printing two teachers' guides is partially offset by other reduced operating expenditures.

¹ From the *Emerging Requirements for Effective Leadership for California Education*, November 1964.

General Activities—Continued

4. Division of Higher Education

This division has the major responsibility for coordinating the department's functions in adult and post secondary education. Two bureaus, the Credentials Office and the Office of Teacher Education and Certification, are charged with teacher certification and licensing.

The third unit, the Bureau of Junior College Education, has departmental responsibility for administering and supervising the operation and development of the state's junior colleges. Recently there has been increasing discussion of the proper state-local relationship with respect to the supervision of the junior college system and the desirability of establishing a separate statewide governing board for the junior colleges thus removing them from the direct control of the State Board of Education and the Department of Education. Specifically the issue relates to a growing sentiment by junior college personnel, this office and other interested parties that the Department of Education and the State Board of Education are not providing effective leadership for planning and coordinating junior college development. We have suggested that the State Board of Education has not been able to devote sufficient time to junior college matters because of increasingly heavy burdens imposed on that board in matters relating to elementary and secondary education, compounded, in fact, by the commendable increase in interest taken by the board in these elementary and secondary education matters. We have also noted that there is no unit within the Department of Education that has a day-to-day relationship to the junior colleges which can effectively guide them in the development of strong academic standards, coordinated educational planning and efficient financial affairs. Until recently the 13 departmental personnel connected with junior college affairs were located in numerous bureaus and sections throughout the department thus causing confusion, duplication of reporting, delay and lack of policy direction. As a solution to this problem we believe that consideration should be given to the creation of a separate junior college board. In that event the existing junior college functions of the Department of Education would be shifted to the new agency.

The Division of Higher Education contains a total of seven sections; these are:

- Division Administration
- Bureau of Junior College Education
- Bureau of Readjustment Education
- Bureau of Adult Education
- Teacher Education and Certification
- Credentials Office
- Commission on Intergroup Relations

Expenditures for this division in 1965-66 are expected to rise by \$20,180 to a level of \$323,633. Most of this increase is for additional operating and personnel expenditures for the Bureau of Teacher Education and Certification. An additional amount of \$10,000 for contractual services performed by the Criminal Investigation Section and a

General Activities—Continued

proposed equipment expense of \$7,000 for two rotary files constitute the major part of the increased operating expenses for this bureau. The Certifications Office is also requesting 4.4 permanent clerical positions. These positions are:

- 2 Intermediate clerks
- 1 Intermediate stenographer
- 1.4 Temporary help

It is estimated that the projected reimbursements of \$967,130 from the present credential fee of \$8 will be insufficient to maintain the self-sufficient status of the Certifications Office. Therefore these 4.4 positions are being requested contingent upon action by the State Board of Education to raise the credential fee from \$8 to \$10.

5. The Division of Special Schools and Services

This division provides administrative and educational supervision to the state residential schools for deaf, blind, and cerebral palsied children. It also coordinates programs of special education in the public schools for mentally retarded and physically handicapped children. The Bureau of Special Education is the unit through which the department seeks to coordinate, improve and supervise county and school district programs for pupils with specific handicaps such as hearing losses, sight limitations, speech difficulties, and crippling conditions. Major responsibility for this advisory and consultative function rests with the bureau's 14 consultants. Members of the bureau also engage in classroom supervision for districts which are unable to provide qualified supervisors for their programs. The division contains the following units:

Division Administration

Bureau of Special Education

Clearing House Depository for Educational Material for the Blind

This latter unit purchases braille instruction equipment for blind students and makes such materials available to school districts.

An additional responsibility of this division is the coordination of a three-year state aid program for educationally handicapped minors which was authorized by Chapter 2165, Statutes of 1963. An educationally handicapped minor is defined as an individual "other than a physically handicapped minor who, by reason of a marked learning or behavioral problem cannot receive the reasonable benefit of ordinary education." Under the provisions of the act excess cost reimbursements which range up to maximums of \$565 per ADA to \$910 per ADA are paid to school districts which operate programs for the educationally handicapped. A sum of \$2,900,000 is authorized for reimbursements to school districts through the 1965-66 fiscal year. Additional legislation will be necessary in 1966 if the program is to be continued beyond that date. The act instructs the department to present an evaluative report of the program to the 1965 Legislature.

The expenditure level for the Division of Special Schools and Services in the budget year is proposed at \$514,957, an increase of \$12,077.

General Activities—Continued

over 1963-64. This increase is primarily due to merit salary increases and to a request of \$6,400 for bulletin printing for the talent development project. No additional positions are requested nor is it proposed to increase the level of service.

REVIEW OF AGENCY ACCOMPLISHMENTS**1. Division of Departmental Administration**

The Department of Education exhibits an almost total lack of workload standards and evaluative criteria that can be used to measure the accomplishments of the overall department, its divisions and bureaus. We have asked the department if it maintains records of common functions and jobs performed by its units related to specific educational objectives and accomplishments. None of the divisions and few departmental bureaus maintain this type of evaluative information. We believe that it is the administration's responsibility to continually evaluate the objectives and accomplishments of the programs and functions for which it is responsible. In order to do this, specific staffing and workload criteria must be related to measurable accomplishments. Until the Departmental Administration establishes such criteria or requires its divisions to formulate such standards it will be difficult to measure accurately and evaluate the accomplishments of the Department of Education.

In this review of the department's administrative unit we are summarizing a report by the Arthur D. Little Company concerning educational leadership in California because of its implications for the entire department. In October 1964 the Arthur D. Little Company, a management consultant firm presented to the State Board of Education the first phase of a two-part study titled the "Emerging Requirements for Effective Leadership for California Education." This report, financed by a \$50,000 special emergency fund grant in 1962-63, was intended to analyze the California State Department of Education's role relative to "emerging requirements in the overall process of educational administration in the state and to explore useful administrative changes which might be made by the department in carrying out its services and functions." We understand that the second phase of this study which will cost \$150,000 will investigate the internal operations of the department. The department reports that it has applied to the United States Office of Education for a research grant to cover the cost of the second phase of this study.

A. Conclusions of the Report.

- (1) Education in California is experiencing accelerating changes in many educational areas such as curriculum, teaching aids and methods. These changes are mainly influenced by two factors: (a) millions of dollars in state and federal support for various educational programs, and (b) by directives from the state.
- (2) Such changes have not been integrated into any overall state plan; California's educational leadership is fragmented and

General Activities—Continued

uncoordinated. This situation is compounded by a growing particularism and specialization within various programs. Administrators have expressed the fear that educational programs for the average student may suffer as a result of increased emphasis on special education programs for the culturally disadvantaged, mentally retarded, etc.

The report also questioned the usefulness of direct consulting services provided by the department for local districts. Local administrators repeatedly complained to the firm's interviewers that the department's consultants were often out of touch with contemporary practices in education and local circumstances.

- (3) The State Board of Education is the natural agency to formulate general guide lines for future educational needs and to present such plans and action programs to the Legislature and Governor. The Department of Education should provide the board with the intelligence and policy research necessary for the formulation of such plans. It should then carry out the desires of the board.

B. Suggested Changes of the Little Report.

- (1) *Ad Hoc Project Teams.* *Ad hoc* "project teams" comprised of educational experts from outside the department should be used whenever possible in place of departmental consultants to undertake various studies and projects desired by the State Board of Education and the Department of Education. This would enable California to make better use of its professional educational resources.
- (2) *Reorganization of the Department along Subject Lines.* Consideration should be given to dissolving the present bureaus of elementary and secondary education and replacing them with a bureau concerned primarily with indirect services to school districts and educational reference.
- (3) *Redirect the Role of the Department of Education.* Direct consultation between the state, counties and local districts should be minimized. The department should act as a coordinating agent and informational source to the county office.
- (4) *Creation of an Intermediate Unit between the Department and School Districts.* It is suggested that a new unit set up along interdistrict, intercounty or regional lines might facilitate communication between the department and school districts. Such a unit could conceivably operate instructional materials centers, special education programs, and educational television programs.

General Activities—Continued

C. Areas for Future Study.

- (1) Education Code. Presently the code is too restrictive and too detailed; it should be simplified.
- (2) Superintendent of Public Instruction. The Little Report recommends that "a study be made to determine alternate methods of making the Superintendent of Public Instruction responsible to the State Board of Education."
- (3) Junior College Administration. A study should be undertaken to compare the merits of establishing a separate division in the State Department of Education for this function or of creating a separate board of trustees.
- (4) Recognition of Large School Districts. A study should be undertaken to investigate the merits of providing large metropolitan districts with greater autonomy and to determine specific areas of regulation and control which might be removed.
- (5) Define the Responsibility of the Department of Education. This is considered to be the prime need by the Little Report stating that a study is necessary to determine "what is being done" and "how the functions are being carried out." It is estimated that this second study will cost \$150,000.

During 1963-64 all of the units within the Division of Departmental Administration with the exception of the Investigations Office provided various fiscal, legal, personnel and administrative services to the other four departmental divisions and their bureaus. The Investigations Office comprised of three professional positions was responsible for investigating a total of 1,338 complaints of alleged teacher misconduct involving moral turpitude and felonies. The department estimates that 1,518 complaints of this nature will be investigated by this unit during 1964-65.

2. Division of Public School Administration

Bureau of School Apportionments and Reports. During 1963-64 the 23 people within this bureau were responsible for the apportionment of over \$839 million from the State School Fund for school apportionments and for the review and analysis of 57 county school fund budgets. The following table illustrates the primary types of functions performed by this bureau in 1963-64 and the total man-hours allocated for each function:

<i>Function</i>	<i>Man-hours</i>
1. Apportionment of the state school fund	2,400
2. Annual report of financial transaction of school districts.....	500
3. Assistance to districts concerning federal law 874	700
4. Apportionment and budget control of county school science fund ..	700
5. (a) Information service research, consultation on finance.....	1,104
(b) Improvement of educational research and reports.....	300
Total	5,704

General Activities—Continued

Bureau of School District Organization. During 1964-65 the department estimates that the field representatives within the bureau will make approximately 600 field trips to county committees on school district organization, school boards, county superintendents and citizen committees. The purpose of these trips is to assist school districts in their plans for unification and reorganizations. The primary function performed by this unit in 1963-64 and the percentage of staff time devoted to such activities follows.

Consulting and advising function	25%
Preparation of surveys, reports, research data, master plans, work on study committees	49
Correspondence	10
Travel	16
Total	100%

This unit partially measures the success of its advisory function according to the steady decline in the number of elementary and high school districts and the increase in the number of unified and junior college districts illustrated in the following table.

	1961-62	1962-63	1963-64	<i>Change from 1961-62 to 1963-64</i>
Elementary	1,266	1,179	1,134	-132
High school	212	201	196	-16
Junior college	39	51	56	17
Unified	133	155	164	31

The bureau estimates that by July 1, 1965, an additional 107 elementary and high school districts will be converted into 29 unified districts. We do not dispute the department's contention that this table is somewhat indicative of the bureau's success in carrying out its function. However, we believe that this measurement is not completely accurate in assessing this bureau's accomplishments since these statistics can be said to reflect also a general trend on the part of the state's school districts toward unification.

Bureau of School Planning. This bureau, composed of 24.9 individuals in 1963-64, was responsible for approving school construction plans for 1,250 projects. The following functions were performed by this bureau in 1963-64.

	<i>Man-days</i>
Planning conferences, plan approvals, site relation approvals, evaluation and consulting function	2,554
School planning research	200
Consultant for architects	780
Total	3,534

Although these statistics illustrate the types of functions performed they are not exact measurements for evaluating the accomplishments of this departmental unit. Until the department develops more meaningful evaluation criteria it will be difficult to discern if this bureau is performing its functions efficiently or inefficiently.

Bureau of Textbooks and Publications. During 1963-64 this bureau was responsible for the distribution of 10,084,600 copies of textbooks to

General Activities—Continued

the state elementary school districts. A functional breakdown of this unit's activities for the current year follows:

	<i>Man-days</i>
Administration -----	48
State textbook program -----	780
High school textbooks -----	84
Distribution and departmental publication -----	612 ¹
General clerical activities -----	120
Total -----	1,643

Bureau of Administrative Services. During the past fiscal year this unit was responsible for advising school districts on administrative, legal, budgetary and accounting requirements for the granting of state financial assistance. The following indicates the estimated percentage of time spent by the bureau's 11 positions during 1963-64 in carrying out the bureau's assignments.

School district and county superintendent visitation -----	56%
Conferences other than above -----	4
Apportionment responsibilities (preparation of report forms) -----	12
Office procedures -----	15
Travel -----	13
	100%

² School Lunch and Special Milk Program. During 1963-64 a total amount of \$15,284,173 in cash reimbursements and commodities was allocated to school districts under the provisions of these two federal programs for which this division is responsible. The final bureau within the division, the State Educational Agency for Surplus Property, allocated a total amount of \$30,500,000 in federal surplus property and food to schools and eligible institutions during the past fiscal year.

3. Division of Instruction

It is difficult to evaluate the accomplishments of the consulting bureaus within this division or for that matter the accomplishments of any of the other departmental consulting bureaus since the department does not maintain specific evaluative criteria for measuring accomplishments nor does it maintain consultant staffing standards. Without such criteria neither the department nor the Legislature can accurately evaluate the necessity for or the efficiency of the consulting services performed by the Department of Education.

Earlier in this analysis we commented upon the secondary consultative functions which are performed by the Division of Instruction and other departmental units. The aforementioned management consultant report confirmed that the department's professional consulting staff allocates much of its time to these secondary consulting activities. Reprinted below is a chart from the Arthur D. Little Report which illustrates the allocation of professional time to direct and indirect services by consulting bureaus within the Division of Instruction and within the Division of Special Schools and Services.

¹ Editorial services transferred to publications office in Division of Departmental Administration on July 1, 1964.

TABLE 1

Allocation of Professional Time to "Direct" and "Indirect" Leadership by Consulting Bureaus Within the State Department of Education in Fiscal Year 1964

<i>Bureaus</i>	<i>Professional staff</i>		<i>Direct leadership (Primary Functions)</i>		<i>Indirect leadership (Secondary Functions)</i>		<i>Total in leadership</i>	
	<i>Number</i>	<i>Man-days</i>	<i>Man-days</i>	<i>Percent</i>	<i>Man-days</i>	<i>Percent</i>	<i>Man-days</i>	<i>Percent</i>
Elementary Education -----	10	2182	761	35	1033	46	1794	81
Secondary Education -----	8	2024	481	24	713	35	1194	59
Audio-Visual and School Library Education -----	6	1247	250	20	245	20	495	40
Pupil Personnel Services -----	5	1140	317	27	497	45	814	72
Health Education, Physical Education, and Recreation -----	4	897	224	25	619	69	843	94
NDEA Administration -----	7	1771	679	38	316	18	995	56
Agricultural Education -----	10	2520	631	25	1141	45	1772	70
Business Education -----	10	1883	624	33	807	43	1431	76
Homemaking Education -----	11	2371	714	30	1277	54	1991	84
Industrial Education -----	16	4032	877	22	2176	54	3053	76
Special Education (Division of Special Schools and Services) -----	13	3062	1471	48	1151	38	2622	86

Adapted from *Emerging Requirements for Effective Leadership for California Education*, Arthur D. Little Company.

General Activities—Continued

The Arthur D. Little Survey divided consulting services into two primary categories, direct leadership and indirect leadership activities. Direct leadership is defined as "problem solving or change stimulation activities which are directed toward specific school districts or county offices." Indirect leadership is defined as activities which involve participation in "workshops, conferences and professional associations" which are intended to stimulate change throughout the public school system without reference to specific counties or districts. We have redesignated these two terms as primary and secondary functions for the purpose of this analysis.

It is interesting to note that 43 percent of the professional staff's time in the departmental consulting units listed in this chart was allocated for secondary consulting activities in 1963-64. This represented a total expense of \$399,982. We believe that the large percentage of consultative time that is devoted to these secondary activities is of questionable educational value since the department has not given us an evaluation of the accomplishments of these functions.

It will be recalled that the Little Report seriously questioned the consulting services which are performed by the department; departmental personnel were said to be out of touch with local conditions and represented a status quo position rather than stimulating districts to innovate and experiment with curriculum materials and teaching methods. Furthermore, the report suggested that direct consultation between the state and local school districts should be minimized because it is unreasonable to expect the Department of Education to maintain a staff large enough and competent enough to deal with local problems.

We believe that the Department of Education should be required to formulate meaningful staffing standards and accomplishment criteria so that the efficiency and the accomplishments of the departmental consulting bureaus can be evaluated. We believe that answers to the following questions will facilitate the formulation of such criteria.

1. What are the various types of consulting functions currently performed by the Department of Education and its individual bureaus? Why are such consulting functions necessary? What percent of such activities for the department and its bureaus are connected with legislative requirements and requirements of the Education Code? What are the statutory code sections that authorize these activities?

2. What specific consulting functions currently performed by the department, its divisions and bureaus are not directly connected with legislative or administrative requirements? What is the justification for such activities? How much departmental staffing time is devoted to these functions?

3. What type of staffing standards should be established for the department and its bureaus?

4. What type of accomplishment criteria can be formulated that will enable the department and the Legislature to evaluate the accomplishments of the department's consulting services?

General Activities—Continued

5. What is the distribution of the "research, reports and surveys" that are produced by the departmental consulting bureaus? What is the justification for the production of such material? What does it accomplish? How does the department measure the necessity and value of such material?

During the 1964 Legislative Session the Senate Finance Committee and the Assembly Ways and Means Committee on the recommendation of this office instructed the Department of Education to make an evaluation of Title V of the National Defense and Education Act as it pertains to California. A unit within the Division of Instruction, the Bureau of Personnel Services which is closely associated with the administration of Title V was assigned this reporting task. However, this bureau did not begin an evaluation of Title V until November 1964 and it is understood that a final report will not be available until March or April of 1965.

4. Division of Higher Education

Bureau of Junior College Education. During the 1964 Legislative Session the Senate Finance Committee and the Assembly Ways and Means Committee on the recommendation of this office instructed the Department of Education "to present to the 1965 session of the Legislature a full and complete plan outlining the proposed role of the Department of Education, the Bureau of Junior College Education and the State Board of Education in providing leadership in the development of the public junior colleges. Such a plan should include the functions to be performed by each agency and any recommendations as to changes in legislation which would be necessary to enable them to provide such leadership." The reasons for this request were outlined previously.

The department has not submitted this study. Instead, an organizational change was made in November 1964 which was intended to consolidate various junior college personnel scattered throughout the department into the Bureau of Junior Colleges. In reply to our questions concerning the junior college study, the department has stated that the summary report covering these administrative changes is in fact the analysis requested by the Legislature. We have thoroughly examined the summary report on the Reorganization of the Bureau of Junior Colleges and have not found any reference to the proposed role of this unit in developing the junior college system nor its relationship to the Department of Education and the State Board of Education.

The Bureau of Junior College Education has submitted the following workload information for fiscal year 1963-64 based on the current

General Activities—Continued

bureau staffing of three consultants. It reports that these statistics are also comparable for the current year.

<i>Work category</i>	<i>Man-days allocated</i>	<i>Percent of total</i>
Administration (certification of compliance of junior colleges with legal requirements of Education Code)	45	6
Official correspondence (course approvals, information services)	158	21
Special reports (student characteristics, enrollments, etc.)	187	25
Professional fieldwork (participation in professional meetings)	250	33
Official fieldwork and reports (accreditation of junior colleges, consultive services for junior colleges) ..	110	15
	<u>750 days</u>	<u>100</u>

It is noted that while this bureau has not prepared what we would regard to be the junior college report that was requested by the Legislature it has allocated over 50 percent of its staffing time to the preparation of special reports and to participation in "professional meetings."

Bureau of Readjustment Education. During 1963-64 this bureau was responsible for authorizing the granting of degrees and the issuance of diplomas for all post-high-school training. The bureau also approved all adult education courses offered by private schools and was responsible for the issuance of sales permits to correspondence school salesmen. The various functions performed by this bureau in 1963-64 and the number of man-days allocated for each activity follow.

	<i>Man-days</i>
Private school course approval and authorization for diplomas	1,320
Course approval for veterans and dependents	788
Issuance of permits for correspondence school salesmen	130
Approval of private school courses for state and federal retraining programs	130
Certification of American Council in Education Testing Service Agencies	130
Miscellaneous	130
Total	2,628

Bureau of Adult Education. During the past fiscal year this unit was responsible for granting course approvals for 22,500 adult classes, 149 adult schools and 140 high schools and 55 junior colleges that maintained classes for adults. The various functions performed by this bureau during the past fiscal year follow.

	<i>Man-days</i>
Program of inspections and course approvals	480.0
Consulting activities	260.0
Research, preparation of surveys and reports	125.0
Workshops and teacher training	50.2
Accreditation of junior colleges and evening high schools	35.0
Miscellaneous	9.8
Total	960.0

General Activities—Continued

Bureau of Teacher Education and Certification. The licensing function performed by this unit is discussed in the Analysis and Recommendations section of this analysis where a specific recommendation is made concerning the activities of this bureau.

Commission on Equal Opportunities in Education. During 1963-64 this unit assisted and advised school districts in problems relating to racial and ethnic imbalances in the public schools. In addition, the members of this commission participated in a total of 144 meetings, conferences and workshops covering this problem. The following table illustrates the types of activities performed by this unit in 1963-64.

	<i>Man-days</i>
School district consultation	100
Other meetings, workshops, conferences on equal educational opportunities	175
Research surveys, articles and reports.....	225
Total	500

5. Division of Special Schools and Services

During the 1963-64 fiscal year the 14 consultants within the Bureau of Special Education in this division served school districts and the offices of county superintendents of schools which maintained special educational classes having a total enrollment of 259,945 exceptional children. This division also processed orders totaling \$60,202 for books and materials for blind pupils in the public school system. These orders were placed by school districts and county superintendents through this bureau with the American Printing House for the Blind. It was previously mentioned in the program plans and budget section of this analysis that this division is to present an evaluative report to the Legislature at the 1965-66 session concerning the state-aided program for educationally handicapped minors. Although this report was not completed in time for its inclusion in this analysis the department has supplied us with some preliminary information concerning the number of participants in this program for the past two years. In 1963-64 the enrollment in this program for various classes was: special classes, 1,366 pupils; learning disability classes, 518 pupils; and home hospital instruction classes, 159 pupils. From the \$900,000 authorized for the program in 1963-64, a total of \$376,810 was reimbursed to school districts operating authorized programs. It is estimated that a total of 6,000 children will participate in this program during 1964-65. One of the major problems which the department reports is that school administrators have experienced difficulty in securing qualified teaching personnel trained in teaching the educationally handicapped.

ANALYSIS AND RECOMMENDATIONS

1. *We recommend that the request for 1 editorial assistant for the Publications Office be disapproved for a savings of \$7,800 plus related expenses.* We also recommend that the request for one graphic artist for this unit be approved. Both of these positions were administratively established from 2.2 temporary help positions connected with the area vocational education program when the Publications Office was created

General Activities—Continued

in July 1964. Prior to the establishment of this office temporary help funds from the area vocational education program were used to employ part-time individuals for editorial and graphic artist activities. The department states that it was necessary to convert these part-time positions to permanent positions when all editorial functions were consolidated into the Publications Office because of an alleged workload increase. We have requested the Publications Office to submit information concerning this alleged workload increase, but the only data we have received are a rough comparison of the number of "items" processed for 1963-64 and estimated to be processed in 1964-65. These figures are:

	1963-64 (actual)	1964-65 (estimated for 6 months)
Items processed -----	670	332

This comparison is admittedly a rather unsatisfactory measurement of the department's publication workload because the term "item" includes new publications, revisions, and requests for rubber stamps, name cards and letterheads. The department has not differentiated between these latter minor activities and major jobs that require a substantial amount of staff time. Nor has any workload criteria been submitted that justifies the additional staffing requested. However, it is notable that there has been no workload increase based upon the department's own figures. Therefore we recommend disapproval of the request for one editorial assistant. The Publications Office will still have four authorized editorial assistant positions and two editorial associates which we believe are sufficient to perform editorial functions. The department contends that the Publications Office was established to "increase efficiency and economy." The department has been unable to show how the continuation of these positions will bring about this objective. We do, however, recommend approval of the graphic artist position since without it the Publications Office would lack a knowledgeable individual in this field.

2. *We recommend disapproval of the request for two intermediate typist clerks for the Publications Office which were administratively established in 1964-65 on the basis of the aforementioned workload increase for a savings of \$9,120 plus related expenses.* We do not believe that they are justified on the basis of the department's own figures, which do not illustrate a workload increase. Moreover it is noted that the Publications Office is authorized to employ a clerical position that is currently vacant. This vacant position was transferred to the Publications Office when it was established. We believe that the department should fill its vacant clerical positions for needed services before requesting additional staffing.

3. *We recommend that the fiscal committees of both houses defer action on the request for one editorial aid in the amount of \$5,786 plus related expenses for the Publications Office which was transferred from the Manpower Development and Training Program until the Legislature decides if this program is to be continued with state financial support at the time this bill is placed before the Legislature.* This position is

General Activities—Continued

limited until June 1965 when the state will be required to finance one-third of the total cost of California's MDTA program if it is to be continued. We believe it is unwise to grant approval for this position at this time because the need for this additional staffing will be questionable if the MDTA program is allowed to terminate.

It should be noted that the establishment of an independent Publications Office for reasons of "efficiency and economy" within the Department of Education could lead to a proliferation of many departmental bulletins and guides of questionable value unless the production of the office is rigorously controlled by the administration. We note that as soon as this office was established additional permanent staffing was requested because of an unsubstantiated workload increase. In order for the department and the Legislature to evaluate the necessity of the publications produced by this office we believe that the Department of Education should prepare a brief annual report of proposed publications with a detailed justification for their need. This report should answer the following questions.

a. How many publications does the department intend to produce in the budget year? What is the total and individual cost of these publications in terms of state and federal expense? What is the anticipated distribution of this material?

b. Why are these publications necessary? Are they connected with a departmental program, legislation, or an internal departmental requirement?

c. Will these publications duplicate similar material being published by the county superintendent of schools and large school districts?

d. What is the possibility of putting the Publications Office on a self-supporting basis?

We recommend that the Department of Education be directed to prepare a report based on these questions for submission prior to the 1966-67 legislative session.

4. *We recommend that the operating expenses for in-state traveling for the Bureau of Education Research within the Departmental Administration be reduced by \$1,450.* The department is requesting \$6,000 for traveling expenses for this bureau in 1965-66; this represents an increase of 32 percent over the current level of expenditure. Although we have requested the department to submit detailed justification for this increase no information has been submitted. It is noted that we are recommending approval of a request for substantially increased traveling expenses for Title X of the National Defense Education Act program which augments this bureau's budget. We believe that the department should use these funds comprised of both state and federal moneys before requesting additional General Fund support. *We therefore recommend disapproval of this request.*

5. *We recommend that the Department of Education establish a new rate for charging school districts for the services performed by the Bureau of School Planning. This rate should be 1/15 of 1 percent of the total cost of the project. We also recommend that the department's budget request be reduced by \$74,000 for the 1965-66 fiscal year. This*

General Activities—Continued

reduction will reflect the increased amount of reimbursements that the new charge rate will provide during the budget year.

The Education Code, Section 15302, requires that the Department of Education charge certain districts for reviewing plans and specifications of buildings to be constructed. This charge has been established at \$3 for each 1,000 square feet reviewed. The money collected is returned to the General Fund of the state. Reimbursements over the last four years are as follows:

	<i>Number of square feet approved</i>	<i>Fees collected</i>
1961-62 -----	10,826,122	\$32,385
1962-63 -----	10,546,655	32,838
1963-64 -----	14,191,716	38,005

The yearly reimbursements constitute little more than token payments for services performed. This is mainly due to two reasons. The established rate of \$3 per 1,000 square feet is too low and the number of feet in a particular project does not give an accurate indication of the amount of work involved in project review. A more valid base upon which to formulate a charge schedule would be the total cost of the project to be reviewed. A suggested rate of charge is $\frac{1}{15}$ of 1 percent of the total project cost. This rate, if adopted, would return to the General Fund approximately \$114,000 during the 1965-66 fiscal year. This would be \$74,000 more than the present method of charging is anticipated to return.

6. *We recommend deletion of the \$30,000 requested by the Department of Education for the printing of the teachers' guide, "Music in the Elementary School."* Included in the Division of Instruction's budget request for general operating expenses is \$30,000 for the printing of 30,000 copies of the teachers' guide *Music in the Elementary School*. The guide is to be printed in the State Printing Plant. The manual has been adopted by the State Board of Education and is distributed free of charge to teachers in California elementary schools. In addition, copies of the guide are sold upon request for cost plus 10 percent. The manual is not a textbook but consists of teachers' guidance material, and as such, is not budgeted as part of the state's free textbook program.

We believe that the guide should not be distributed to every elementary school free of charge but should be furnished only to those districts that have a need for such material. A practical method for accomplishing this is to discontinue free distribution of the manual and sell the guide to those wishing to obtain the material. The established price (cost plus 10 percent) amounts to approximately \$1.10 per guide. A district could then weigh the nominal cost of the guide against the contribution the material would make to its own particular program. The district could then purchase the manual if it was considered to be desirable. This arrangement would insure that the guide which is paid for and received by a district is utilized; it is possible that this utilization is low under the free distribution policy.

We therefore recommend that the \$30,000 requested for the printing of 30,000 of the teachers' guide to *Music in the Elementary Schools*

General Activities—Continued

should be deleted in its entirety. As of December 18, 1964, the Department of Education had 17,472 copies of this guide on hand. This number is more than enough to meet the anticipated sales over the next two years. Therefore the present inventory is sufficient for establishing whether or not at a price of \$1.10 the guide is of value to school districts and will be purchased accordingly. Once this has been determined, additional copies can be secured in future budgets.

7. *We recommend disapproval of the request for 1 intermediate stenographer clerk position for the Bureau of Teacher Education and Certification for a savings of \$4,788, plus related expenses.* The department's main justification for this position is that a two-year backlog of minutes for the Committee of Credentials exists. They state that these minutes must be typed. We believe it is unwise to approve a permanent position for a temporary job and, therefore, we recommend that this request be disapproved.

8. *We recommend that an amount of \$53,985 be deleted from the personnel services expense of the Division of Instruction and that operating expenses be reduced proportionately. This reduction of \$53,985 which is equal to one-half the amount of time spent by the professional staff of the division in performing secondary consulting functions is to be based on the following schedule:*

Division of Instruction

<i>Bureau of Elementary Education</i>	<i>\$—16,354</i>
<i>Bureau of Secondary Education</i>	<i>—10,337</i>
<i>Bureau of Audio-Visual Education</i>	<i>—1,692</i>
<i>Bureau of Pupil Personnel Services</i>	<i>—7,006</i>
<i>Bureau of Physical and Health Education and Recreation</i> ..	<i>—18,596</i>

Total reduction in personnel services

\$—53,985

(See justification under No. 9)

9. *We recommend that an amount of \$34,220 be deleted from the personnel services expenses of the Division of Special Schools and Services and that operating expenses be reduced accordingly. This reduction is equal to one-half the amount of time spent by the professional staff of this division in performing secondary consulting functions.*

Our recommendation is based on the general findings of the Arthur D. Little Report which were critical of the department's consultative activities. It is also based on the belief of this office expressed in prior analyses that the Department of Education is performing many unnecessary consulting activities. The main conclusions of the Little Report which referred to the department's consultative functions follow.

a. Many of the department's consultants are out of touch with local school district conditions and therefore the value of such consulting services is limited.

b. Direct consultation between the Department of Education and local school districts should be minimized. The department should act as a coordinating and informational source to the county office.

c. "Ad hoc project teams" comprised of experts from outside the department should be used in place of departmental consultants to

General Activities—Continued

undertake studies and projects desired by the Board of Education and the department.

An additional argument in favor of this reduction is to be found on page 234 of this analysis which includes a table from the Little Report that illustrates the large percentage of time spent by the professional staffs of the aforementioned units in performing secondary consulting functions. The table shows that the professional staffs of these units devote 38 percent of their time to activities of questionable value such as workshops committees and conferences. We recommend that the amount of time spent by these units in performing such activities be reduced by 50 percent. We believe that with smaller staffs the departmental consulting bureaus would find it necessary to limit their activities to areas which would reflect conferences and workshops of major importance and areas which are mandated by law. It is noted that we are not recommending that these bureaus be restricted from approving courses, performing accreditation functions and other activities mandated by law. Nor are we recommending a budgetary reduction in the amount of time spent by the department in providing direct consulting services to school districts. Although both the Little Report and this office are critical of these services, insufficient workload data and a lack of measurable accomplishments preclude a recommendation by our office in this area.

We recommend approval of the request for one assistant budget analyst position for the Bureau of School Apportionments and Reports. It will be recalled that this position is being requested to review county school service fund budgets. The department contends that the associate budget analyst currently authorized for this activity cannot perform his job satisfactorily because of an increased workload caused by budgetary review requirements contained in Chapter 1963, Statutes of 1963 (AB 1335). It is reported that this workload increase has required the bureau chief and one technician II position to assist the budget analyst in this evaluation. The department notes that AB 1335 requires a line item review of each purpose and position contained in the county school service fund budgets. This has resulted in the review of approximately 2,500 job descriptions annually. An additional workload has been caused by the requirement that the Bureau of School Apportionments and Reports examine the budgetary justification for all projects dealing with the development and preparation of courses, research and development studies, and curricular publications. The department reports that 215 projects were submitted for approval prior to the 1964-65 budget year. In addition the department states that the volume of budget revisions submitted by the county superintendents has increased 50 percent. This has been caused by a provision of AB 1335 that requires the Superintendent of Public Instruction to withhold funds from county school service fund allowances when expenditures exceed the amount approved for the line item purpose. *For these reasons we believe that the request for an additional budget analyst is justified and we recommend approval.*

We recommend approval of the request for one programmer II position for the Bureau of Education Research within the Division of Depart-

General Activities—Continued

mental Administration. This proposed position stems from a recommendation made by the Department of General Services in survey number 35 prepared by the Division of Management Services. This study, initiated at the request of the Deputy Superintendent of Public Instruction, was intended to review the data processing operation within the Department of Education. We have examined the management survey upon which this staffing request is based and we believe that this request is justified. The survey noted that one associate statistician in the Bureau of Education Research is currently performing programming functions because of insufficient staff. The survey suggested that the department employ an additional programmer II position so that the associate statistician could return to the duties appropriate to this classification. *We recommend approval.*

We recommend approval of the request for an amount of \$2,000 for temporary help funds to cover unbudgeted overtime and temporary help for machine operations in the Bureau of Education Research. The Department of Finance reports that an amount of \$2,145 was allocated for these purposes in 1962-63 and a total of \$2,219 was allocated in 1963-64 for temporary help and unbudgeted overtime for machine operations because of peak work conditions. This request for \$2,000 is designed to cover future contingencies of this nature.

We recommend approval of the four clerical positions for the Certification Office which were administratively established by the Department of Finance on January 1, 1965. The department reports that these positions are necessary because of an increased clerical and professional workload connected with the new credential structure which became effective in January 1964. As of January 1, 1965 there was a three-month backlog of unprocessed credential applications in the Certifications Office compared to a two-month backlog in May 1964. These figures do not illustrate fully the seriousness of this problem because they fail to differentiate between regular credential applications and priority applications. The backlog of regular applications (applications not requiring immediate action) increased from 2 months in May 1964 to 3½ months in August 1964. In August the Certifications Office began to process only priority applications from credential applicants, i.e., those teachers who were authorized to teach under a 60-day temporary certificate issued by the county superintendent of schools. Such applications must be processed before the temporary certificate expires so that the teacher does not lose his employment. The Certifications Office states that it was able to reduce the backlog of these priority applications from two months in September 1964 to two weeks in December 1964. However, during this period the backlog of nonpriority applications increased enormously. For example, the credential applicant who submitted a nonpriority application for evaluation in August did not receive a credential or a status report until January 8, 1965.

The department states that this situation is caused primarily by the new credential structure which has substantially increased the complexity of the certification procedure. For example, formerly an individual

General Activities—Continued

qualified for an elementary teaching credential if he possessed a degree, 24 hours of education courses and had 6 hours of student teaching experience. However, now he must possess a degree, a fifth year of college, a major, a minor and he must meet numerous other requirements. This situation is complicated by the fact that the credential technician must ascertain if the applicant meets the credential requirements for his major and minor fields of study. This procedure which requires that the credential technician be familiar with the course numbering system of numerous colleges and universities also slows down the certification process. The department reports that it takes a credential technician three times longer to evaluate an application for an elementary credential and 33 percent longer to evaluate an application for a secondary credential under the provision of the new structure than it did previously. It is anticipated that the Department of Education will request additional increases in staffing for the Certification Office later in the session in order to alleviate this workload increase. Although we believe it is inappropriate at this time to itemize the department's proposal before it is finalized, we feel that we should note a number of elements connected with this proposal and the overall problem of the slow down in the certification process. It is noted that the staff of the Certification Office was augmented with additional personnel only last year. We recommended approval of the additional staffing on the basis of the results of a management survey of the Certification Office prepared by the Organization and Cost Control Division of the Department of Finance. The survey contained a number of recommendations for streamlining the certification procedure in order to decrease the amount of time required to process credential applications. The department contends that even though it has implemented these recommendations it can not put the certification function on a current application basis of three weeks (determined by the Department of Finance to be a desirable period) unless the staff of the Certification Office is increased substantially. Additional proposals for programing the certification procedure are also being considered by the department.

Another important facet of the certification problem concerns the inability of the state colleges and the universities to provide credential applicants with specific and accurate information concerning the new credential requirements. We understand that much of this problem is due to the fact that many institutions providing teacher education programs are currently experiencing accreditation problems. Normally the colleges can determine credential requirements consistent with their approved accreditation schedules. However because of the lack of approval by the State Committee on Accreditation the colleges and universities are not able to give credential applicants the most accurate and up-to-date information concerning the credential requirements.

The Department of Education believes that many state colleges do not give applicants accurate information concerning the statutory credential requirements because the colleges want the applicants to complete their own teacher education programs and that the colleges require their students to take additional education courses not required by law in

General Activities—Continued

order to obtain a degree from the institution. The department reports that it is currently sampling the teacher education programs of numerous state colleges to ascertain if this situation does in fact exist.

We recommend that the Legislature review this entire issue and that it direct the Department of Finance and the Management Services Division of the Department of General Services to assist the Department of Education in formulating a short-term plan for putting the certification function on a current basis of three weeks at the earliest possible date. This plan should detail any additional temporary staffing, legislative changes and new administrative procedures which are necessary to accomplish this objective.

We also recommend that these agencies be directed to formulate a long-range plan for automating the certification procedure through the use of the department's computer.

The department is requesting one intermediate clerk to work as a receptionist in the Certification Office on the basis of an increased workload connected with an increased number of phone calls and personal interviews caused by the new credential structure. During the first four months of 1964 the Certifications Office received 11,806 incoming phone calls and held 3,684 personal interviews for an average of approximately 140 phone calls and 43 personal interviews per day. In order to handle this workload the Certifications Office has extended its duty hours to include the noon hour and it has borrowed clerical help from other functions. It is anticipated that when the number of incoming phone lines are increased from 4 to 8, as recommended by the telephone consultants for state service telephone, inquiries will increase approximately 70 percent. This estimate is based on the fact that both the telephone company and the state operators report having to "stack" incoming calls for as long as an hour. *We believe that this request is justified, and we recommend its approval.*

The second intermediate clerk that is requested for the Certifications Office will be used to locate files of applicants who call, to confirm that their applications are completed properly, that a particular college course meets certification requirements and who appear for personal interviews. The department also justifies this request on the basis of the increased number of phone calls and personal interviews being handled by the Certifications Office. It is believed essential for the credential technician to have the applicant's file in order to give complete and accurate information because of the complexity of the new credential requirements. It is noted that the files that are active and in progress, and therefore difficult to locate, are the ones that are subject to individual calls and interviews. It is not believed economically practical to take a clerk from an assigned duty to locate these files. This "look up" function will be the sole responsibility of the additional intermediate clerk. *We recommend approval.*

On January 1, 1965, the Department of Finance granted the Certifications Office a temporary help augmentation comprised of \$5,000 for credential technician overtime requirements and an amount of \$5,400

General Activities—Continued

for additional clerical staffing. It is proposed to continue this allocation for the current year. The request for \$5,000 in overtime funds was justified on the basis of an increased workload connected with the evaluation of credential applications. A sum of \$3,000 is requested for additional clerical help to process an increased volume of mail from individuals who request information concerning the requirements of the new credential structure. An amount of \$2,400 in temporary help funds is requested for the fiscal office within the Division of Departmental Administration for an anticipated workload increase connected with a 10-percent increase in the number of credential fees that will be processed in the current calendar year. *We recommend approval of these requests.*

POLICY OPTION

1. A suggested policy option is to enact legislation permitting discontinuance of the free distribution of the Department of Education's teacher guide *Physical Education in the Elementary School*. This guide is presently distributed free of charge to teachers and others in California schools in accord with provisions of the Education Code Section 8152 which states, "The Department of Education shall . . . (b) compile or cause to be compiled and printed a manual in physical education for distribution to teachers in the public schools of the state." In addition to the free distribution, copies of the guide are sold upon request for cost plus 10 percent. Of the total number of copies distributed, approximately 70 percent are sold and 30 percent are distributed free of charge. The option would be to offer the guides for sale only. The Education Code could be changed so that these guides would be furnished only to those persons who considered the manual worth the cost. Included in the 1965-66 budget request is \$95,000 for the printing of 45,000 copies of the guide. If the option is accepted, the printing order could be reduced by \$27,000 and General Fund savings would accrue to the state.

Arguments in favor of this option are:

a. The option would insure that the guide is being used by the schools since only those districts willing to pay for the material would receive the guide.

b. An initial savings of \$27,000 would be realized for 1965-66. Additional savings could also be possible with each new printing request.

Arguments against this option are:

a. This policy option would require a change in the Education Code.

b. Historically these guides have been distributed free of charge.

2. A suggested policy option for the Department of Education is to terminate all direct consultative activities currently performed by the department, on the assumption that the offices of county superintendents of schools and the large school districts are already performing this function. This option would be in accord with the Little Company report which recommended that these direct consulting services be minimized and that "ad hoc" project teams be employed to perform departmental projects and studies. If the direct consulting services performed by the Division of Instruction and by the Division of Special

General Activities—Continued

Schools and Services were terminated, a minimum amount of approximately \$325,000 in savings would accrue to the state in 1965-66. Additional savings would accrue to the state if the direct consulting services performed by the Division of Public School Administration and the Division of Higher Education were also terminated.

Arguments in favor of this option are:

- a. Substantial General Fund savings.
- b. This option agrees with the Little Company report which recommended that direct consulting services be minimized.

An argument against this option is:

- a. The county superintendents and large school districts do not adequately perform this function at the present time.

**Department of Education
SCHOOL BUILDING AID**

ITEM 89 of the Budget Bill

Budget page 211

**FOR ADDITIONAL SUPPORT OF THE DEPARTMENT OF
EDUCATION, GENERAL ACTIVITIES FROM THE
SCHOOL BUILDING AID FUND**

Amount requested	\$135,000
Estimated to be expended in 1964-65 fiscal year	120,000
Increase (12.5 percent)	\$15,000
TOTAL RECOMMENDED REDUCTION	None

ANALYSIS AND RECOMMENDATIONS

The Department of Education's Bureau of School Planning is required to review all state school building aid projects as described on page 225 of the Analysis of the Department of Education. A yearly appropriation is made from the School Building Aid Fund to meet the expenses incurred by the bureau in meeting this requirement. The bureau has estimated that approximately 40 percent of its time will be spent on state aided projects during the 1965-66 fiscal year. The \$135,000 requested from the School Building Aid Fund approximates 40 percent of the total budget request of the Bureau of School Planning.

The 1964-65 appropriation of \$120,000 has proven to be insufficient to cover the cost of the bureau's services for this program during the current year. The 1965-66 request of \$135,000 is \$15,000 or 11.3 percent higher than the current year appropriation and is expected to more accurately reflect the bureau's cost of reviewing state aided projects during the 1965-66 budget year.

We recommend approval of the item as budgeted.

**Department of Education
NATIONAL DEFENSE EDUCATION**

PROGRAM PLANS AND BUDGET

The National Defense Education Act is a program designed to provide federal financial assistance to the states and to educational institutions to promote training to meet the defense requirements of the United States. In November 1964 Congress enacted P.L. 88-665 which extends the act for three fiscal years through June 1968 and amends many of its provisions. The act as amended is comprised of 11 titles. The Bureau of National Defense Education within the Department of Education has primary responsibility for administering Titles III and V and coordinating responsibility for Title X. The various titles and the more important amendments are listed below.

Title II. Authorizes loans to students in institutions of higher learning. General Fund participation is one-tenth of the total expenditure with federal funds meeting the balance. This program is administered by the Trustees of the California State Colleges and the 1965-66 budget request for this item is discussed elsewhere in this analysis.

Title III. Authorizes federal assistance for the improvement of instruction for science, mathematics and foreign languages. Title IIIa provides federal funds to states to be matched from local sources for purchase of special equipment and materials to be used for teaching science, mathematics or foreign languages. Federal subventions to local districts under Title IIIa are reported in the local assistance portion of the budget.

Title IIIb provides grants for the expansion of supervisory and related functions in public schools for the above subjects; support is also provided for state level administration of Title IIIa. State and federal funds for Title IIIb are expended in the following ways:

1. Evaluation, processing and approval of federal funds.
2. Preparation of studies, reports and dissemination of NDEA project information.
3. Authorizes consulting services within the department and to local school districts maintaining NDEA projects.

1964 Congressional Amendment: Expands critical subject fields to include English, reading, geography, history and civics. Authorizes in-service-training for teachers in these critical subject fields.

Title IV. Graduate study fellowships, available since 1958-59. These fellowships are not connected with the loans available under Title II, nor does the state administer them.

Title V. Provides federal support for the establishment and maintenance of testing guidance or counseling programs. Existing state and local expenditures for on-going programs in California currently satisfy the federal matching requirements included in this title. Therefore, only the federal subventions for this activity are found in that section of the budget. In California, funds under Title V are used to identify able students and to guide and counsel students at the secondary level

National Defense Education—Continued

with regard to their future educational needs. Another section of Title V provides for the establishment of guidance and training institutes, arranged with local educational institutions by the United States Commissioner of Education.

1964 Congressional Amendment: Expands guidance, counseling and testing programs to include elementary grades, junior colleges and technical institutions.

The Bureau of National Defense Education within the Department of Education maintains responsibility for the state level administration of funds available under Title V. School districts apply to the Bureau for Title V funds. If such applications are acceptable according to the act's provisions the districts are given authority to implement their projects and are subsequently reimbursed by federal funds following submission of claims for costs incurred in their respective programs. Total federal fund allotments for Title V in California are expected to amount to approximately \$2,000,000 in 1965-66. This will be about 20 percent higher than the latest completed fiscal year.

Title VI. Authorizes the United States Commissioner of Education to arrange with colleges and universities for the establishment of modern language teaching centers and centers for instruction in related subjects (economics, geography, political history, etc.). In California higher institutions in both public and private schools participate in this program.

Title VII. Authorizes United States Commissioner of Education to contract with public and private organizations to research the use of instructional media such as radio, television, and motion pictures.

Title VIII. This act supplanted by Title III of the Vocational Education Act of 1963 provides for Area Vocational Education in California and is discussed in this analysis in the sections devoted to vocational education.

Title IX. Establishes the Science Information Service, National Science Foundation.

Title X. Miscellaneous. In California this title provides federal funds to match state appropriations designed to improve the statistical services of the Department of Education Bureau of Education Research.

Title XI. Training Institutes (New Title). Provides funds for institutions to improve the teaching of modern foreign languages and English taught as second language, and expands existing programs to include a related range of vital fields — English, reading, history, geography, disadvantaged youth, school library personnel, and educational media specialists.

Table I illustrates the total federal, state and local expenditures for each title of NDEA in California from the last completed fiscal year 1963-64 and includes proposed expenditures for 1965-66. The local expenditure column includes both the district's matching requirements and in some cases the actual district expenses incurred in local NDEA programs are shown to exceed matching requirements.

Table I
National Defense Education Act Expenditures

	1963-64 (Actual)			1964-65 (Estimated)			1965-66 (Estimated)		
	Federal	State	Local	Federal	State	Local	Federal	State	Local
Title III									
A. Local projects	\$5,291,107	--	\$8,250,939 *	\$3,650,031 (4,171,464)	--	\$3,650,031 * (4,171,464)	\$3,650,031 (4,171,464)	--	\$3,650,031 * (4,171,464)
B. State level administration	280,590	\$237,440	--	331,637 (479,313)	\$284,004	--	340,743 (479,313)	\$294,721	--
Title V									
Guidance									
State level	218,499	-- †	218,499 *	205,000	-- †	205,000 *	200,000 (205,000)	-- †	200,000 *
Subventions	1,111,502	-- †	17,750,064 *	1,367,678 (1,578,438)	-- †	1,367,678 * (1,578,438)	1,372,678 (1,578,438)	-- †	1,372,678 * (1,578,438)
Title VIII ‡									
Area vocational education									
State level	157,591	-- †	157,591 *	129,920	-- †	129,920 *	135,460	-- †	135,460 *
Subventions	741,831	-- †	3,332,482 *	620,481	-- †	620,481 *	614,341	-- †	614,341 *
Title X									
Statistical reporting	35,695	35,695	--	47,568	47,568	--	49,924	49,924	--
Total	<u>\$7,836,815</u>	<u>\$273,135</u>	<u>\$29,709,575</u>	<u>\$6,352,315</u>	<u>\$331,572</u>	<u>\$5,973,110</u>	<u>\$6,363,177</u>	<u>\$344,645</u>	<u>\$5,972,510</u>
Grand total, all sources		\$37,819,525			\$12,656,997			\$12,680,408	

* Local school district funds at or above matching requirement.

† No state funds required.

‡ Incorporated in Vocational Education Act of 1963.

NOTE: Figures in () are based on latest information regarding federal allotments for California as of December 1, 1964.

Department of Education
NATIONAL DEFENSE EDUCATION

ITEM 90 of the Budget Bill

Budget page 218

FOR SUPPORT OF TITLE IIIb, NATIONAL DEFENSE EDUCATION ACT FROM THE GENERAL FUND

Amount requested	\$294,721
Estimated to be expended in 1964-65 fiscal year	284,004
Increase (3.7 percent)	\$10,617
TOTAL RECOMMENDED REDUCTION	\$19,380 ¹

Summary of Recommended Reductions

	<i>Amount</i>	<i>Budget Page</i>	<i>Line</i>
From amount requested to maintain existing level of service			
1. 0.2 temporary help	\$2,092 ¹	218	67
2. Instructional materials and services	8,054 ¹	219	19
3. Personal services	9,234 ¹	218	61

PROGRAM PLANS AND BUDGET

Title III, Improvement of Instruction. This title is composed of two parts.

Title IIIa provides federal funds to the Department of Education for reimbursements to local public school districts for the purchase of equipment and materials and for minor remodeling to improve instruction in the critical subject fields of science, mathematics, foreign languages, English, reading, history, geography and civics. It is estimated that California will receive \$8 million for Title IIIa in 1965-66; this represents a \$2 million increase over the current year.

Title IIIb. This title provides grants for the expansion of supervisory and related services in public schools in the subject areas of science, mathematics, foreign languages, English, reading, history, geography, and civics. These services include providing consultant services for local school districts and funds for the production of materials developed at the local level. Title IIIb funds also provide support for the state-level operation of the Bureau of National Defense Education. General Fund support for Title IIIb in 1965-66 is proposed at \$294,721, an increase of \$10,617 over the current year. Federal support for this activity is expected to increase \$9,106 over the current expenditure level to \$340,743. Total state and federal support for Title IIIb in 1965-66 is projected at \$635,464. Included within this budget is a request of \$8,000 for an additional 1.5 clerical positions for the administration of this title. An additional amount of \$8,054 is proposed for increased operating expenses for instructional materials and services.

REVIEW OF AGENCY ACCOMPLISHMENTS

1. Title III, Improvement of Instruction. Table II illustrates the number of Title III project applications approved and the amount of federal funds encumbered for California school districts between 1962-63 and 1964-65. In last year's Budget Analysis we presented a summary of Title III accomplishments of the program through 1961-62

¹ State General Fund and federal moneys.

Table II

Number of NDEA Title Project Applications Approved and Amount of Federal Funds Encumbered¹ for California School Districts
According to Grade Level and Subject Area 1962-63 Through 1964-65

Grade level	Subject area	1962-63		1963-64		1964-65 est.	
		Number of projects approved	Federal funds encumbered	Number of projects approved	Federal funds encumbered	Number of projects approved	Federal funds encumbered
Elementary	Science -----	235	\$517,714	291	\$788,957	256	\$839,118
	Mathematics -----	98	120,982	191	268,772	174	227,416
	Modern foreign language -----	173	284,676	308	490,690	391	631,684
	Combination -----	25	63,496	104	335,338	83	374,276
Subtotal -----		531	\$986,868	894	\$1,883,757	904	\$2,072,494
High School	Science -----	234	\$693,538	410	\$1,376,260	293	\$959,770
	Mathematics -----	42	62,675	117	130,414	84	94,314
	Modern foreign language -----	110	389,949	188	722,894	132	444,591
	Combination -----	13	102,480	48	496,144	29	146,012
Subtotal -----		399	\$1,248,642	763	\$2,725,712	538	\$1,644,687
Junior College	Science -----	111	\$503,717	194	\$1,010,109	88	\$327,445
	Mathematics -----	11	56,909	17	199,354	9	7,126
	Modern foreign language -----	23	113,079	34	177,976	11	13,181
	Combination -----	1	722	8	51,724	7	28,323
Subtotal -----		146	\$674,427	253	\$1,439,163	115	\$376,075
<i>Recap</i>							
Elementary, Secondary and Jr. Colleges	Science -----	580	\$1,714,969	895	\$3,178,706	637	\$2,126,333
	Mathematics -----	151	240,566	325	599,749	267	328,856
	Modern foreign language -----	306	787,704	530	1,397,310	534	1,089,456
	Combination -----	39	166,698	160	883,206	119	548,611
Totals -----		1,076	\$2,909,937	1,910	\$6,058,971	1,557	\$4,093,256

¹ Federal funds encumbered are in excess of actual grants shown in Table I.

National Defense Education—Continued

which was prepared by the Department of Education. This summary included the number of participating school districts and pupils involved in Title III projects and it also evaluated the program's success in stimulating school districts to allocate additional resources for the critical subject fields of mathematics, science and foreign language. On the basis of this report it appears that Title III has been successful in accelerating programs in these critical subject areas. Similar information has not been presented for the 1963-64 fiscal year. We believe that the department should make an annual report of this program's accomplishments which will identify the total number of participating districts and pupils, and the effect of such funds in stimulating the development of the critical subject areas.

ANALYSIS AND RECOMMENDATIONS

We recommend approval of the request for 1 intermediate stenographer position and a 0.3 temporary help position for the administration of Title IIIb. The intermediate stenographer position is requested on the basis of a workload increase in connection with the approval of school district applications for federal funds for NDEA projects. The following table illustrates the growth of this program during the past three years and size of the permanent clerical staff.

Year	Number of projects	Amount of federal funds approved	Permanent clerical positions
1962-63	1076	\$2,909,937	7.2
1963-64	1910	\$6,058,971	7.2
1964-65 (est.)	1557	\$4,093,256	7.2

This table does not reflect an additional amount of \$2,500,000 in federal funds California is estimated to receive as a reallocation for 1964-65. In further justification for the request the department states that California will receive approximately \$8,000,000 in federal funds for Title IIIa in the budget year, an increase of \$2,000,000 over the current year. In view of the increased clerical workload we believe that this request is justifiable and we recommend approval.

The 0.3 clerical position is requested to alleviate an increased workload connected with the approval of school district applications for federal funds for consultative services. The growth of this program and the permanent clerical staff is represented in the following table.

	1962-63	1963-64	1964-65
Federal funds requested	\$252,732	\$210,693	\$306,000
Federal funds approved	\$100,000	\$110,000	\$125,000
Number of projects approved	235	223	273
Permanent clerical staff	3	3	4

Because of the demonstrated increase in the clerical workload we recommend approval of this request.

1. We recommend disapproval of the request for a 0.2 temporary help position for a General Fund savings of \$2,092.¹ Although we have requested the department to justify this position no information has been submitted. We therefore recommend disapproval of this position because of insufficient justification.

National Defense Education—Continued

2. We recommend that a proposed increase of \$8,054¹ in operating expenses for instructional materials and services be deleted from the budget. The department states that this additional sum is requested "due to the expansion of activities such as leadership conferences, teacher training workshops and demonstrations of new materials and equipment which are sponsored by various bureaus where short-term special consultants are employed on a payment voucher basis." Although we have requested the department to supply us with information that details these activities in terms of the proposed expenditure increase no material has been submitted. Therefore we recommend disapproval of this request on the basis of insufficient justification.

3. We recommend a reduction in the amount of \$9,234¹ in the personal services of Title IIIb. This reduction is equal to one-half of the amount of time spent by the professional staff of this bureau in performing secondary consulting functions. We also recommend that the Department of Finance reduce the operating expenses of this bureau in proportion to this reduction in personal services. The justification for this recommendation has been discussed previously in the Analysis and Recommendation section of the budget analysis for the General Activities part of the Department of Education budget.

4. With the exception of the above deletions we recommend approval of this item as budgeted. However, we recommend budgetary approval concurrent with a directive that the Bureau of National Defense Education prepare an annual summary of the accomplishments of Title III.

Department of Education
NATIONAL DEFENSE EDUCATION

ITEM 91 of the Budget Bill

Budget page 220

FOR SUPPORT OF TITLE X, NATIONAL DEFENSE AND EDUCATION ACT FROM THE GENERAL FUND

Amount requested	\$49,924
Estimated to be expended in 1964-65 fiscal year	47,568
 Increase (4.9 percent)	 \$2,356

TOTAL RECOMMENDED REDUCTION **None**

PROGRAM PLANS AND BUDGET

Title X

Title X, Improvement of Statistical Services. This title provides a maximum of \$50,000 annually in federal funds to improve the statistical services of the Department of Education's Bureau of Education Research. In last year's analysis we questioned whether these federal funds were in fact being used to improve the department's statistical services program or were simply augmenting existing departmental expenditures, and we requested that the Bureau of Education Research prepare an evaluation of Title X and its relationship to ongoing statistical research projects within the department. A summary of this report is included in the accomplishments section of this analysis.

¹ State General Fund and federal moneys.

National Defense Education—Continued

General Fund support for Title X in 1965-66 is proposed at \$49,924 which represents an increase of \$2,356 over the current level. This increase is for salary adjustments and for slightly higher operating expenses. Included within the proposed budget is a new equipment rental request of \$6,500 which is offset by reduced operating expenses for bulletin printing. This equipment request is for the rental of data processing equipment in the form of an optical scanner that will be used in conjunction with the teacher certification project carried out under Title X.

Title V

Title V (Guidance and Counseling) is also administered by the Department of Education but it requires no General Fund support because the present state and local expenditures for these activities satisfy the federal matching requirements. A 1963 amendment to this title expanded counseling and testing projects to the elementary grades (not below grade seven). In order to implement this expanded program an additional consultant in national defense education was administratively established from federal support funds during the current year. It is proposed to continue this position during 1965-66.

REVIEW OF AGENCY ACCOMPLISHMENTS**Title X**

In the 1964-65 Budget Analysis we raised a number of questions concerning the statistical activities within the Department of Education which are supported by Title X funds. These questions follow with the corresponding answers of the department.

1. What measurable results have been obtained through the state's participation in this program?

The department reports that the Title X program primarily augments ongoing statistical projects within the Bureau of Education Research. Title X funds have been used to augment the department's resources in developing the 1961 and 1964 School Accounting Manuals and are partially financing the educational facilities inventory which involves categorizing all junior colleges, elementary and high school facilities. Of 10 departmental employees supported by the Title X program, four full-time and three part-time personnel are connected with this activity. This program has also financed a number of evaluative studies concerning the improvement of ongoing statistical services within the department. Funds have been used to complete the pupil age and grade project which was a tabulation of ages and grade assignments of nearly 2.5 million public school children. Reporting formats have been developed for districts involved in the statewide testing program mandated by the 1961 Legislature; the programming and processing of these data are being supported in part by Title X. In 1964 two new projects were initiated. One is directed at improving school district reporting forms and procedures and processing the subsequent data for an annual class size survey. The other new project

National Defense Education—Continued

(teacher certification and assignment) is designed to obtain information from the state's 200,000 certificated employees concerning their major and minor fields of study and their teaching assignments. It is anticipated that Title X funds will be used to develop reporting forms and to purchase programming and processing time on the computer for this project.

2. What are the goals of the program and to what extent have they been achieved? How have statistical services been improved with the aid of Title X funds?

The goal of the program is the improvement of statistical services. The department feels that statistical services may be said to be improved if:

- a. The accuracy of the data gathering improves; the accounting manual is presented as an example of such improvement.
- b. Data categories are expanded to include new areas or more detail in existing categories; the class size survey and the teacher certification and assignment project are representative of new areas. The expansion of existing categories is represented by the educational facilities inventory, pupil age in grade information and the measured achievement and ability project.
- c. Data can be gathered, processed and analyzed more expeditiously; the department feels that Title X funds have stimulated greater and more efficient use of the department's computer.

3. Should new and more ambitious goals be formulated?

The department admits that as a limited fund program, Title X largely augments statistical services currently performed by the Bureau of Education Research. It is felt that Title X funds might profitably be used in the future to support a second shift on the computer and to lease document reader type equipment which would increase reporting efficiency.

4. What state funds have been released by the Title X program?

The department reports that it is difficult to ascertain how much state money has been freed by Title X support because this program largely augments ongoing statistical activities performed by the Bureau of Education Research. The state is essentially obtaining such activities at one-half price because of the state and federal matching requirements.

5. Has there been any duplication of staff?

The department feels that there has been no staff duplication. Title X funds enabled the department to employ its first programmer, statisticians and research technicians.

We believe that future evaluation of the Title X program would be more meaningful if the department will attempt to differentiate between ongoing statistical projects performed by the Bureau of Educational Research and the Title X program. In last year's analysis we asked the department to explain "What has been accomplished that might not have been accomplished without Title X assistance?" It is notable that the department has not answered this question. Thus it is difficult to estimate to what degree if any this program has improved statistical services.

National Defense Education—Continued

Title V

During the 1964 legislative session the Senate Finance Committee and the Assembly Ways and Means Committee requested that the Department of Education present an evaluative report of Title V (guidance and counseling) to the 1965 legislative session. Although this report was not completed in time for its inclusion in this analysis the department reports that this evaluation of Title V will be completed and presented to the Legislature in March or April 1965. We have requested that the following questions be answered in this review of Title V.

1. What are the accomplishment statistics in terms of numbers of districts, teachers, students involved? How much has been expended, and how does this compare with the applications received from school districts? How much is presently spent out of school district funds on guidance and counseling and can it be proven that this program has stimulated local activities and expenditures in these areas?

2. What has been the utilization of available federal funds?

3. What has been accomplished that regular state and/or local activities have not accomplished? How can the results of the program to date be measured?

4. How do the programs and the consultative services made available under Title V mesh with ongoing departmental activities? What overlap, if any, is there?

5. What is the distribution of reports and printed materials? Is there overlap here?

6. What has Title V accomplished in terms of encouraging school districts to experiment on their own?

7. Can the accomplishments of the program be evaluated in terms of a reduction in the drop-out rate, or an increase in the numbers of high school graduates successfully placed in employment or in vocational training schools? How is it proposed to measure the quality of a program such as this?

8. What are the plans for regular, periodic reporting on Title V?

Although the Department of Education has generally cooperated with our requests for periodic reviews of the various NDEA programs we feel that the Bureau of National Defense Education should make a brief annual review of Titles V and X as suggested for Title III. This annual review of NDEA activities in California would enable the Legislature to more effectively evaluate the necessity of increased state financial support for this program should federal funds decrease or terminate at some future date.

ANALYSIS AND RECOMMENDATIONS

1. *We recommend approval of the proposed budget for Title X, improvement of statistical services.*

2. *We recommend approval of the department's request for an additional consultant in National Defense Education for the implementation of Title V (guidance and counseling) to be supported from federal funds.* This position was administratively established during the current year in order to implement the 1963 congressional amendment to this

National Defense Education—Continued

act which expanded counseling and testing projects to the elementary grades (not below grade seven). Currently two consultants within the Bureau of National Defense Education are responsible for secondary schools and one consultant is responsible for the compensatory education aspects of this title. The new consultant position that was administratively established oversees guidance and counseling projects in the elementary schools. On the basis of the increased consultant workload caused by the expanded program and the fact that no new state cost is involved we believe that this request is justified.

3. *We recommend that the Bureau of National Defense Education prepare an annual summary of the accomplishments of Titles V and X as suggested for Title III.*

Department of Education**CALIFORNIA SCHOOL FOR THE BLIND**

ITEM 92 of the Budget Bill

Budget page 222

FOR SUPPORT OF THE CALIFORNIA SCHOOL FOR THE BLIND FROM THE GENERAL FUND

Amount requested	\$807,961
Estimated to be expended in 1964-65 fiscal year	772,633
Increase (4.6 percent)	\$35,328
TOTAL RECOMMENDED REDUCTION	None

PROGRAM PLANS AND BUDGET

The California School for the Blind, located at Berkeley, offers an elementary and high school educational program and a residential program to blind, partially blind and deaf-blind children.

The educational program conducted at the school extends through the ninth grade and utilizes the special techniques necessary for the teaching of the blind. Extensive use is made of such equipment as Braille writers and Braille books, embossed maps and globes, models and audio equipment. The school's program also includes a Helen Keller unit for providing a full educational opportunity for the deaf-blind pupils. An additional teaching position is being requested for the Helen Keller unit for the 1965-66 budget year. This position was administratively established during the current year as a result of the enrollment of two additional deaf-blind children in the school's program. The position is in accord with the established ratio-norm of one teacher to three deaf-blind children. It is anticipated that during the 1965-66 year a total of 171 students will participate in the school's educational program. Of this total, nine children will be enrolled in the Helen Keller unit. The total cost for operating the educational program will be \$361,194 or approximately \$2,112 per child served.

The residential program offers room and board, child guidance and counseling and extracurricular activities for children residing at the school on a full-time basis. During the 1965-66 year 161 students will reside at the school. The cost of this residential program will approximate \$357,586 or \$2,221 per child served.

California School for the Blind—Continued

The 1965-66 budget request also includes \$14,000 for roof repairs as part of the school's continuing program of repairs and maintenance.

The anticipated cost of administering the school's educational and residential programs during the 1965-66 school year is \$718,780. In addition, the school plans to provide field services for preschool children at an estimated cost of \$52,681 and readers for blind college students at an estimated cost of \$36,500 for a total budget request of \$807,961.

REVIEW OF AGENCY ACCOMPLISHMENTS

The following schedule contains a yearly comparison of the number of students served by the school's educational and residential programs and the approximate yearly cost of the two programs.

	1962-63	1963-64	1964-65
Educational program			
Amount budgeted for program-----	\$325,118	\$325,569	\$348,846
Number of students enrolled in program--	188	160	164
Average educational cost per student----	\$1,729	\$2,035	\$2,127
Residential program			
Amount budgeted for program-----	\$321,882	\$332,230	\$345,375
Number of students served by program---	151	150	151
Average residential cost per child served--	\$2,132	\$2,215	\$2,287

During the 1963-64 school year a total of 29 students left the blind school. Of this number 3 entered institutions of higher education, 19 reentered local school educational programs, 5 dropped out and 2 moved out of state.

ANALYSIS AND RECOMMENDATIONS

We recommend that the request be approved as budgeted.

POLICY OPTIONS

1. Consideration should be given to the possibility of placing students enrolled in the school's educational program in privately operated residential facilities. As stated in the analysis, the anticipated cost of providing residential care for students residing at the school will approximate \$2,221 during the 1965-66 academic year. The Department of Mental Hygiene places children in family care homes for \$130 per month or \$1,300 for a 10-month period. Most of these children are mentally retarded, many with physical handicaps. While the family care homes do not provide medical treatment and certain other services provided by the blind school, and transportation to and from school is not considered, the above cost comparison does give an indication of the possible savings that might be realized if privately operated residential facilities could be located for students attending the blind school.

Arguments in favor of this option are:

- a. If the cost comparison related above is reasonably valid a per-student savings of approximately \$920 (based on a 10-month academic year without consideration of possible transportation costs) could be realized for each pupil placed in a private-care facility.
- b. A family-care home would more closely resemble a home environment than the residential facilities of the blind school.

California School for the Blind—Continued

- c. The utilization of private residential facilities would permit the expansion of the school's educational program to additional children without future construction costs.

Arguments against this option are:

- a. It is possible that problems would arise in transporting pupils to and from the residential facilities.
- b. Adequate foster homes and private facilities will be difficult to find.
- c. As stated in the analysis, few foster homes would provide the level of medical treatment and other residential services obtainable at the blind school.

2. A possible policy option would be to require local school districts to finance the educational program conducted at the blind school. As this proposed option also applies to the two California schools for the deaf, the arguments for and against the option are discussed on page 271.

3. A policy option to consider is the possibility of obtaining greater utilization of the blind school during the summer period. The educational and the residential programs of the school are presently operated on an academic year. By placing the school on a year-round basis, the education program could be extended. Or, it might be feasible to conduct an intensified training program for certain classifications of handicapped children during the summer months.

Arguments in favor of this option are:

- a. Extension of the school's programs would increase student capacity without necessitating additional capital outlay funds.
- b. Greater utilization of school facilities could be realized.

Arguments against this option are:

- a. The yearly operating cost of the program would increase.
- b. A year-round staff might be difficult to obtain.

Department of Education

SCHOOL FOR CEREBRAL PALSIED CHILDREN, NORTHERN CALIFORNIA

ITEM 93 of the Budget Bill

Budget page 224

FOR SUPPORT OF SCHOOL FOR CEREBRAL PALSIED
CHILDREN, NORTHERN CALIFORNIA, FROM
THE GENERAL FUND

Amount requested	\$552,756
Estimated to be expended in 1964-65 fiscal year	545,400

Increase (1.3 percent)	\$7,356
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TOTAL RECOMMENDED REDUCTION	\$40,000
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Summary of Recommended Reductions

	Amount	Budget Page	Line
From amount requested to maintain existing level of service			
1. A reduction in the number of presently authorized staff positions made possible through greater utilization of state college personnel-in-training assistance.....	\$40,000	225	4

Department of Education

SCHOOL FOR CEREBRAL PALSID CHILDREN, SOUTHERN CALIFORNIA

ITEM 94 of the Budget Bill

Budget page 226

FOR SUPPORT OF SCHOOL FOR CEREBRAL PALSID
CHILDREN, SOUTHERN CALIFORNIA, FROM
THE GENERAL FUND

Amount requested ----- \$522,859
 Estimated to be expended in 1964-65 fiscal year ----- 511,821

Increase (2.2 percent) ----- \$11,038

TOTAL RECOMMENDED REDUCTION ----- \$40,280

Summary of Recommended Reductions

	Amount	Budget Page	Line
From amount requested to maintain existing level of service			
1a. A reduction in the number of presently authorized staff positions made possible through greater utilization of state college personnel-in-training assistance	\$35,000	226	56
2. Delete one "charge" attendant position requested in the 1965-66 budget	\$5,280	227	5

PROGRAM PLANS AND BUDGET

The State of California operates two schools for children afflicted with cerebral palsy or other similar handicaps. The two schools are located adjacent to San Francisco State College and to the California State College at Los Angeles, respectively. The 1965 Budget request for the northern school is \$552,756 and the request for the southern school is \$522,859.

The three primary programs of the two schools are: (1) to provide a residential program of education and treatment for children enrolled, (2) to perform short term diagnoses of the medical and the educational requirements of children referred to the school by local authorities, and (3) to serve as a laboratory, training facility and research source for personnel working with or preparing to work with afflicted children.

Although the budget does not identify the cost of providing the schools' educational and diagnostic programs, our estimation of the amount budgeted for the two programs is reflected in the following table:

Northern School

Education and treatment program			
Amount budgeted for program	\$276,986		
Number of children to be enrolled			96
Average cost per child enrolled			\$2,885
Diagnostic program			
Amount budgeted for program	\$275,770		
Number of children to be studied			65
Average cost per study			\$4,243
Total northern school budget	\$552,756		

Southern School

Education and treatment program			
Amount budgeted for program	\$281,781		
Number of children to be enrolled			95
Average cost per child enrolled			\$2,966

School for Cerebral Palsied Children—Continued

Diagnostic program

Amount budgeted for program -----	\$241,078	
Number of children to be studied -----		65
Average cost per study -----		\$3,709
Total southern school budget -----	\$522,859	

1. Education and Treatment Program. In providing education and treatment for children enrolled, the schools conduct a residential and day care program. The northern school has 30 beds available for full-time residential students. The southern school has 32 beds available for residential care. In conducting the residential and day programs, treatment is given in occupational, physical and speech therapy. The enrollment period extends from three to nine months for the more seriously afflicted and from two to four weeks for those children more readily able to return to their local community program.

A 0.5 position of temporary clerical help is being requested for the northern school's education and treatment program. The position request has been justified on a workload basis.

The southern school has requested a new janitorial position, based upon accepted staffing standards and an additional "charge" attendant position (established administratively during the current year) for providing additional supervision over the residential program.

2. Diagnostic Program. In addition to the education and treatment offered at the schools, a program of diagnostic study is administered on a short-term basis. The studies include an evaluation of the child's physical, intellectual, educational and emotional status in an effort to determine the child's capacities and limitations. Upon completion of the diagnosis study the child may be returned to his local community or enroll in the residential school's regular educational and training program.

A 0.3 physician and a surgeon II position (added during the current year) is being requested for the northern school and a 0.3 physician and surgeon II position is being requested for the southern school to provide medical diagnostic services for children referred to the schools by the Department of Public Health, Bureau of Crippled Children Services. The cost of the two positions will be financed by the Department of Public Health.

3. Training and Research Program. In addition to the educational and diagnostic services offered by the two schools, the two cerebral palsy facilities are to conduct training programs by serving as a laboratory, training and research source for personnel working or preparing to work with afflicted children. To insure that the training programs would be as productive as possible the cerebral palsy schools were located adjacent to state college campuses offering degrees in special education.

School for Cerebral Palsied Children—Continued
REVIEW OF AGENCY ACCOMPLISHMENTS

The following schedule contains a yearly comparison of the number of students served at the two schools by the educational and diagnostic programs.

Northern School			
	1962-63	1963-64	1964-65
Education and treatment program			
Amount budgeted for program-----	\$250,513	\$253,001	\$273,300
Number of children to be enrolled-----	105	96	96
Average cost per child enrolled-----	\$2,386	\$2,635	\$2,847
Diagnostic program			
Amount budgeted for program-----	\$249,413	\$251,891	\$272,100
Number of children to be studied-----	56	65	65
Average cost per study-----	\$4,454	\$3,875	\$4,186
Total northern school budget-----	\$499,926	\$504,892	\$545,400
Southern School			
	1962-63	1963-64	1964-65
Education and treatment program			
Amount budgeted for program-----	\$222,118	\$236,253	\$275,820
Number of children to be enrolled-----	45	52	70
Average cost per child enrolled-----	\$4,936	\$4,543	\$3,940
Diagnostic program			
Amount budgeted for program-----	\$190,052	\$202,145	\$236,001
Number of children to be studied-----	20	26	50
Average cost per study-----	\$9,503	\$7,774	\$4,720
Total southern school budget-----	\$412,170	\$438,398	\$511,821

There are no criteria available that we can use to determine the value derived per dollar spent for education, training or diagnoses performed at the schools. Since the per unit average cost of diagnosis is relatively high, we believe that the agency should be requested to refine the method for separating the cost of these two programs.

As stated previously, the third program function of the two schools is to operate as a laboratory and training facility for personnel working or preparing to work with afflicted children. Because of the schools' locations, it was expected that the two state colleges, especially, would take advantage of the training facilities available. However, except for college lectures being conducted at the southern school and certain summer training courses offered at both schools, there has been little participation in the schools' programs by either the state colleges' staff or personnel-in-training.

ANALYSIS AND RECOMMENDATIONS

It was originally proposed that by locating the two schools adjacent to the state colleges, the schools would be able to play an important part in the special education training programs of the colleges. By serving as a training facility for the college, special education teachers-in-training, nurses-in-training, students and others enrolled at the college were expected to gain practical educational experiences by working directly with afflicted children. The training programs of the two schools for cerebral palsied children have not developed to the extent anticipated. Although lecture classes for college students are being conducted at the southern residential school, neither the northern nor the southern school has established year-around programs that provide students or

School for Cerebral Palsied Children—Continued

others with practical experience in educating and training the cerebral palsied child. This type of experience can only be gained by requiring the individual in training to actually participate in the regular educational and diagnostic programs administered by the schools for cerebral palsied children.

1. *We recommend that the presently authorized staff positions of the School for Cerebral Palsied Children, Northern California, be reduced by the number that would permit a reduction of \$40,000 in the amount of salaries and wages budgeted for the school. The duties of those positions deleted by this recommendation would be assumed by personnel-in-training at San Francisco State College.*

The position reductions should be made in the categories of instruction (teachers), medical care (therapists, nursing aids) and personal care (attendants). To compensate for the loss of staff personnel, the Department of Education, Division of Special Services, the respective head of the Department of Special Education and San Francisco State College should cooperate in insuring that the greatest possible utilization be made of personnel-in-training at the state college in the cerebral palsy facility's regular educational and diagnostic program. This would include nurses-in-training, advance internship students and the special education staff of the state college. The implementation of this recommendation will serve a dual purpose. The 1965-66 budget request for the northern school for cerebral palsied children will be reduced by \$40,000. In addition the personnel-in-training at the state college will be afforded an educational opportunity presently not available, that of actually working with the afflicted children.

1a. *We recommend that the presently authorized staff positions of the School for Cerebral Palsied Children, Southern California, be reduced by the number that would permit a reduction of \$35,000 in the amount of salaries and wages budgeted for the school. The duties of those positions deleted by this recommendation would be assumed by personnel-in-training at the California State College at Los Angeles.*

The explanation of this recommendation is similar to that contained in number one above.

2. *We recommend that the "charge" attendant position proposed in the amount of \$5,280 requested for the School for Cerebral Palsied Children, Southern California, be deleted. This position is being requested to provide additional supervision for the school's residential program. The position was established in the current year by the abolishment of one physical therapist position. The physical therapist had, to some extent, supervisory responsibility in this area.*

Although we do not question the need for adequate supervision over attendants caring for children enrolled in the school's residential program, we believe that the necessary supervision can be administered without increasing the number of positions authorized. This can be accomplished through the greater utilization of personnel-in-training at

School for Cerebral Palsied Children—Continued

the California State College at Los Angeles in the school's program. This proposal (discussed more fully in recommendations 1 and 1a of this analysis) would not only permit the reduction in the number of attendants now authorized, but would also allow for reassignment and possible reclassification of those attendants retained to the extent that adequate supervision over the school's care program could be assured.

3. *We recommend that in the development of the personnel-in-training program (as recommended in 1 and 1a above) consideration be given to the possibility of combining certain basic services, such as food service, maintenance, etc., which are performed by both residential schools and the state colleges.*

It is quite possible that through the closer cooperation that will be necessary in developing adequate student training programs, certain operational services that are presently being performed separately by the respective schools and colleges can be combined under one administration, thus eliminating duplication and providing both institutions with more economical and efficient services.

POLICY OPTIONS

1. As stated previously, the average cost of operating the schools' educational and training program approximates \$3,000 per child served. Of this total, an estimated \$1,800 to \$2,000 is budgeted for the providing of residential care and services. This, however, reflects the average cost of providing residential care for students enrolled for a one- to nine-month stay at the schools. The cost for providing care for the schools' average yearly residential enrollment would approximate closer to \$6,500 per child served. It may be possible that this residential part of the program could be provided by private facilities rather than by the two schools at a monetary savings to the state. For example, a private foundation located in southern California provides residential care for seriously afflicted children for approximately \$2,000 per year. In addition, it is possible that foster homes are available for the placement of the children at even less cost.

With the information available we cannot accurately estimate the savings involved in this policy option. We can, however, give a very approximate indication of the savings. For example, if the children presently participating in the schools' residential programs could be placed in private residential facilities for \$2,000 per year (the approximate cost of the private facility mentioned above) a savings of \$140,000 could be realized by the northern school and \$136,000 by the southern school.

Arguments in favor of this option are:

- a. The need for the residential part of the schools' facilities would be eliminated, thus allowing for the enlargement and further development of the educational training and diagnostic programs.

School for Cerebral Palsied Children—Continued

- b. The cost per child expended for residential care would be reduced.

Arguments against this option are:

- a. The schools' staff would not be available to the child on a full-time basis.
- b. Adequate private residential facilities may be difficult to locate.
- c. The privately conducted residential programs would not be directly under the supervision of the Department of Education.

2. The average cost of performing a diagnosis at the two schools approximates \$4,000 per child served. As stated previously there are no criteria available that can be used in determining the value derived per dollar spent for this service. It might be advantageous therefore to let the child's local community determine the worth of the diagnoses performed by requiring the local community to pay for the study, either in whole or in part. If the studies to be conducted during the budget year were financed by local communities, a reduction in the schools' budgets would approximate \$516,848.

Arguments in favor of this option are:

- a. The local community, by weighing the cost of a diagnosis against the value received, would be able to determine the value derived per dollar spent for this service. It is quite possible that certain aspects of the diagnoses could be as adequately performed at the local level at a lesser cost.
- b. A sizable reduction would be realized in the schools' yearly budgets.

Arguments against this option are:

- a. Although the diagnoses are of value, some communities might deny a child the benefit of the study rather than pay the cost.
- b. Additional administration would be necessary to insure the proper charging for services performed.

Department of Education

CALIFORNIA STATE SCHOOL FOR THE DEAF, BERKELEY

ITEM 95 of the Budget Bill

Budget page 228

FOR SUPPORT OF SCHOOL FOR THE DEAF, BERKELEY
FROM THE GENERAL FUND

Amount requested	\$1,955,844
Estimated to be expended in 1964-65 fiscal year	1,938,640
Increase (0.9 percent)	\$17,204
TOTAL RECOMMENDED REDUCTION	None

Department of Education

CALIFORNIA STATE SCHOOL FOR THE DEAF, RIVERSIDE

ITEM 96 of the Budget Bill

Budget page 229

FOR SUPPORT OF SCHOOL FOR THE DEAF, RIVERSIDE
FROM THE GENERAL FUND

Amount requested	\$2,067,402
Estimated to be expended in 1964-65 fiscal year	2,058,212

Increase (0.4 percent)	\$9,190
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TOTAL RECOMMENDED REDUCTION	\$8,742
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Summary of Recommended Reductions

	Amount	Page	Line
From amount requested to maintain existing level of service			
1. Reduction in amount requested for feeding	\$8,742	230	61

PROGRAM PLANS AND BUDGET

The Department of Education has the responsibility of administering two state residential schools for deaf children, located at Berkeley and at Riverside. The state schools offer a 12 year educational program for deaf children age 5½ to 21 who are unable to obtain an adequate education in local school districts.

The state schools for the deaf also provide a residential program for children enrolled in the educational program but who are unable to commute daily to the schools.

The 1965-66 budget request for the Berkeley school is \$1,955,844 and for the Riverside school is \$2,067,402. The program projections for the budget year are reflected in the following table:

Berkeley School

Amount budgeted for the educational program	\$1,065,616
Number of students enrolled in educational program	500
Average educational cost per student enrolled	\$2,131
Amount budgeted for residential program	\$882,728
Number of students in residence	442
Average residential cost per student	\$1,997
Total amount budgeted for both programs	\$1,948,344

In addition to the amounts budgeted for the two programs, the Berkeley school is requesting \$7,500 for preschool services for a total of \$1,955,844.

Riverside School

Amount budgeted for the educational program	\$1,135,509
Number of students enrolled in educational program	520
Average educational cost per student enrolled	\$2,184
Amount budgeted for residential program	\$924,893
Number of students in residence	465
Average residential cost per student	\$1,989
Total amount budgeted for both programs	\$2,060,402

In addition to the amounts budgeted for the two programs, the Riverside school is requesting \$7,000 for preschool services, for a total of \$2,067,402.

California State School for the Deaf—Continued

The schools' educational program includes both academic and vocational training. The academic instruction is similar to that provided by public schools but with special emphasis upon speech, oral techniques, finger spelling and lip reading. In addition to academic instruction, both schools provide vocational training for the deaf child who would benefit most from learning a trade while still in school. The vocations offered are supposedly of the type that would assist the student in gaining employment after graduation. Included in the 1965-66 budget request for the Berkeley school's educational program is the addition of one teacher position. This position was added during the current year on the basis of the approved teacher-pupil staffing ratio.

The residential program includes board, room, counseling, guidance and various extracurricular activities. The 1965-66 budget reflects the deletion of 1.4 positions from the schools' residential program. The positions were deleted during the current budget year due to changes in planning and scheduling. The staffing deletions consist of one seamer-seamstress position from the Berkeley residential program, and 0.3 part and 0.1 part of a physician's and surgeon II's time, respectively, from the Riverside program.

REVIEW OF AGENCY ACCOMPLISHMENTS

During the 1964 school year approximately 1,015 students are enrolled in the two schools' education program. The cost of this program averages approximately \$2,154 per child served. A yearly comparison of the educational program conducted by the two deaf schools follows:

Berkeley School			
	1962-63	1963-64	1964-65
Number of students enrolled in educational program	467	482	496
Average educational cost per student enrolled	\$2,022	\$2,069	\$2,129
Riverside School			
Number of students enrolled in educational program	517	515	519
Average educational cost per student enrolled	\$1,979	\$2,085	\$2,178

For purposes of comparison, recent surveys have established that the cost per child of educating a deaf student in the local school district may be as low as \$800 and as high as \$3,000. The average yearly cost can be fixed at approximately \$1,600 per ADA excluding student transportation.

During the 1963 school year 24 deaf students majoring in academic subjects graduated from the schools' educational program. Of this graduating class, approximately 18 continued training at an institution of higher learning. Of those who continued academic training, 16 entered Gallaudet College, Washington, D.C.

During the 1963 school year 30 deaf students majoring in a vocation graduated from the two schools' educational program. It is difficult to project the number of vocational graduates that were successfully placed in business and industry. This is due mainly to the schools' inability to keep in contact with students after graduation and also

California State School for the Deaf—Continued

to a lack of communication between the State Department of Vocational Rehabilitation and the schools' authorities.

During the 1964 year approximately 903 children were in residence at the two schools. The estimated average residential support cost per child served during the academic year was approximately \$1,989. A yearly comparison of the cost of conducting the residential program at the two deaf schools follows:

Berkeley School			
	1962-63	1963-64	1964-65
Number of students in residence-----	422	425	438
Average residential cost per student-----	\$1,854	\$1,944	\$1,998
Riverside School			
	1962-63	1963-64	1964-65
Number of students in residence-----	465	465	465
Average residential cost per student-----	\$1,792	\$1,881	\$1,980

It is difficult to make a comparison between the residential program offered by the state deaf schools, and other types of residential programs. Although not directly comparable, it is of interest that the California Department of Mental Hygiene pays \$130 per month for residential care of mentally retarded children, many with physical handicaps, in privately operated family care homes. Also, the Department of Social Welfare allows \$85 per month to foster homes that provide residential care.

ANALYSIS AND RECOMMENDATIONS

1. *We recommend that a reduction of \$8,742 be made from the \$87,420 budgeted for the Riverside school's feeding program during the 1965-66 year and that the Department of Education be instructed to take the steps necessary to insure minimum waste.*

A report of the Audits Division, Department of Finance, dated March 20, 1964, surveying the food operation at the Riverside school, reflected that the school's overall waste factor in preparing and serving food is 29 percent. As stated in the report, "edible waste from the meal totaled 125.8 pounds or 29 percent of the total amount of food prepared and available for serving." In an attempt to establish the degree to which the waste of the school's feeding program is excessive, the Department of Mental Hygiene was requested to furnish our office with their accepted institution and hospital feeding standards. The department stated, "We have established the acceptable percentage for over-preparation to be 4-5 percent and plate waste to be 16-19 percent."

The Department of Education in reply to the findings of the Audits Division stated, "In our opinion, we were never to consider the food service solely a feeding program. It is also an educational program." To the contrary, this office believes that a feeding program should be considered a feeding program, and while the Department of Education should exert all effort to insure that the school's food program provide the nutritional requirements necessary for the children served; the waste factor should not exceed that accepted by the Department of Mental Hygiene.

California State School for the Deaf—Continued

We therefore recommend that the Riverside school's request for food be reduced by 10 percent or \$8,742 and the Department of Education be directed to take the necessary steps at both schools to bring the amount of waste in the food preparation and serving program within the maximum established by the Department of Mental Hygiene.

2. We recommend that both schools make a review of all vocations offered and that only those vocations for which there is reasonable prospect for successful employment of students upon graduation be retained in the schools' vocational educational programs.

As stated previously, as a function of the schools' educational program, vocational training is offered in addition to academic instruction. While the vocations offered should be oriented toward providing students with an occupation for which there is demand by our modern economic society, there is evidence that certain vocations that are being taught by the schools are out of date and offer the student little in the way of preparation for obtaining successful employment upon graduation. For example, shoemaking has been offered at the Berkeley school since 1868. While during the early part of the century students were often recruited into the shoemaking profession, an ongoing survey of recent graduates shows that not one student since 1959 has been identified by the school as having accepted a job in the field of leather art or shoemaking. Although the indications are that there is little demand for such skills in our modern society, 24 students are enrolled in the shoemaking and leather art course at the Berkeley school during the present year.

Only by offering the type of vocational training most in demand can we be assured that the per unit expenditure for educating the deaf child at the residential schools is an appropriate amount.

POLICY OPTIONS

1. Consideration should be given to having the educational programs conducted at the two schools for the deaf financed by local funds. As stated previously, the cost for providing educational programs at the deaf schools is anticipated to approximate \$2,158 per child during the budget year. This expenditure is entirely state funds; the local school district or community in which the student resides is not required to contribute financially to the education of the child attending the state schools. We believe that the local community should have a financial responsibility for providing education for children residing in the area.

Under such a plan the local school district in which the child resides would be required to contribute an amount equal to the difference between the cost of educating a child at the deaf school and the amount of state funds a district would be entitled to if the child were enrolled in a local program (a maximum reimbursement of excess costs of \$910 plus \$125 basic aid plus the district's computed equalization aid). If this proposal were accepted, it can be roughly estimated that the budget requests for the two state schools would be reduced by more than \$1 million.

California State School for the Deaf—Continued

Arguments in favor of this option are:

- a. Requiring the district to assume the expense of educating a child at the state schools would encourage districts to establish local programs for educating the deaf.
- b. Keeping the child living with his family is desirable, if it means that it will not deprive him of a good education.

Arguments against this option are:

- a. The state residential schools have traditionally been considered a state responsibility.
- b. A residential type program offers the advantage of 24-hour per day training and possibly more highly qualified teaching personnel.

2. Consideration should be given to having the residential portion of the total program conducted at the two schools for the deaf financed by local funds. As stated previously, the average residential portion of the cost approximates \$1,993 per child. If local funds were used to pay for the residential programs, the deaf schools' budget requests could be reduced by approximately \$1,807,621.

Arguments in favor of and against these options are similar to those expressed in option number one above.

The approval of option number one and option number two would permit state funds to be reduced by approximately 3 million dollars.

3. It may be feasible for the state to offer only the type of program at the state schools for the deaf that cannot be practically administered at the local level. For example, the state schools could provide programs for the following deaf students only:

- a. Secondary level students desiring vocational guidance.
- b. The multiple handicapped deaf student.
- c. The deaf student from very sparsely settled areas.

To determine the practicability of this policy option, the Department of Education, the Department of Finance and the Office of the Legislative Analyst are conducting a joint study of the state's special education program, the purpose of which would be to redefine the responsibilities of the state, the county and the local public school districts in providing an adequate educational program for California's deaf child. This study grew out of a recommendation of the 1964-65 budget hearings. Although the groundwork for the study has been formulated the study has not yet been completed. It is anticipated that a report will be presented to the Legislature during the 1965 General Session.

4. A policy option to consider is the possibility of obtaining greater utilization of the deaf schools during the summer period. The educational and residential programs of the schools are presently operated on an academic year. It may be feasible to place the program on a year-around basis, or possibly to use the facilities for conducting a intensified training program for the multiple-handicapped child during the

California State School for the Deaf—Continued

summer months. Or, it might be practical to operate a specialized vocational program during the summer utilizing the various shop machinery and equipment available at the two schools.

Arguments in favor of this option are:

- a. Presently both schools are enrolled to capacity. Extension of the schools' programs into the summer months would increase student capacity without necessitating additional capital outlay funds.
- b. Operating a year-around facility would allow for greater utilization of the vocational and educational equipment available at the schools.

Arguments against this option are:

- a. The yearly operating cost of the programs would increase.
- b. Year-around staff might be difficult to obtain.
- c. Pupil scheduling difficulties might be encountered.

**Department of Education
VOCATIONAL EDUCATION**

ITEM 97 of the Budget Bill

Budget page 233

**FOR SUPPORT OF VOCATIONAL EDUCATION
FROM THE GENERAL FUND**

Amount requested	\$759,900
Estimated to be expended in 1964-65 fiscal year.....	741,069
Increase (2.5 percent)	\$18,831
TOTAL RECOMMENDED REDUCTION	\$102,552¹

Summary of Recommended Reductions

	<i>Amount</i>	<i>Budget Page</i>	<i>Line</i>
From amount requested to maintain existing level of service:			
Personnel services	\$102,552 ¹	234	75

¹ State General Fund and federal moneys.

PROGRAM PLANS AND BUDGET

California's vocational education program is cooperatively financed by federal, state and local funds. Federal funds derive from several sources: (1) the Smith-Hughes Act which provides funds for salary reimbursements only; (2) the George-Barden Act which provides funds for salary reimbursements, travel expenses and instructional materials; (3) the Manpower Development and Training Act (PL 87-415) which is currently entirely financed by federal funds although beginning in July 1965 the state must share one-third of MDTA's total cost if the Legislature decides to continue this program; and (4) the Vocational Education Act of 1963 (PL 88-310).

This latter act passed by Congress in December 1963 not only quadrupled total federal allocations which will eventually be made available

Vocational Education—Continued

to the states but it also broadened the definition of vocational education to include additional potential trainees and increased the states' flexibility in establishing programs most suitable to local training needs and job markets. Federal allotments for state vocational education programs will increase in four steps from \$60 million in 1964-65 to \$225 million in 1967 and succeeding fiscal years. Under the act's broadened definition of vocational education, these funds may be spent for state and local programs which provide training for all occupations as long as such jobs do not require baccalaureate degrees nor are deemed professional in nature. The legislation authorizes programs for high school students, post high school individuals available for full-time study, the unemployed and underemployed and individuals having socio-economic handicaps which prevent them from succeeding in regular vocational education programs. A five-year work study program for 15 to 20 year-olds aimed at encouraging disadvantaged youth to become economically self-sufficient is also authorized along with an experimental program for residential vocational education schools. The act authorizes the states to expend new funds for construction of area vocational school facilities for out-of-school youths and adults; it is required that one-third of the federal allotment be expended for this purpose and/or for operating area vocational education programs. Additionally, PL 88-210 amended substantively both the George-Barden and Smith-Hughes Acts; states are authorized to transfer funds allocated under these two continuing acts from one category to another or to occupational training programs covered by the new authority. The practical nurse training program (Title II of the George-Barden Act) has been made permanent as has Title VIII of the National Defense Education Act which provides for area vocational education.

Under this new law it is estimated that additional federal grants of \$7 million for 1964-65 and \$11 million for 1965-66 will accrue to California for vocational education. Beginning in the 1965 fiscal year federal funds available under PL 88-210 must be matched on a 50-50 basis by state and local funds. Currently only the George-Barden and Smith-Hughes Acts require such matching. After administrative costs are deducted from state and federal sources the remaining balances are distributed to school districts which maintain approved vocational education courses. These sums appear in the local assistance portion of the budget as reimbursements to school districts and are summarized in the following Table I.

Vocational Education—Continued

TABLE I
FUNDS FOR VOCATIONAL EDUCATION IN CALIFORNIA
 1965-66

Income		I. State-level Operations		Expenditures	
State General Fund	\$759,900	Administration:			
Federal funds	1,137,905	General Fund	-----	\$25,118	
		Federal funds	-----	54,402	
					\$79,520
		Area vocational education (federal funds)			135,460
		Practical nurse training (federal funds)			30,450
		Fire training program (General Fund)			127,720
		Instructional materials (federal funds)			20,000
		Manpower development and training (federal funds)			268,400
		Supervision and teacher training:			
		General Fund	-----	\$607,062	
		Federal funds	-----	629,193	
					\$1,236,255
		Detail: supervision and teacher training:			
		Agricultural education	-----	\$266,403	
		Business education	-----	16,942	
		Distributive education	-----	156,271	
		Homemaking education	-----	228,723	
		Industrial arts education	-----	29,972	
		Industrial education	-----	501,439	
		Employee's retirement and health and welfare	-----	68,025	
		Less: salary savings and reimbursements	-----	—31,520	
		Subtotal	-----	\$1,236,255	
Total Income	\$1,897,805	Total expenditures	-----		\$1,897,805
II. Reimbursements to School Districts					
State General Fund	\$230,271	Agriculture (federal and General Fund)			\$315,214
Federal funds	5,673,197	Area vocational education (federal funds; Title III, NDEA)			614,341
		Business (federal and General Fund)			117,000
		Homemaking (federal and General Fund)			312,342
		Industrial (federal and General Fund)			827,734
		Practical nursing (federal and General Fund)			219,758
		Manpower development and training (federal funds)			3,497,079
Total Income	\$5,903,468	Total Reimbursements	-----		\$5,903,468
Grand Total: Expenditures for Vocational Education in California					
General Fund	\$990,171	State-level operations	-----		\$1,897,805
Federal funds	6,811,102	Reimbursements to school districts	-----		5,903,468
GRAND TOTAL INCOME \$7,801,273					
GRAND TOTAL EXPENDITURE \$7,801,273					

General Fund support expenditures for vocational education activities at the state level are estimated to increase by \$18,831 for a total appropriation of \$759,900 or an increase of 2.5 percent. This increase

Vocational Education—Continued

is primarily due to salary and staff benefit adjustments. In addition the department proposes to continue on a permanent basis 13 positions in the manpower development and training program which were established during the current year and which are limited to June 30, 1965.

Federal fund support for these state level activities will amount to \$1,137,905 during the budget year, a decrease of \$23,224 or 2 percent from 1964-65. The increased funds available under PL 88-210 are not reflected in this summary because state matching has not yet been authorized, nor are additional federal funds available for California's MDTA program in 1965-66 reflected in this summary. It is estimated that approximately \$10 million in federal funds will be available for this activity as reimbursements to school districts conducting approved training programs. However, in order to receive these funds California will be required to match one-third (\$5 million) of the potential MDTA program cost of \$15 million. A fuller discussion of this program is presented later in this analysis.

This budget item is currently comprised of six distinct programs in addition to the state level administration of the overall program. These programs and their sources of support are listed below.

Programs Supported Entirely by General Fund

1. Fire Training Program. This program provides services to local fire departments (almost exclusively volunteer fire departments) by conducting inservice training throughout the state, teaching modern methods of fire fighting, fire prevention and fire investigation. In 1965-66 it is estimated that approximately 215 fire-fighting schools will be conducted by the department's eight instructors involving 6,000 students. Expenditures from the General Fund for this activity in the budget year are projected at \$127,720, an increase of \$425 over the current year's expenditure of \$127,295. This small increase is primarily due to a minor equipment request. The projected level of service for 1965-66 is expected to remain unchanged and no new positions are requested.

Programs Supported by State and Federal Funds

2. Administration. Total General Fund and federal support for state level administration is set at \$79,520 for 1965-66, a decrease of \$483 below the current year. General Fund support is set at \$25,118 representing a decrease of \$163 whereas federal support is expected to decrease by \$320 to \$54,402. No new positions are requested and the level of service will remain unchanged.

3. Supervision and Teacher Training. The largest amount of state support as in preceding years accrues to this program. Supervision and teacher training provides support for six vocational education bureaus within the Department of Education which provide supervision and guidance to local school districts in carrying out their specific vocational education programs in agriculture, business, distributive, home-making, industrial arts and industrial education. In 1965-66 it is estimated that 1.5 million persons will be enrolled in school district programs in these subject areas.

Vocational Education—Continued

General Fund support for supervision and teacher training is set at \$607,062 for 1965-66 representing an increase of \$18,569 over the current year. Most of this increase is for salary adjustments and increased staff benefits. Federal support for this activity is set at \$629,193 for a total expenditure of \$1,236,255. A detailed description of the amounts to be expended within each bureau may be found in Table I. No new positions are requested and the level of service will remain unchanged.

Programs Financed Entirely From Federal Funds

4. Practical Nurse Training Program. The purpose of this program is to develop curricula and improve instructional programs for the field of nursing. This activity is carried out through contractual arrangements with the University of California. An amount of \$30,400 is proposed for the practical nurse training program in 1965-66 which is the same as this year's estimated expenditure level.

5. Area Vocational Education. This program is supported entirely by funds appropriated by Congress for Title III, Vocational Education Act of 1963 (formerly Title VIII of NDEA). The Department of Education has responsibility for reviewing, approving, and processing local applications for federal reimbursements under Title III. Federal fund support for this program in 1965-66 will total \$135,460, an increase of \$5,540 over the current year. This is due primarily to a \$4,600 increase in services provided by the University of California. In 1965-66 it is estimated that enrollment in this program will approximate 60,000 to 65,000 students.

6. Instructional Materials for Apprentices. This program prepares instructional materials such as workbooks, examinations, and teacher manuals for use by apprentices in trades in which there are a minimum of 100 apprentices. This program is entirely self-supporting with the exception of federal support which is received for certain trades which have fewer than 100 apprentices. Total support for this program in 1965-66 is set at \$81,950. Reimbursements from publication sales will increase slightly to \$68,001 and federal support will remain constant at the current level of \$20,000. No new positions are proposed and the level of service is expected to remain unchanged.

7. Manpower Development and Training Act. The vocational education section within the Department of Education also administers the Manpower Development and Training Act (PL 87-415) which oversees the training and redevelopment of the unemployed manpower of the state, caused by automation, shifts in market demand and other economic changes. Federal administration of the MDTA program rests with the Department of Health, Education and Welfare with regard to the program's educational aspects and with the Department of Labor in connection with those parts of the act which deal with employment opportunities, the payment of training allowances and job placement. According to the provisions of the act the states will be required to share one-third of the total program cost for the 1965-66 fiscal year; currently the federal government funds the entire cost of MDTA.

Vocational Education—Continued

Beginning June 20, 1966 and in subsequent years the cost of this program will be shared by the states and the federal government on a 50-50 basis.

In California, the Department of Education cooperates with the Department of Employment in the administration of the program. The Department of Employment certifies the training needs of a particular area and provides subsistence allowances for the trainees. Then the Department of Education in cooperation with local school districts and county superintendents of schools attempts to establish a federally aided training program in the area.

The requirement of the MDTA Act that the states match one-third of the federal funds available beginning June 20, 1965, will have important financial consequences for California's program. It is estimated that in 1965-66 there will be 21,428 trainees involved in 430 training projects at a total cost of \$15 million. If California is to participate in the continuing program at the proposed level a new general fund appropriation of \$5 million for training allowances alone may be required to meet the matching requirements of PL 87-415. An additional \$5 million appropriation will be necessary to provide for the state's share of subsistence allowances.

During the current year 13 permanent positions were established administratively by the Department of Finance on an increased workload basis. These positions were limited to June 30, 1965 because of the one-third state matching that will be required. It is proposed to continue this staffing in the budget year.

REVIEW OF AGENCY ACCOMPLISHMENTS

1. Fire Training. During the 1963-64 fiscal year 5,499 individuals were enrolled in 200 fire prevention classes; enrollment has been increasing by 10 percent per year.

2. Administration. The Bureau of Vocational Education has presented a tentative proposal to the Department of Education for reorganizing its bureau. It is proposed that the present bureaus concerned with specific subject matter categories be consolidated in three new units which are designated for program development, program operation and program service. The rationale behind this proposed reorganization is that it will increase overall efficiency of administering the various vocational education programs and that it will facilitate implementing the provisions of PL 88-210.

3. Supervision and Teacher Training. It is estimated that 1,450,000 students are enrolled in vocational education programs in the designated subject areas of agriculture, homemaking, business, technical and industrial education. Of this total, approximately 517,365 pupils were enrolled in federally aided vocational education classes in California in 1963-64.

4. Practical Nurse Training. During the current fiscal year a nursing manual titled "Improving Instruction in Vocational Nursing" was presented to the Vocational Education Bureau under a contract which the bureau has with the University of California for studying instructional and curricular programs in the field of nursing.

Vocational Education—Continued

5. Area Vocational Education. In 1963-64, 56,816 individuals were enrolled in area vocational education programs. This program, which is primarily carried out in junior college facilities, has expanded its enrollment tenfold since 1958-59.

6. Instructional Materials for Apprentices' Program. During the current year 6.5 editorial personnel connected with this program were transferred to the new publications office within the Division of Departmental Administration. In the future this program will be charged on a prorated basis by the publications office for all editorial services.

7. Manpower Development and Training. In 1965-66 the state will be required to finance one-third of the cost of California's MDTA program if Congress does not further amend the act. Because of this possible eventuality we have submitted this program's activities to close budgetary review in our previous budget analysis. In order to evaluate more objectively this program's activities in the face of impending state support, we are presenting a summary of an MDTA report which has been prepared by the Department of Employment in cooperation with the Department of Education. This report was requested of the department by the Assembly Ways and Means Committee and by the Senate Finance Committee during the 1964-65 Session of the Legislature.

**Manpower Development and Training in California
From September 1962 to January 1965**

	1962-63	1963-64	<i>Estimated</i>	
			1964-65	1965-66
Projects approved -----	110	130	320	430
Number of trainees -----	5,581	7,685	16,000	21,428
Training costs (total) -----	\$2,708,354	\$4,471,365	\$10,000,000	\$15,000,000
Training costs (state share) -----	none	none	none	\$5,000,000

As of December 31, 1964, a total of 434 MDTA projects representing 28,453 trainee positions had been approved for California; these figures equal 8 percent and 9 percent respectively of the national totals.

a. Trainees placed in full-time employment. The department reports that as of October 30, 1964, by which time at least one follow-up had been made to see if the trainees were still gainfully employed, 72 percent of the trainees who had completed MDTA courses have obtained jobs and 91 percent of the trainees who obtained employment found work in training-related occupations. The California placement compares with a national record of 73 percent placed, and of that number 90 percent obtained employment in training-related occupations.

b. Dropouts. The department reports that between August 1962 and May 1964, 74 percent of California's enrollees in MDTA courses completed their training while 26 percent of the trainees dropped out of courses. This compares with the national averages for the same period of 76 percent and 24 percent respectively. It is understood that

Vocational Education—Continued

the two primary reasons for such dropouts are motivational problems and a desire on the part of the trainees to seek employment.

c. Types of training. Primary emphasis has been placed on the clerical occupations which account for 46 percent of all trainees. Other areas of emphasis include training for service occupations (17 percent), professional and managerial occupations (12 percent), agricultural occupations (9 percent), with semiskilled and skilled occupations accounting for the remaining training courses. The department reports that very few apprenticeship trade courses have been offered because of opposition from organized labor. Clerical courses have been predominantly in the fields of stenography and typing. Courses in nurses aids, hospital orderly and custodianship have been the most popular service courses offered. The most predominant training for professional and managerial occupations has been for licensed vocational nurse. Agricultural training has been directed primarily at training pruners and nurserymen. In the semiskilled category the largest number of courses have been offered in the fields of electronic assembly and machine operation. The most popular courses offered within the skilled classification include those for electronic technicians and welders.

d. Characteristics of the MDTA trainees.

(1) Employment status. It is reported that almost all trainees were unemployed at the time of enrollment; more than one-half had been unemployed for more than 15 weeks prior to entering the training program. Most of those unemployed for more than a year were women.

(2) Years in labor force. Approximately 50 percent of the male trainees had 10 years or more work experience with 85 percent having at least three years of work experience before becoming unemployed. Almost one-half of the female trainees had three to nine years of prior work experience.

(3) Age. Although all age groups are represented in MDTA training over 22 percent of the total as of March 1964 were under the age of 22, and 17 percent were above the age of 45.

(4) Sex. Females constitute over 70 percent of the trainees in California. This is explained by the fact that occupational shortages persist in medical service and clerical fields, occupations which characteristically attract a high proportion of female applicants and because California's MDTA program offers a relatively few number of courses for skilled occupations.

(5) Race. From September 1963 through April 1964 the first period for which figures are available, 24 percent of the trainees enrolled have been Negro, 10 percent Mexican-American, and 2 percent other non-whites.

(6) Family status. Through March 1964, 56 percent of the trainees were heads of families or households. Forty-seven percent of the female trainees were self-supporting and had family responsibilities.

(7) Education. Thus far only a small proportion of the poorly educated unemployed have been selected for training and a high proportion of the trainees have a high school education or some college edu-

Vocational Education—Continued

cation. It is anticipated that the 1963 amendment of MDTA which allows an additional 20 weeks of literacy and basic skills training will enable the program to reach more of the unemployed who have educational deficiencies.

We believe that the summary supports the department's contention that California Manpower Development and Training Program has been successful in attacking unemployment. However, we believe that two objectives which deserve special emphasis at this time should be: (1) to increase the percentage of graduate trainees who obtain employment and (2) to lower the dropout rate. We also believe that the department should attempt to increase the number of training courses for skilled occupations so that more unemployed males would be attracted to the training program.

ANALYSIS AND RECOMMENDATIONS

1. *We recommend a reduction of \$102,552¹ in the personnel expenses of the supervision and teacher training program and a corresponding reduction in operating and equipment expenses.* This reduction is to be based on the following schedule:

Bureau of Agricultural Education	-----	—\$21,998
Bureau of Homemaking Education	-----	—28,452
Bureau of Business Education	-----	—2,232
Bureau of Industrial Education	-----	—49,870
Total reduction	-----	—\$102,552¹

¹ State General Fund and federal monies.

This reduction is equal to one-half the amount of time spent by the professional staff of this bureau in performing secondary consulting functions. The justification for this recommendation was discussed previously in the Analysis and Recommendation section of the budget analysis for the General Activities part of the Department of Education budget.

2. *We recommend that the fiscal committees of both houses defer action upon the 13 proposed permanent positions that are requested for the Manpower Development and Training Program until the financing of the MDTA program is discussed by the Legislature.* We understand that the department intends to request additional staffing for this program if it is to be continued. Consequently we believe that it would be unwise to recommend approval of the 13 positions until we are able to evaluate the additional staffing needs of this program when the bill requesting additional funds to continue this program is brought before the Legislature.

**Department of Education
DIVISION OF LIBRARIES**

ITEM 98 of the Budget Bill

Budget page 239

**FOR SUPPORT OF THE DIVISION OF LIBRARIES
FROM THE GENERAL FUND**

Amount requested -----	\$1,247,475
Estimated to be expended in 1964-65 fiscal year -----	1,237,033
Increase (0.8 percent) -----	\$10,442
TOTAL RECOMMENDED REDUCTION -----	\$52,500

Summary of Recommended Reductions

	<i>Amount</i>	<i>Budget Page</i>	<i>Line</i>
From amount requested to maintain existing level of service:			
Administration of California's Library Development Act--	\$52,500	240	82

PROGRAM PLANS AND BUDGET

The State Library, under the direction of the State Librarian, is responsible for several library services. These include: (1) providing basic reference services for the Legislature and the executive branch of the government; (2) providing supplemental services through local public and private libraries; (3) acquiring and maintaining historical materials relating to California; and (4) stimulating the development and improvement of public library facilities throughout the state. In addition to administration the State Library is composed of six service bureaus; these bureaus and their proposed budgets for 1965-66 are:

	<i>Proposed Budget for 1965-66</i>
1. Reader Service Bureau -----	\$579,145
2. Law Library -----	94,850
3. Technical Services Bureau -----	325,545
4. Library Consultant Services -----	60,171
5. Administration of Assistance to Local Libraries Program -----	52,500
6. Federal Library Services (Library Services and Construc- tion Act) -----	4,613,137 ¹
Adjustment -----	135,264 ²
Total General Fund -----	\$1,247,475

¹ Federal funds are not included in total.² Includes administration staff benefits, salary savings, reimbursements and equipment for the State Library service bureaus supported by the General Fund.

General Fund expenditures for the State Library in 1965-66 are proposed at \$1,247,475 an increase of \$10,442 or 0.8 percent above the 1964-65 level. This increase is primarily for salary adjustments which are partially offset by slightly lower operating and equipment expenses. Included within the proposed budget is an amount of \$6,457, representing a book price increase factor of 5.6 percent, which is requested to maintain the existing level of book acquisitions for the general collection. No new positions are proposed requiring General Fund expenditure and the level of service is expected to remain unchanged.

1. Reader Service Bureau. The Reader Service Bureau is responsible for coordinating seven public service sections included in the bureau which provide direct services to patrons and interlibrary loans. Representative of the units contained in this bureau are a rare books section,

Division of Libraries—Continued

a general circulation section for interlibrary loans, a legislative reference section, and a books for the blind section. General Fund expenditures for this bureau in 1965-66 are expected to rise by \$14,860 to a total of \$579,145. This increase is mainly for merit salary increases and slightly higher operating expenses.

2. Law Library. This bureau operates as a legal research and reference center for the Legislature, law enforcement agencies, the bar, the bench, law students and the public. An amount of \$94,850 is proposed for law library expenditures in 1965-66; this is a decrease of \$4,256 below the current level caused by lower operating expenses for the purchase of law continuations.

3. Technical Services Bureau. This bureau contains seven sections which are responsible for the acquisition, maintenance and improvement of the library's collections. These units perform ordering and cataloging functions. A processing center operating under the provisions of the Library Services and Construction Act is also included within this bureau. This section purchases, catalogs and classifies books for 22 municipal and county libraries that currently subscribe for such services. General Fund expenses for this unit in 1965-66 are expected to increase by \$5,524 to a level of \$325,545. This increase is almost entirely for merit salary increases. No additional staffing is requested and the level of service is expected to remain unchanged.

4. Library Consultant Services. This unit performs a number of nonregulatory consultative services designed to improve the local operation of the state's 213 public libraries. The two consultants within this bureau advise local libraries concerning the planning and construction of new facilities and they make surveys of local library needs. In 1965-66 it is estimated that these consultants in carrying out their responsibilities will visit more than 50 percent of the state's libraries. An annual workshop designed to acquaint the state's librarians with the benefits of intralibrary cooperation and the areawide planning of library systems is also sponsored by this bureau. In addition this unit is partially responsible for implementing California's Public Library Development Act and for supervising projects authorized under the Federal Library Services and Construction Act. An amount of \$60,171 is proposed for this bureau's expenditure in 1965-66, representing an increase of \$1,090 over the current level. This increase is primarily for salary adjustments. No additional positions are requested and the level of service will remain unchanged.

Local Library Development Programs

5. Administration of Assistance to Local Libraries. The California Library Development Act (Chapter 1802, Statutes of 1963) is a continuing program of state financial assistance designed to improve and extend public library services by stimulating local libraries to form cooperative library systems. In 1965-66, \$800,000 will be subvented through various types of grants to approximately 100 libraries for such purposes. A discussion of the subvention aspects of this program is presented in the local assistance section of this analysis. This program

Division of Libraries—Continued

is implemented by two library consultants plus 2.5 clerical positions connected with this act and by the Library Consultant Services Bureau. The main administrative function of these consultants is to review applications for grants and to assist local areas in establishing multi-library systems. General Fund support for the administrative expenses of this program in 1965-66 is set at \$52,500; this is \$5,075 or 10.7 percent more than estimated expenditures for the current year. This increase is comprised of \$1,900 for personnel services and \$3,175 for equipment expenditures. This equipment expense is primarily for the replacement of two transcribing machines and one televoicewriter which were purchased in 1954.

6. Federal Library Services (Library Services and Construction Act). This is a federally financed program authorized by P.L. 88-269 which is designed to establish library demonstration projects in areas which do not have library services or which have substandard library facilities. Books, supplies, bookmobiles, and state supervision for such projects are financed by these federal funds. The purpose of these projects is to demonstrate the advantages of library services to the local population. When each project terminates (normally at the end of two years) an election is held to determine if the citizens of the area desire to continue these library services with local funds. P.L. 88-269 enacted by Congress in 1963 amended the Rural Library Services Act of 1956 by making federal improvement money available for all library areas, urban as well as rural. A new provision (Title II) was also established which authorizes the use of federal funds for the construction of library facilities. Under the provision of P.L. 88-269 it is estimated that California will receive an additional approximate amount of \$4.3 million in federal funds in 1964-65 for a total expenditure of \$4,594,532. Of this amount approximately \$1.6 million has been allocated to the state for the extension of library services and \$2.7 million has been designated for the construction of library facilities. In 1965-66 the state will receive \$4,613,137 in federal funds, an increase of \$18,605 above the current level. Four library demonstration projects are currently authorized for 1965-66; these are: the Nevada County Library Demonstration project, the Tuolumne County Library Demonstration project, the Calaveras Library Demonstration project and the North Bay project.

During the current year 1.5 clerical help positions and 0.5 temporary help positions were administratively established to provide for an increased workload in the processing center which purchases, catalogs and distributes books to 22 member libraries under the provision of P.L. 88-269. The cost of these new positions is offset by reimbursements to the center from the participating libraries. The state library proposes to continue this staffing during the budget year.

REVIEW OF AGENCY ACCOMPLISHMENTS

1. Reader Services Bureau. During 1963-64 this bureau completed a three-year "book-weeding" project designed to withdraw unneeded and outdated materials from the library collection; approximately 251,-

Division of Libraries—Continued

263 titles were reviewed of which 39,370 titles were deleted and destroyed. Circulation of materials within the various sections of this bureau increased slightly over the prior year. A representative sample of such circulation increases follows:

	1962-63	1963-64
Government Publications Section-----	8,740	9,132
Sutro Library (rare books)-----	5,878	7,183
Intralibrary Loans (general library materials and books for the blind)-----	308,859	329,356

We do not believe that such statistics are necessarily the best measurement of this bureau's performance and accomplishments since the State Library does not directly relate this data to workload standards and criteria. It is, however, illustrative of the volume of activity of these functions. The State Library publishes this type of data for the past completed fiscal year but it does not attempt to relate statistical information concerning numbers of books circulated, inquiries, etc., to any staffing standards. We recommend that the State Library in the future relate its annual statistical summary and the work performed by its major bureaus to meaningful staffing criteria so that the accomplishments of such bureaus may be more accurately evaluated.

2. Law Library. In 1963-64 the law library in addition to carrying out its normal workload functions published several handbooks and indexes governing the usage of law materials in the State Library. In addition, a quarterly Index to California Legal Periodicals and documents was begun in February 1964. In previous analyses we have questioned law library requests for funds to purchase large numbers of books on "international law, comparative law and foreign law." We have suggested that the law library should not provide such specialized materials because they are available in numerous major law libraries in the state. Although a request for such law book purchases was deleted from the current budget by the Department of Finance, this issue is bound to arise again in future budgets. Therefore we believe that the law library should keep a record of the types of specialized law book requests which it receives from its patrons so that future requests by the State Library for major law book acquisitions may be evaluated.

3. Technical Services Bureau. During 1963-64 the seven sections within this bureau experienced slight workload increases, but the library has not related the actual tasks performed by these individual sections to staffing standards. For example it is reported that outgoing shipments from the property and shipping section increased from 177,032 in 1962-63 to 201,011 in 1963-64. However, the library does not relate such statistics to the number of shipments which can be processed efficiently by one individual. Our comments concerning the evaluation of accomplishments for the Reader Service Bureau are equally applicable for this unit. We believe that this bureau could establish measurable workload standards which are related to the primary types of functions which are performed by its staff.

Division of Libraries—Continued

4. Library Consultant Services. This bureau reports that direct consulting services were provided to 101 local libraries during 1963-64. During the course of 178 field trips, surveys designed to improve local operating procedures were prepared for the following areas: Nevada County, Tuolumne County, City of Orange, Santa Fe Springs, and Albany. In addition these consultants "attended 80 meetings with citizens' groups and officials to discuss their library problems and to provide them with statistics and informational materials on library services." The State Library has not submitted any information concerning the accomplishments of such surveys and meetings, nor has it reported on the effects such activities have had on "improving and extending" local library services.

It was previously mentioned that this bureau also assists other library consultants in implementing both the state and federal library development acts. Although we have requested workload information from the library which differentiates between the functions performed by this unit's consultants and the consultants directly associated with the library improvement acts, no information has been submitted to this office. We believe it is essential for the State Library to maintain such records in order to prevent a possible duplication of effort by the library consultants.

Local Library Development Programs

5. Administration of Assistance to Local Libraries. During 1963-64 an amount of \$39,417 was expended for the administrative costs of California's Library Development Act. A total of 1.3 professional positions and 2.3 clerical positions processed grant applications totaling \$1,100,000 for local library assistance. Of this sum \$800,000 was subvented to 89 public libraries. This program is discussed in detail in the local assistance section of this analysis.

6. Federal Library Services (Library Services and Construction Act). In 1963-64 a total of \$224,114 in federal funds were used to support three library demonstration projects. In June, 1964 the Mendocino County Library Demonstration Project was terminated when the county's voters approved the establishment of the Mendocino County Library. This is the first county library to be established in California since 1949. Prior to June 1964 countywide library services for Mendocino County had been provided by the aforementioned demonstration project which was financed by Library Services Act funds and supervised by the California State Library.

It is noted that the State Library has not made an evaluation of the Rural Library Services Act since 1961. We believe it essential that the State Library prepare an evaluation of this program and the new Library Services and Construction Act in view of the increased federal support (approximately \$4,300,000) which California will receive under this new act. Should this federal program be allowed to terminate by Congress at some future date, and should no overall program evaluation exist we would question the necessity for the state to continue this activity. We believe that such an evaluation should attempt to answer the following questions:

Division of Libraries—Continued

order to alleviate a workload increase represented by an increased number of volumes processed for member libraries. The library estimates that the processing center will purchase, catalog and ship a total of 60,000 volumes during 1964-65, an increase of 8,000 volumes or 14 percent over 1963-64. A smaller increase is anticipated for 1965-66. We agree with the library's contention that the 8.1 clerical positions currently authorized for this activity are insufficient to handle this increased volume. We therefore recommend approval of this request because of the additional work load and because no state money is required.

5. *We recommend that budgetary approval be made concurrent with a directive that the State Library prepare a summary of the accomplishments of the Rural Library Services Act and the Library Services and Construction Act modeled after our questions on page 287 for submission prior to the preparation of the 1966-67 budget.*

Department of Education

STATE TEACHERS' RETIREMENT SYSTEM

ITEMS 99 and 100 of the Budget Bill

Budget page 243

FOR SUPPORT OF THE STATE TEACHERS' RETIREMENT
SYSTEM FROM THE GENERAL FUND AND
THE STATE TEACHERS' RETIREMENT FUND

Amount requested	\$896,962
Estimated to be expended in 1964-65 fiscal year	845,654
Increase (6.1 percent)	\$51,308

TOTAL RECOMMENDED REDUCTION None

PROGRAM PLANS AND BUDGET

The State Teachers' Retirement System was established pursuant to Section 13801 of the Education Code. The system as it is presently constituted was established by Chapter 13, Statutes of 1944, Fourth Extraordinary Session.

The system is administered by a retirement board consisting of the Director of Finance, the Superintendent of Public Instruction, three members of the system, a member of a local board of education, a bank officer and an insurance officer. The board appoints an executive officer who administers the staff of the system which currently consists of 98.8 authorized positions.

The 1965-66 budget proposes an expenditure of \$896,962 which is \$51,308, or 6.1 percent, more than is estimated to be expended during the current year. Included in the request is the proposal for 15.3 new positions.

The budget anticipates the enactment of legislation to provide that one-half the administrative charges of the system be funded from the interest earned on the investment of the employees' contributions.

The programs administered by the system to achieve the basic objective of providing retirement allowances for service or disability and

State Teachers' Retirement System—Continued

other related benefits for the California public school teachers are discussed below. The system was asked to provide cost breakdowns for the various programs, however, since its accounting records are not maintained on a program basis it could only supply estimates. The dollar figures that are shown are for the 1965-66 fiscal year.

1. Accounting program ----- \$310,000

The operations of the accounting division during the year will make a double posting of contributions and interest to the accounts of approximately 200,000 members. In addition, refunds to some 12,000 members will be made, monthly retirement allowances will be paid to over 31,000 retirants, and death benefits paid to almost 1,500 beneficiaries. The accounting operations, inclusive of the data processing unit, function as a service to the entire agency and virtually all transactions affecting a member are processed in this division.

The budget proposes two positions for the accounting program on an increased workload basis. The two positions are an accounting technician II and an intermediate account clerk.

2. Benefit program ----- \$220,000

a. During the 1965-66 year, the agency will provide continuing monthly retirement allowances for both service and disability retirement to more than 31,000 former members.

b. It will refund to over 12,000 members approximately \$13 million of contributions formerly made by these terminating members. In addition, over 15,000 former members will make monthly redeposit payments to reinstate service credits cancelled by an earlier refund of contributions.

c. It will provide for death benefits in various forms, considerably in excess of \$6 million during the year 1965-66, to beneficiaries of active and retired members.

The budget proposes no increase in workload positions or expansion of services for this program.

3. Membership program ----- \$186,062

Approximately 32,000 new members will be issued membership numbers in the 1965-66 fiscal year. Entailed in the workload is the proper member rate of contribution to each member based upon the circumstances relating to that particular individual. Annual reports from the employing districts and counties bearing the members' names, account numbers, and rates of contributions are audited for accuracy.

The budget proposes an increase of 13.3 positions for this program requested on a workload basis.

4. Investment of member contributions ----- \$15,400

By the end of the 1965-66 fiscal year over \$1,100,000,000 of member contributions will be in the Teachers' Retirement Fund invested in bonds in accordance with laws governing the investment of assets of state savings banks. The day-to-day investment is done by the investment staff of the State Employees' Retirement System which is reimbursed by the teachers' system for the service.

State Teachers' Retirement System—Continued

5. Actuary program ----- \$11,500

The actuary conducts or supervises the periodic valuations and such additional interim studies of the system as may be required. Recommendations as to all actuarial aspects are made to the Teachers' Retirement Board for adoption.

6. Administration ----- \$154,000

This includes provision for the managerial functions and the staff, fiscal, and business services required for all agency programs. The area of administration covers the executive force, inclusive of the legal staff and, in addition, covers the agency personnel and payroll functions and the secretarial services unit providing typing services and mail activities.

REVIEW OF AGENCY ACCOMPLISHMENTS

For the 1963-64 fiscal year, the State Teachers' Retirement System was appropriated \$613,643. During the year it received \$6,486 in salary increase allocations, \$15,000 from the Emergency Fund, and \$5,394 from the OASDI Fund. After deducting a savings of \$30,774, the system thus expended a total of \$609,749, or 0.6 percent less than was appropriated.

For the current year, 1964-65, the system was appropriated \$834,502. After a salary increase allocation of \$25,754 and an estimated savings of \$14,602, it is now estimated that the system will expend \$845,654, which is \$11,152 or 1.3 percent more than was appropriated.

The workload factors that have a direct bearing upon the workload of all six programs outlined previously are the number of active members and retired members of the system. The following table shows the estimated and actual number of each category since 1959-60:

Fiscal Year	Active members end of year		Percent actual above or below estimated	Retired members end of year		Percent actual above or below estimated
	Estimated	Actual		Estimated	Actual	
1960-61	214,252	244,430	+1.3	23,026	23,625	+2.6
1961-62	253,420	261,068	+3.0	24,633	24,514	—0.5
1962-63	269,058	278,223	+3.4	26,398	26,178	—0.8
1963-64	301,435	294,766	—2.3	27,364	28,548	+4.3
1964-65	316,712	--	--	29,728	--	--
1965-66	338,135	--	--	31,877	--	--

In most instances the workload estimates by the State Teachers' Retirement System have been very close to the ultimate actual figures. However, for the past year 1963-64 the system underestimated the number of retired members by 1,184 or 4.3 percent. Because of this, the funds appropriated for contributions to Teachers' Retirement Fund for the payment of retirement benefits were short by \$942,365. Money was transferred from the current year's appropriation, 1964-65, to meet the needs for 1963-64.

Since the state's contributions to the Teachers' Retirement Fund are made as liability matures and not as it accrues and the annual appropriation pays for the state's share of the benefits for that specific year, it is important that the estimates of retired members be as precise as possible.

State Teachers' Retirement System—Continued

ANALYSIS AND RECOMMENDATIONS

The budget anticipates the enactment of legislation to provide that one-half of the administrative charges of this program will be funded from the interest earned on the investment of the employees' contributions. This method of financing will be comparable to the present funding of the administration of the State Employees' Retirement System. The state employees' system is a fully funded system wherein both the state and the employees' contributions are made as the benefit liability accrues, and the full administrative cost comes from the interest earned on the investment of both contributions.

The teachers' system is not a fully funded system. The teacher contributions are actuarially determined and their portion of the benefit liability is fully funded. The state and employer contributions are made as the liability matures rather than as it accrues, thus their share of the benefit liability is not fully funded. No interest is earned on the state and employer contributions since they are not available for investment. The teachers' contributions are invested at approximately 4 percent and will earn approximately \$46,000,000 during the 1965-66 fiscal year. For these reasons the administration is proposing that only half of the cost of the administration of the system come from interest earnings and the other half come from the General Fund.

We recommend approval of proposed legislation providing for the revised funding of the administration of the State Teachers' Retirement System. With the adoption of such legislation there will be a savings to the General Fund of \$448,481.

The budget proposes the establishment of 15.3 positions for the 1965-66 fiscal year.

Membership Program

1 Retirement officer III (budget page 244, line 59) ----- \$8,604

The retirement officer III is requested to serve as assistant chief of the membership-actuarial division of the system. The division currently has 42 authorized positions and is requesting 12 other positions. The workload in this division has been steadily increasing with the total membership increase. Proper supervision is very difficult now and with the addition of the proposed 12 workload positions proper management of the clerical staff and the increased complexities of the system bring about the need for increased supervision.

We recommend approval of the retirement officer III position.

10 Intermediate typist-clerks (budget page 244, line 61) ----- \$43,380

Ten clerks are requested for the verification of members' prior service and updating of service records. Members' service credit constitutes the principal liability against the Teachers' Retirement Fund and knowledge of this liability is fundamental to the effective administration of the system. It is estimated that this audit program will be completed in three years. When completed these 10 proposed positions and two existing positions can be deleted.

This audit program is long overdue and will help to improve the administration of the member accounts. A recent audit by the Auditor General's office found a high percentage of member accounts in error.

State Teachers' Retirement System—Continued

We recommend approval of the 10 intermediate typist-clerk positions.

1 Supervising clerk I (budget page 244, line 60) -----	\$5,688
1 Intermediate typist-clerk (budget page 244, line 61)---	4,338
0.3 Temporary help -----	1,500

Two clerical positions and temporary help money are requested for the normal increase in workload which we have reviewed and with which we are in agreement.

We recommend approval of the two clerical positions.

Accounting Program

1 Accounting technician II (budget page 244, line 65) --	\$4,896
1 Intermediate account clerk (budget page 244, line 66)	4,338

One account clerk is requested in the accounting program to handle the increase in the number of death claims processed and an accounting technician is proposed to service the increased disability retirement allowance roll and to administer the health benefits payroll deduction workload for those eligible retired members.

We recommend approval of the two accounting positions.

HIGHER EDUCATION**DEFINITION AND SCOPE**

California's system of public higher education now includes 7 campuses of the University of California, 15 state colleges, 73 public junior colleges and the California Maritime Academy. Of these, 1 university campus, 5 state colleges and 15 junior colleges were added in the past decade. Two additional state colleges, authorized in 1960, and two new campuses of the university are scheduled to open in the fall of 1965. In the next 5 years it is likely that 2 or more new colleges, a university campus, and up to 10 or more junior colleges will be proposed for addition to this vast system.

The University of California is governed by the Regents of the University of California who, under the terms of Section 9, Article IX of the Constitution of California, have full powers of organization and government for the university. The state colleges are governed by the Trustees of the California State Colleges, a statutory body established in accordance with the 1960 master plan for higher education. The Trustees, with a centralized administrative office under the Chancellor of the California State Colleges, assumed responsibility for the state college system on July 1, 1961. The junior colleges are primarily local institutions, created, operated and, in large part, supported locally. Within a very broad area defined by statewide standards which have been established by statute and by rule of the State Board of Education, the organization, operation, and policy direction of the junior colleges are vested in local school boards accountable to local voters.

The Coordinating Council for Higher Education was created in 1960 in accordance with the Master Plan as an advisory body to counsel the

Higher Education—Continued

governing boards of the three segments and appropriate state officials in matters relating to state financial support, differentiation of function and development of plans for the orderly growth of public higher education.

The guidelines of each segment were set out under the Donahoe Higher Education Act of 1960, in an effort to maintain functional differences and orderly development during a period of rapid growth of educational facilities. Although considerable power and responsibility have been delegated to the governing bodies of each segment and the Coordinating Council, the Legislature retains discretionary authority and responsibility for guidance through general legislation and, in particular, through annual appropriations.

ENROLLMENT

Enrollment statistics are the principal factor in determining the amount of support and capital outlay funds which the Legislature is called upon to appropriate each year for higher education. Estimated enrollment figures for the budget year are the basic element in calculating workload for each college or campus in such areas as administrative staff, teaching staff, instructional expense, library books and personnel, and student services. Projected enrollment data determine the need for new and enlarged facilities and for the development of new colleges and campuses, in addition to indicating the magnitude of future support fund requirements.

In Table 1 below we show total average annual enrollment for the university and state colleges for the years 1961-62 through 1965-66 and for 1973-74 together with the actual and projected enrollment of full-time students for all three segments.

Table 1
Actual and Estimated Student Enrollment

	1961-62	1962-63	1963-64	1964-65	1965-66	1973-74
A. Average Annual Enrollment						
University of California -----	52,961	57,183	63,288	70,164	79,062	109,075 ²
California state colleges ¹ -----	76,820	86,719	96,831	109,879	121,060	199,158
Totals -----	129,781	143,902	160,119	180,043	200,122	308,233
B. Full-time Student Enrollment ²						
University of California -----	53,761	58,005	64,001	71,222	78,025	116,775
California state colleges -----	63,986	71,367	80,021	91,300	95,000	153,250
Junior colleges -----	112,636	121,283	128,221	155,266	172,150	242,300
Totals -----	230,383	250,655	272,243	317,788	345,175	512,325

¹ Full-time equivalent (FTE).

² Fall term.

The average annual enrollment figures for the university indicate an average increase of about 6,500 students or 10.5 percent per year over the five-year period. Those for the state colleges indicate an average

General Summary

Education

Higher Education—Continued

annual increase of about 11,000 students (FTE) or 12 percent. Enrollment of full-time students for the junior colleges is growing at the average rate of 6.6 percent per year but with an increase of about 25 percent expected between 1963-64 and 1965-66. In each case enrollment is expected to nearly double in the decade from 1963-64 through 1973-74.

EXPENDITURE SUMMARY

Actual and budgeted state expenditures for higher education for the five-year period 1961-62 through 1965-66 are summarized in Table 2 under the principal budget categories of support, capital outlay and subventions. As indicated by these figures, the total state cost for higher education is expected to grow from \$336 million to about \$510 million over this period for an increase of \$174 million or about 52 percent.

Table 2
State Expenditures for Higher Education
(In thousands)

	<i>Actual</i>			<i>Estimated</i>	<i>Proposed</i>
	1961-62	1962-63	1963-64	1964-65	1965-66
SUPPORT					
Coordinating Council for Higher Education -----	\$157	\$228	\$299	\$366	\$368
University of California -----	134,434	147,623	158,254	179,318	195,585
Hastings College of Law -----	359	338	326	441	522
California state colleges -----	77,892	90,259	101,353	117,571	130,103
Maritime Academy -----	415	435	491	535	542
State Scholarship Commission	1,825	2,345	2,766	3,817	3,869
College of Medicine -----	--	--	--	249	474
Totals -----	\$215,082	\$241,228	\$263,489	\$302,297	\$331,463
CAPITAL OUTLAY¹					
University of California -----	\$50,693	\$48,018	\$70,971	\$63,691	\$56,555
California state colleges -----	31,117	32,368	41,921	96,319	51,113
Maritime Academy -----	65	5	28	34	--
College of Medicine -----	--	--	--	63	--
Totals -----	\$81,875	\$80,391	\$112,920	\$160,107	\$107,668
SUBVENTIONS					
Junior college support -----	\$35,785	\$36,273	\$45,357	\$55,800	\$61,500
Junior college capital outlay	5,000	5,000	2,785	7,214	10,000
Totals -----	\$38,785	\$41,273	\$48,142	\$63,014	\$71,500
TOTAL HIGHER EDUCATION -----	\$335,742	\$362,892	\$424,551	\$525,418	\$510,631

¹ Includes bond funds.

STUDENT FEES AND TUITION

As a policy option applicable to both the University of California and the California state colleges, consideration might be given to the establishment of a partial tuition charge beginning in 1965-66.

Higher Education—Continued

Current Student Fees

At present, although there is no charge for tuition for residents of the state who are enrolled as undergraduates in the regular academic sessions of either the University or the state colleges, students at both segments are required to pay several fees for services they receive. A distinction has been made between tuition, which is defined as a charge for the direct costs of classroom instruction, and other fees for services which are incidental or auxiliary to classroom instruction. For resident students enrolled in the regular academic sessions there are two principal types of fees: incidental fees and auxiliary services fees. The current levels of these fees are indicated in Table 3 together with certain other charges.

Table 3
Basic Undergraduate Student Charges, 1964-65¹

	<i>University of California</i>	<i>California State Colleges</i>
Incidental fee -----	\$220	\$76
Auxiliary service fees:		
Room and board -----	880	400-820
Parking -----	9-72	26
Other:		
Application fee -----	5	5
Student union fee -----	5-25	} 15-20
Student activity fee -----	10-25	
Nonresident tuition -----	600	500
Extension -----	15-20 per unit	10-20 per unit
Summer session -----	(various)	14.25 per unit

¹ Full-year except where otherwise indicated.

The incidental fee, or materials and services fee as it is called for the state colleges, is intended to cover the direct costs of student health services, counseling and testing, housing services, job placement services and laboratory and other instructional materials. For the University, the incidental fee is now also expected to meet deficits in intercollegiate activities, subsidize certain student cultural programs and provide for the amortization of capital outlay for a variety of student centers and recreational facilities. The University's incidental fee has risen from \$120 for 1961-62 to \$220 for 1964-65 in large part because of the University's decision to finance a greater portion of the cost of student centers, cultural activities and recreational facilities from this source. The state college materials and services fee has remained at \$76 since 1961-62.

Estimated income from the University's incidental fee for 1965-66, assuming a continuation of the \$220 charge, is \$16,887,464 of which approximately 20 percent is allocated for capital outlay and debt service and 80 percent for student services, cultural activities and recreation. Estimated income from the state college materials and services fee for 1965-66 is \$10,720,232. Related current expenditures are budgeted at about \$10,281,900 of which \$3,871,975 is for instructional operating expense and \$6,409,925 is for student services.

Higher Education—Continued

Auxiliary service fees are charged for the use of residence halls, residence hall dining facilities and parking facilities. These fees are established at levels sufficient to cover both current expense and capital outlay amortization for such facilities.

Other student fees include application fees charged against the processing costs for initial admission applications, student union or activity fees primarily for the construction and operation of student centers and support of intercollegiate athletics, and tuition fees for out-of-state students and those enrolled in extension and summer session programs. The tuition charges of \$600 for the University and \$500 for the state colleges (with reduced rates at the state colleges for foreign students and certain graduate students) were established in 1963-64 and are subject to revision upon completion of the Coordinating Council's current study of instructional costs. Extension and summer session fees are intended to cover the full costs of those programs except for a 9 percent state contribution to University extension.

Tuition

Although in a general sense it is true that, as stated in the 1960 Master Plan for Higher Education, there has been a "long established principle that the state colleges and the University of California shall be tuition free to all residents of the state," this has not been precisely true in fact. From 1933 to 1953 the state colleges openly charged a small tuition fee, and statutory authorization for a limited tuition charge has been carried over from the organic act establishing the first state college in 1862. The University charged tuition only during its initial months of operation in 1869, but the Education Code also continues to carry a vestigial reference to a "rate of tuition" to be determined by the Regents. Moreover, both segments allocate a portion of their incidental fee income to laboratory and other instructional materials which might otherwise be considered as part of direct teaching expense and, therefore, as tuition.

Whatever the implications of this history, we believe it appropriate for the Legislature to reconsider this matter from time to time in the light of current circumstances. Several recent reports, including a study prepared by the staff of the Coordinating Council, have considered the subject in some detail, so that our purpose in this analysis is only to outline briefly what appear to us to be the major arguments for and against the imposition of a tuition charge and to indicate the amount of income that might be expected to accrue from various tuition levels.

A. Arguments for a tuition charge

1. Current state tax revenues are not sufficient to enable the state to maintain its present high educational standards in the face of rapidly increasing support costs. The present surge of enrollment growth and the continued development of new and costly instructional programs has increased current state support for public higher education from about \$91 million to \$301 million, or 232 percent, over the past 10 years. Current support, for the state colleges and University now

Higher Education—Continued

claims the equivalent of about 12.8 percent of General Fund expenditures as compared with 9.6 percent 10 years ago. Even though substantial new revenues are developed, it may be necessary either to cut back the existing level of support for higher education and other competing areas or to ask the students and their families to contribute significantly more toward the costs of their education.

2. This situation is further aggravated by demands from junior college officials and local property taxpayers for the state to pick up a greater share of the current and capital costs of the public junior colleges. Additional pressure on current resources may result from the Legislature's decision at the 1964 session to finance a greater portion of higher education capital outlay from current revenues rather than from bond proceeds.

3. The existence of a strong public system of higher education is beneficial to all citizens of the state, but there are also important benefits which have not been taken into account for individuals who receive a tuition free education at this level. Several studies have indicated that the average dollar value of a bachelor's degree, for example, is between \$100,000 and \$200,000 in additional gross lifetime income over that of a high school diploma, even when aptitude and environmental advantages are similar. With this expectation a student may reasonably be required to pay something more toward the cost of his education, either currently or after graduation.

4. Regardless of the benefits which may accrue to individuals, there are a great many students whose families could now pay more toward the cost of their children's education with little effort. According to a recent study of income distribution among California college students, among those who are supported by their families, about 50 percent of the state college students and 62 percent of the University students come from families with an income of at least \$10,000. Under our present tax structure in most cases neither the students nor their families are required to make a contribution commensurate with their ability to pay. Conversely, low-income groups who send a small proportion of their children to a state college or the University must pay a disproportionate share of the cost through state taxes.

B. Arguments against a tuition charge

1. While it is true that there are important economic benefits to the individual in higher education, these are largely irrelevant. Higher education must be considered primarily as a social investment with large cultural, political and economic benefits to all citizens, rather than as a matter of personal investment for profit. It is as important to provide full opportunity to every citizen to seek knowledge to the extent of his capacity as it is to ensure equal justice before the laws, high standards of public health, and free public schools.

2. There has been some general improvement in the ability to pay for higher education, but this has not held true to the same extent for minority groups, and there remains a substantial portion of the state's population with individual and family income well below the level at which tuition payments could be met without substantial hardship.

Higher Education—Continued

According to figures reported by the State Scholarship Commission, 30-35 percent of California families fall below the income level (\$5,500-\$6,000) now necessary to support one child as a commuter student at a state college or University campus. Studies as to the dollar value of higher education to the individual also show that nonwhite citizens do not, on the average, share in the benefits nearly to the same extent as do white citizens. If such persons and groups are not to be excluded from present educational opportunities, any significant tuition charge would have to be offset in large part by an enlarged scholarship program.

3. Present student charges represent only a small part of the cost to the individual seeking higher education. The minimum average cost for undergraduates attending the university and living in residence halls has been estimated at about \$1,700 for an academic year, of which only about 15 percent goes for incidental fees. The comparable figure for state college students living in residence halls is \$1,550 with only about 6 percent going for required fees. Thus in measuring the ability to pay tuition, both subsistence costs and present fees must be matched against family income and the number of children to be supported.

4. It is more equitable and, in the long run, more efficient to adjust the tax structure to pick up a fair share of the individual's economic benefits from higher education than to establish a tuition charge for that purpose. The measures, such as an enlarged scholarship program or a state-backed loan program, which would be necessary to avoid creating a financial obstacle to equal educational opportunity would add unnecessarily to the present costs of higher education.

C. Estimated gross income from selected tuition levels

For purposes of simplicity we have estimated the gross income which might be expected from uniform annual tuition charges of \$100, \$200 and \$400 for both the University of California and the California State Colleges. We have not attempted to reduce these gross figures for any reduction in enrollment which might occur as a result of the imposition of a tuition fee because of the difficulty of foreseeing the extent of such a reduction. Nor have we attempted to estimate the cost of various scholarship or loan proposals which might be advanced to partially offset a tuition charge.

In Table 4 below we show our estimates of the gross yield, based upon the yield from present incidental fees, together with estimates prepared by the staff of the Coordinating Council. Our figures are based on total resident enrollment, less that percentage of enrollment in graduate programs for which a tuition charge is presently levied. The Coordinating Council's figures attempt to take into account a small "leakage" of enrollment for students who might be deterred by a tuition charge.

Higher Education—Continued

Table 4
Estimated Yield of Uniform Annual Tuition Charges of \$100, \$200 and \$400
(In millions)

	<i>Gross yield</i>			<i>CCHE</i>
	<i>\$100 tuition</i>	<i>\$200 tuition</i>	<i>\$400 tuition</i>	<i>\$100 tuition</i>
University of California -----	\$6.4	\$12.8	\$25.6	\$6.1
California State Colleges -----	13.1	26.2	52.3	14.0
Total -----	\$19.5	\$39.0	\$77.9	\$20.1

STUDENT ADMISSION AND RETENTION POLICIES

Each year since the adoption of 1960 Master Plan for Higher Education we have reviewed the progress of the segments toward full implementation of the Master Plan recommendations with respect to the admission and retention of students. We have done this for the reason that these recommendations are fundamental both to the broader Master Plan concept of orderly development of higher education and to the specific annual budget requirements for the educational program of each segment.

In last year's analysis we reported that although several of these recommendations had been fully implemented, certain important actions remained to be taken. These were:

1. Adoption of new admission standards by the California State Colleges to comply with the Master Plan recommendation that the state colleges admit as freshmen only those California high school graduates who were among the top one-third of their class;
2. Specific action by both the state colleges and the University of California to gradually reduce lower division enrollment to the limit of 40 percent of total undergraduate enrollment by 1975;
3. Action by all three segments of public higher education to achieve greater uniformity in retention standards within each segment.

With respect to the first of these points, the state colleges, as we reported, had previously scheduled the adoption of new admission standards, based upon the one-third requirement, to take effect for the fall of 1965. In keeping with this plan, the Trustees have recently approved amendments to existing admission standards. Although the admission of first-time freshmen is to be based largely upon an as yet unspecified "eligibility index," the new standards appear to be fully in accord with the basic Master Plan recommendations. The only point of variance which we find is that whereas the Master Plan recommended that "all or almost all of the recommending units for admission (of freshmen) shall be in college preparatory courses," the Trustees have chosen to employ an "eligibility index" which takes into account an applicant's aptitude test score and his high school grades for both college preparatory courses and other courses. According to the state college data, however, it makes little difference whether grades for nonpreparatory courses are used or not, and the use of test scores removes an unwarranted advantage for female students.

Higher Education—Continued

With respect to the second and third points, both fiscal committees, upon our recommendation, directed the Coordinating Council, with the assistance of the University, state colleges and junior colleges, to report prior to the 1965 session as to specific steps to be taken in 1965-66 to: (1) insure that the reduction in University and state college lower division enrollment to the level of 40 percent of undergraduate enrollment be achieved by 1975; and (2) insure that greater uniformity in retention standards will be achieved within each of the segments, and among the segments for comparable programs, without further delay.

In response to the second part of this directive concerning retention standards, we received a report in October 1964 containing findings and recommendations based upon a review of current probation and dismissal standards. According to this report, both the University and the California State Colleges have achieved much greater internal uniformity during the past year in academic probation and dismissal standards, in keeping with the Master Plan.

With respect to the junior colleges, it was found that all now have a stated policy on academic probation and all either meet or exceed a minimum standard adopted by the State Board of Education. However, the individual district standards were found to vary widely above the board's minimum. As a consequence, the Coordinating Council requested the board to review junior college policy in this area in the light of the Master Plan's recommendation for greater uniformity.

The council's report put aside as "unusable" the reference to uniformity among the segments for "comparable" programs although this term was taken from the Master Plan. However, the council did determine to begin a collection of annual data on probation, dismissal and reinstatement actions, as recommended in the Master Plan, in order that it might evaluate subsequent progress by each of the segments in this regard.

We have received no report from the council as of this writing as to specific steps being taken to insure that lower division enrollment at the University and state colleges will be reduced to 40 percent of undergraduate enrollment in the next 10 years.

In Table 5 below we show the distribution of undergraduate enrollment between the lower and upper division for the University and state colleges and in Table 6 we show the distribution of lower division enrollment among all three segments.

Table 5
Undergraduate Enrollment Distribution, Fall Term
Full-time Students

	Actual					Master Plan
	1960	1961	1962	1963	1964	1975
California State Colleges						
Lower division -----	51.7%	53.7%	51.5%	49.8%	48.4%	40%
Upper division -----	48.3	46.3	48.5	50.2	51.6	60
	100.0%	100.0%	100.0%	100.0%	100.0%	100%
University of California						
Lower division -----	49.0%	52.8%	52.6%	53.3%	51.1%	40%
Upper division -----	51.0	47.2	47.4	46.7	48.9	60
	100.0%	100.0%	100.0%	100.0%	100.0%	100%

Higher Education—Continued

Table 6
Distribution of Lower Division Enrollment by Segment
Fall Term, Full-time Students

	Actual				Master Plan	
	1960	1961	1962	1963	1964	1975
Junior Colleges -----	69.3%	68.6%	68.6%	68.3%	70.3%	75.0%
California State Colleges --	19.2	20.2	20.1	20.3	19.4	17.5
University of California --	11.5	11.2	11.3	11.4	10.3	7.5
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The principal conclusions we draw from these figures are: (1) the state colleges have begun to make significant progress in reducing lower division enrollment in relation to total undergraduate enrollment largely due to rapid growth at the upper division level; (2) the University has been unable to reduce lower division enrollment to the level achieved in 1960 in relation to total undergraduate enrollment, but has reduced its percentage share of lower division enrollment among the three segments; (3) the junior colleges now account for only a slightly larger percentage of all full-time lower division enrollment than they did in 1960. In general, some small progress appears to have been made toward achieving the Master Plan objectives, but the evidence is not clear as to whether this progress will be maintained.

It must be noted that in the face of the present surge in lower division enrollment resulting from a temporary increase in the rate of high school graduates, it will be difficult for either the University or the state colleges to show much improvement in their levels of lower division enrollment. When these students reach the upper division level in about two years, much more rapid progress may be shown regardless of the actions of either segment.

Each segment has reaffirmed its intention to achieve further diversion by agreeing to appropriate reductions in enrollment estimates for capital outlay planning. In addition, the new state college admission standards may be expected to have a definite impact on state college lower division enrollment in 1965-66. On the other hand, however, there is little evidence that either the University or the state colleges have come to grips with the problem of how they can ensure diversion of lower division enrollment to the junior colleges as recommended in the Master Plan. Neither segment has as yet developed a policy designed solely for the purpose of diverting to the junior colleges students who are otherwise eligible for admission as freshmen.

The Coordinating Council has agreed to undertake a more detailed study of diversion beginning in 1965-66 to determine how much progress is actually being made and whether any additional action will be necessary. We believe that the Legislature will want to be kept fully informed on this matter. *We therefore recommend that the Coordinating Council be directed to make a full and detailed report at the 1967 General Session as to progress being made in achieving the enrollment diversion recommended in the 1960 Master Plan.*

Higher Education—Continued

SPACE UTILIZATION

The Coordinating Council for Higher Education has just completed a staff report which contains space inventory and space utilization data for the University of California, California State Colleges and junior colleges. The following table summarizes in percentages space inventory data to illustrate differences in the physical plants of the three segments due in part to the differences in their objectives.

Physical Facilities Summary¹

Fall, 1963

Percent of Total Space

<i>Type of Space²</i>	<i>University of California</i>	<i>State colleges</i>	<i>Junior colleges</i>
Instruction -----	16.8%	48.1%	50.0%
Research laboratories -----	21.9	3.5	0.4
Office space -----	20.7	16.2	10.6
Libraries and Museums -----	10.6	10.2	6.3
General use -----	5.8	8.5	17.9
General services -----	5.3	6.8	8.6
Other -----	18.9	6.7	6.2
	100.0%	100.0%	100.0%
Total assignable square feet -----	9,206,800	8,363,000	12,628,000

¹ Based on assignable square feet data. Excludes residential facilities.

² Instruction space includes classrooms, seminar rooms, teaching laboratories and music studios and practice rooms; research laboratories include research laboratories, animal quarters and greenhouses; office space includes faculty offices, administrative offices and conference rooms; general use includes auditoriums, gymnasiums, armories and chapels; general services includes cafeterias, health services, lounges, bookstores, lockers, parking and audiovisual rooms; other includes shops, storage, field buildings, inactive space.

The next two tables measure the extent to which classrooms and teaching laboratories are used during the day. The total number of classrooms and stations for the University, state colleges and junior colleges are shown to establish the relative difference in the total capacity of each segment. Three measures of space utilization include assignable square feet per station, the average number of hours per week classrooms are scheduled for teaching purposes and the average percentage of occupancy while rooms are in use. A fourth statistic, assignable square feet per 100 weekly student hours, reflects the combined effect of the other three measures of space utilization.

The University of California has the lowest assignable square feet per student station for both classroom and teaching laboratory space. Part of the reason for this is the existence and use of extremely large lecture halls, which tends to lower the assignable square feet per station. Junior colleges reflect the lowest classroom use during the day, but the highest in the evening. State college classrooms appear to be filled closer to capacity when they are in use (student occupancy percentage) than those of either the University or the junior colleges. Assuming that the data are reasonably accurate, these differences should be studied by the segments in terms of their own objectives as institutions to determine how the utilization of space might be improved.

Education

General Summary

Higher Education—Continued

Classroom Space Utilization: Daytime (8 a.m.—5 p.m.)

Fall, 1963

<i>Segment</i>	<i>Number of</i>		<i>Assignable</i>	<i>Weekly</i>	<i>Station</i>	<i>Assignable</i>
	<i>classrooms</i>	<i>stations</i>	<i>sq. ft. per</i>	<i>classroom</i>	<i>occupancy</i>	<i>sq. ft. per</i>
			<i>station</i>	<i>hours</i>	<i>percentage</i>	<i>100 weekly</i>
						<i>student</i>
						<i>hours</i>
University of California -----	689	40,647	13.4	27.1	57	87
California State Colleges -----	1,307	53,683	18.3	25.1	72	101
Junior Colleges ----	2,605	120,493	17.3	19.8	69	127

Laboratory Space Utilization: Daytime (8 a.m.—5 p.m.)

Fall, 1963

<i>Segment</i>	<i>Number of</i>		<i>Assignable</i>	<i>Weekly</i>	<i>Station</i>	<i>Assignable</i>
	<i>labs</i>	<i>stations</i>	<i>sq. ft. per</i>	<i>laboratory</i>	<i>occupancy</i>	<i>sq. ft. per</i>
			<i>station</i>	<i>hours</i>	<i>percentage</i>	<i>100 weekly</i>
						<i>student</i>
						<i>hours</i>
University of California -----	534	13,543	47.5	16.5	73	393
California State Colleges --	1,417	29,919	57.2	15.4	85	433
Junior Colleges --	2,397	69,575	49.9	18.9	66	402

The following two tables reflect how little classrooms and laboratories are used for scheduled classes during evening hours and on Saturday mornings, especially at the University.

Classroom Space Utilization: Evenings (5-10 p.m.) and Saturdays

Fall, 1963

<i>Segment</i>	<i>Weekly classroom hours</i>	<i>Student occupancy percentage</i>
University of California ----	1.8 hrs. per week	28%
California State Colleges --	4.3	60
Junior Colleges -----	7.2	68

Laboratory Space Utilization: Evenings (5-10 p.m.) and Saturdays

Fall, 1963

<i>Segment</i>	<i>Weekly laboratory hours</i>	<i>Student occupancy percentage</i>
University of California ----	1.8 hrs. per week	67%
California State Colleges --	1.2	83
Junior Colleges -----	5.5	75

Several experiments are being conducted at various institutions throughout the country in an effort to improve functions affecting space utilization such as student registration, class scheduling and space assignment.

Washington State University in fall 1964, after five years of preparation, finished converting its registration procedures to an IBM 709 computer. Students tell the computer what courses they want to take and in less than 18 hours the computer prepares a class schedule for each student including when and where the classes are to meet and who the instructor will be.

Although students could not bargain for favorite class times, except for reasons such as employment, the majority of the students surveyed felt that the schedules they received were as good or better than former schedules.

Higher Education—Continued

Prior to the preparation of student class schedules, the computer prepared a report for the administration which showed how many students wanted to take each course offered. Based on this report, department chairmen and deans made changes in the number or size of sections and courses, the time they were to be offered, or transfers to a larger or smaller room, to accommodate the needs of the students. This resulted in a more balanced enrollment and a more efficient utilization of space because space assignment was based on actual rather than estimated space needs.

This is an excellent example of a modern approach to registration and scheduling problems which achieves the important objective of providing students the courses they want to take and should increase the utilization of space.

The following factors are recognized as being important in maximizing the use of space efficiently:

1. Maintenance of a current inventory of space by room, including basic information such as size, capacity, past use, etc.
2. Centralized control of space assignment and class scheduling.
3. A balanced distribution of courses throughout each day of the week.
4. The efficient design of new facilities, including a centralized process of reviewing plans for new buildings and major alterations.
5. The use of the electronic computer for classroom scheduling. Purdue has used a computer for several years for assigning students to classes according to their requests for courses. Classes are assigned by computer for all levels of students.

The president of the University of California established specific policies in 1961 to be followed by campuses in an attempt to improve space utilization. As a result, the final responsibility for space assignment has been centralized on each campus (with minor exceptions), annual space utilization reports must be prepared by each campus, inventories of space are maintained, and departmental requests for new space are reviewed by a campus planning committee. The scheduling of courses have tended to become more balanced throughout the day than in the past due to increased enrollment pressures. Apparently not much interest, however, has been demonstrated for the use of computers for class scheduling.

The California State Colleges are now beginning to develop detailed space inventory data, but we are unaware of any overall formal state college policies directed toward the efficient use of space on the various campuses.

We recommend that the California State Colleges and the University of California each study the feasibility of using computers for student registration procedures combined with class scheduling procedures and that each segment submit a progress report to the Joint Legislative Budget Committee by December 1, 1965, including plans to conduct a pilot study on one campus by fall, 1966. Current space utilization in California's institutions, as reported in the Coordinating Council for Higher Education report, demonstrates quite clearly that existing space is not being fully utilized.

Higher Education—Continued

ADDITIONAL CENTERS

Consistent with the Master Plan for Higher Education, the Donahoe Higher Education Act of 1960 provides that:

“It is hereby declared to be the policy of the Legislature not to authorize or to acquire sites for new institutions of public higher education unless such sites are recommended by the Coordinating Council for Higher Education”

In keeping with this provision and the further recommendation of the Master Plan that it conduct a study in 1965 as to the need for additional centers in specified areas, the Coordinating Council has recently carried out an extensive study and has submitted to the 1965 session of the Legislature a report on the need for additional centers during the next five years.

As guidelines for its study and recommendations, the council determined that it would consider the number and rate of high school graduates of an area who will attend college, the existing and planned facilities within a reasonable commuting distance, the requirements of functional differentiation among the segments, and comparable costs per student. It was also decided in advance that special consideration would be given to relatively isolated areas of the state and that aside from such areas first priority should be given to areas with the greatest enrollment potential. In addition it was determined that each segment should be permitted an adequate “lead” time, after authorization, to develop a recommended campus.

The principal findings and recommendations of the council as set forth in its report may be summarized as follows:

1. A new state college should be authorized in 1965 for Kern County.
2. A “definite ultimate need” exists for additional state colleges in Contra Costa County, the San Mateo County and Santa Clara County area, and in Ventura County. The authorization for establishment of one of these three colleges “may be recommended” by the council prior to 1969 and the authorization for the other two in 1969 or thereafter.
3. A “definite ultimate need” exists for an additional University campus in the Los Angeles metropolitan area and in the San Francisco Bay metropolitan area. Authorization for the establishment of one of these new campuses “may be recommended” to the Legislature in 1969 and for the second in 1975.
4. Sites should be acquired in advance of the authorization for the new campuses when the council finds that the Trustees or Regents have demonstrated that “carefully restricted circumstances” warrant such action.
5. The Legislature should “expedite” the inclusion of all areas of the state within junior college districts.
6. The council will consider the desirability of authorizing a specialized University campus for graduate study in agriculture and health science for the San Joaquin Valley.

Without going into the details as presented in its report, we have summarized the findings of the council as to each of the segments in the following paragraphs.

Higher Education—Continued**State Colleges**

With respect to the need for additional state colleges, the council gave primary consideration to five areas: San Mateo County, Contra Costa County, Kern County, the "Los Angeles area complex" and the Glendale-Griffith Park area of Los Angeles County.

According to its data on projected growth of existing colleges, which take into account plans for year-round operation and ultimate plant capacity, the council found the state colleges to be able to adequately serve all populous areas of the state through 1980 except Kern County and portions of Ventura and Contra Costa Counties. However, owing to the limitations on reasonable commuting distance in large metropolitan areas and taking into account necessary lead time in the development of new colleges, the council found need for two new colleges in the bay area and one in Ventura County "soon after 1970." Each of these three areas was found to have a potential enrollment large enough to justify the establishment of a new college prior to the time (1980 or beyond) when existing colleges may be expected to reach their capacity.

Kern County was found to be the last remaining area of the state with a sufficiently large college-age population which does not have reasonable access to an existing public four-year institution of higher education. Although well behind the other areas in enrollment potential, it is expected to be able to provide an enrollment of about 3,800 after an initial 10-year period of development without diverting students from other colleges, as would be the case with new institutions in the other three areas.

University Campuses

With respect to the need for new campuses of the University, the council found that a new campus in any one of three areas, the San Joaquin Valley, the Los Angeles area and the San Francisco Bay area, would grow rapidly enough to meet the minimum enrollment criterion of about 5,000 students within a 7- to 10-year period after opening. A campus in the San Joaquin Valley, however, would have to draw heavily from other areas in order to do so. Therefore, finding a definite need for one new campus to be authorized about 1970 and assuming priority should be based on relative enrollment potential, the council's report suggests a new campus for either Los Angeles or the north San Francisco Bay area with preference for Los Angeles.

The report contained no information directly relevant to the question of the desirability of authorizing a specialized graduate campus in the San Joaquin Valley.

Junior Colleges

In reviewing the need for additional junior college facilities, the Coordinating Council found that 80 percent of the state's assessed valuation and 80 percent of high school attendance is now included within districts which maintain junior colleges. Eleven new junior colleges have been organized in the 21 areas found to be specifically in need of junior college facilities in the Master Plan, and the remaining areas have either been annexed to other districts or have new facilities in the planning or construction stage.

Higher Education—Continued

On the other hand, the council notes that within that 20 percent of the state's assessed valuation which is outside any junior college district there are large pockets of wealth which should be brought in to support the junior college system. The council offered no specific suggestions, however, as to how this might be accomplished.

In its consideration of the council's recommendations as to new state colleges and new campuses of the University, but particularly the former, we believe that the Legislature should make certain that there will be sufficient lead time between the authorization for a new institution and its actual opening. A lead time of at least five years is required in order to permit careful selection of a site and the preliminary planning necessary to ensure maximum efficiency in initial operation. Recent experience with new colleges has shown that when this is not done the average cost per student can continue for several years at between two and three times that for colleges which have been planned and developed more carefully. Such high cost institutions in effect divert both capital and current funds from the more efficiently operated larger institutions.

As to the question of the advance purchase of sites, a careful reading of the council's recommendations indicates that it will recommend such action only on a case by case basis and only when it is certain that a new institution will be necessary for the area concerned. If this is true, there will be so little difference between its recommendation to acquire a site and its recommendation to authorize a new institution that the two may be, and will be, taken as the same.

YEAR-ROUND OPERATION

The 1964-65 Analysis of the Budget Bill summarized historical developments through 1962-63 relating to the conversion of the academic calendars of the University of California, the California State Colleges and California's junior colleges to some all-year system of operation in order to improve the use of physical plants. This is a report on the progress made during and since 1963-64, with particular emphasis on replies to questions raised in the 1964-65 Analysis of the Budget Bill.

The most significant achievement during 1963-64 was the Coordinating Council's endorsement of the quarter system as the most flexible type of calendar within which to operate facilities on a year-round basis and the subsequent adoption of the quarter system by both the University of California and the California State Colleges.

The Regents also authorized the president of the University to spend \$250,000 to study necessary curricular and educational changes. By July 1964, the Regents approved the following time schedule:

1. Santa Cruz, San Diego and Irvine will begin operating on the quarter system (three quarters initially) in 1965-66.
2. All other campuses will begin the quarter system in 1966-67.
3. One or more campuses will begin year-round operations in 1966-67, although no specific campuses were named.

The endorsement of year-round operations by the Regents and the State College Trustees is based on the qualification that sufficient addi-

Higher Education—Continued

tional funds will be appropriated to operate the fourth quarter without decreasing the current quality of instructional programs.

The California State Colleges received an appropriation of \$233,873 to begin planning for year-round operations in 1964-65. A pilot program is to begin operation at the Hayward campus in June 1965.

Our recommendation in the 1964-65 Analysis of the Budget Bill that specific information be submitted to the Legislature was approved and answers have subsequently been received by the Legislative Analyst. The information requested included:

"1. Estimated savings in capital outlay and increases in enrollment capacity to be achieved by increased utilization of existing and new facilities over the next 10 years;

"2. Estimated increases in total support budgets over each of the next 10 years resulting from conversion to year-round operation;

"3. The timetable to be followed within each system to extend year-round operation throughout the system;

"4. Steps which have been and are to be taken to assure reasonable articulation of the proposed quarter system calendars with those of the public schools.

"We further recommend that the Coordinating Council, with the assistance of the State Department of Education and the junior colleges, prepare a report as to action to be taken by the junior colleges to implement year-round operation of their programs in cooperation with the university and state colleges."

University of California

The cumulative net savings due to year-round operations is estimated to be \$37.3 million by 1970-71 and \$55.0 million by 1975-76. Data are based on 1963 dollars. Annual estimates for increased operating costs, differences in enrollment and capital outlay savings for the next 10-year period were received but have not been included in this analysis due to the many qualifications which would have to accompany their presentation. Because there is no experience upon which to base estimates, they of necessity are highly theoretical. No absolute timetable by campus has been adopted by the Regents except to the extent reported above, but an assumed schedule was used for purposes of estimating increased operating costs and capital outlay savings.

California State Colleges

The current goal of the state colleges is to have all colleges operating year-round by 1975. The California State College at Hayward is currently scheduled to begin year-round operations in the summer of 1965 with the California State College at Los Angeles following in 1966. The new state colleges at San Bernardino and Palos Verdes will open on the quarter basis but will not operate initially on a year-round schedule. Schedules are being negotiated with other campuses.

Estimates for support budget costs, enrollment revision and capital outlay savings have been prepared. Net state savings by 1975-76 are estimated to be \$26.9 million assuming that summer quarter enrollment is 40 percent of fall enrollment and \$58.5 million if summer enrollment equals 50 percent. Estimates are based on 1963 dollars.

COORDINATING COUNCIL FOR HIGHER EDUCATION

ITEM 101 of the Budget Bill

Budget page 246

FOR SUPPORT OF THE COORDINATING COUNCIL FOR
HIGHER EDUCATION FROM THE GENERAL FUND

Amount requested	\$352,505
Estimated to be expended in 1964-65 fiscal year	351,218
Increase (0.4 percent)	\$1,287
TOTAL RECOMMENDED REDUCTION	None

PROGRAM PLANS AND BUDGET

The Coordinating Council for Higher Education was created by the Donahoe Higher Education Act of 1960, in accordance with the Master Plan for Higher Education, to provide for voluntary coordination in the development of higher education in California among the junior colleges, state colleges, university and private institutions. There are 15 members on the council, of which three are appointed by the Governor to represent the general public, three are appointed by the private colleges and universities, three are appointed by the Regents of the University of California, three are appointed by the Trustees of the California State Colleges and three are appointed by the State Board of Education to represent the junior colleges.

The council selects its own director and permanent staff which now consists of 13 professional and 6 clerical positions. The council has also established a number of permanent and *ad hoc* committees, composed of representatives of the four segments and certain state agencies, to assist it in several specific areas of concern.

Under the terms of the Donahoe Act, the council is to perform the following functions, advisory to the governing boards of the institutions of public higher education, the Governor, the Legislature and other appropriate state officials: (1) it is to review and comment upon the annual budget requests of the University and the state colleges; (2) it is to assist in the delineation of the functions of the University, the state colleges and the junior colleges and counsel as to the programs appropriate to each segment; and (3) it is to develop plans for the orderly growth of public higher education and to make recommendations as to the need for and location of new facilities and programs. The council is empowered to request of the public institutions any pertinent information necessary to the fulfillment of its responsibilities. In addition, it is the stated policy of the Legislature to authorize or acquire only such new institutions of public higher education as are recommended by the Coordinating Council.

On a continuing basis the council has been concerned with the annual review of University and state college budget proposals and salary increase requests, coordination in the area of continuing education, development of effective admission and retention standards, improvement in the budget formulation and submission process, and further strengthening of the junior college system. Its most important contribution to date has been made, however, through special studies and reports in

Coordinating Council for Higher Education—Continued

certain specific problem areas such as the need for additional centers of higher education, year-round operation, medical education and the financing of auxiliary enterprises facilities. On page --- we have listed the principal studies undertaken by the council during the past three years together with those which are planned or in progress at the present time.

The Coordinating Council has also been designated as the state agency responsible for carrying out the provisions of Title I of the federal Higher Education Facilities Act of 1963. Under this act the federal government is expected to make available annually, over the next several years, approximately \$23,600,000 in matching grants for the construction of academic facilities for both public and private institutions of higher education in California. Of the total annual amount, approximately \$3,700,000 will be for public junior colleges and the balance of \$19,900,000 for four-year institutions. The duties of the council are to prepare a state plan for the administration and allocation of the federal funds, to screen applications for specific grants and to prepare project priority lists.

In November of 1964 the council completed preparation of the necessary state plan for four-year institutions and junior colleges for submission to the federal Commissioner of Education for his approval. The plan, which has now been approved, is essentially a system for awarding priority points to individual projects in order to make the most effective use of the federal funds within the terms of the act. In general the proposed priority point system takes into account enrollment and capacity growth, utilization standards, availability of matching funds, enrollment of foreign students, increases in faculty salaries and library expenditures, and gives special emphasis to library projects. An effort has been made to insure the full participation of private institutions by establishing a ceiling on the amount any single campus may receive annually and by taking into account percentage as well as absolute growth.

Applications for junior colleges will be received on or before February 26, 1965 and each December 31 and March 31 thereafter. The application closing dates for four-year institutions are January 31, 1965 and March 31, 1965 and each December 31 and March 31 thereafter. All applications received by these dates will be considered together and, if eligible, will be assigned relative priority positions for federal aid according to the provisions of the plan.

In support of the council's activities under the Donahoe Act the 1965-66 Budget provides for a total expenditure of \$352,505, an increase of \$1,287 or 0.4 percent over currently estimated expenditures for 1964-65. Expenditures for personal services will increase by \$12,387, of which \$4,344 is for one proposed new temporary help position to assist with the processing of material for special and regular reports, and the balance is for merit salary increases and staff benefits. The increase for personal services is to be offset in greater part by a reduction of \$10,468 in operating expense and \$632 in equipment.

Coordinating Council for Higher Education—Continued

The council is authorized to receive up to \$120,000 annually in federal funds in support of its activities under the federal facilities act. Although the exact details of a budget for this purpose have not been settled, it is proposed that a staff of 10 positions be established administratively for 1964-65 and continued into 1965-66 at a budget year cost, including operating expense and equipment, of \$117,621.

Using the 1965-66 workload budget as our base, we have attempted to project workload expenditures for state support of the activities of the Coordinating Council as shown in Table I. Inasmuch as there is no readily applicable service unit to be applied to past and present levels of expenditure, the projected annual increases for the period 1965-66 through 1970-71 and out to 1974-75 take into account only a factor of 2.85 percent for salary and price increases and a factor of 1 percent per year for minimum expansion, based on past experience, of expenditures for contract services, computer charges and similar operating expense.

Table I
Coordinating Council for Higher Education

	1965-66 budget	Adjustment factor	Total state support
1965-66	\$352,505	--	\$352,505
1966-67	352,505	1.0385	366,076
1967-68	352,505	1.0785	380,177
1968-69	352,505	1.1200	394,806
1969-70	352,505	1.1631	409,999
1974-75	352,505	1.4050	495,270

REVIEW OF AGENCY ACCOMPLISHMENTS

Since its establishment in 1961 under the provisions of the 1960 Donahoe Act, the Coordinating Council for Higher Education has evolved slowly toward becoming a body which exercises significant leadership with respect to the development of higher education in California.

As regards its three main statutory functions, the council has a mixed record of accomplishment. It has contributed very little through its annual review of University and state college budget requests, largely because of a failure to adopt a viewpoint which is significantly broader than that of any one of the individual segments. In the area of functional delineation it has not been particularly active, except with respect to continuing (adult) education where some initial progress has been made toward eliminating long standing jurisdictional disputes and avoiding unwarranted competition.

The area in which the council has thus far made its greatest contribution is that of developing plans for the orderly growth of higher education with respect to specific matters of current educational concern. By means of special studies undertaken at the direction of the Legislature or upon its own initiative, the council has provided very useful information and guidance as to the expansion of medical education facilities, the initiation of year-round operation, the implementation of master plan admission standards, the assessment of student fees and the need for additional centers of higher education.

Coordinating Council for Higher Education—Continued

The following is a list of the major special studies undertaken or to be undertaken by the council, together with actual or planned report dates:

<i>Subject</i>	<i>Report date</i>
A. Studies completed:	
1. A Ten-Year Plan for the Expansion of Medical Education Facilities -----	January 1963
2. Implementation of Master Plan Admission Standards -----	February 1963
3. Student fees and support of auxiliary services. -----	February 1963
4. Interim report on the need for additional centers of higher education -----	May 1963
5. Continuing education programs in California higher education -----	July 1963
6. Faculty opinion toward salary, fringe benefits and working conditions -----	August 1963
7. Selection of a calendar for year-round operation -----	January 1964
8. The need for additional programs and facilities for dental education -----	February 1964
9. Cost estimates for year-round operation -----	March 1964
10. State college and university admission and diversion policy for lower-division students -----	July 1964
B. Studies in progress or planned:	
1. The development of dental education -----	1965
2. The need for additional centers of higher education in California -----	1965
3. Higher education cost and statistical study -----	1965
4. Part-time students in California higher education -----	1965-66
5. Methods for improving the higher education budget development process -----	1965-66
6. Higher education for culturally disadvantaged students in California -----	1965-66
7. Improvement of junior college accounting and budgeting practices -----	1965-66
8. Improvement of higher education data collection methods -----	1965-66

In addition to these studies, the council's staff also prepared during 1963-64 a number of smaller studies related to year-round operations, faculty salaries, admission and diversion policies, state support for junior colleges, and student fees, as well as the regular annual report on the support and capital outlay budgets of the University and state colleges.

ANALYSIS AND RECOMMENDATIONS

We recommend approval of this item as budgeted.

POLICY OPTIONS

1. We believe that the effectiveness of the Coordinating Council could be significantly improved by eliminating the right to vote proxies by segment. This would tend to produce better attendance at meetings and result in greater individual participation in decision-making by the members of the council.

2. We also believe that consideration should be given to expanding public representation on the council so as to broaden the viewpoint of the council as a whole and give expression to public policies which go beyond the interests of the individual segments.

WESTERN INTERSTATE COMMISSION FOR HIGHER EDUCATION

ITEM 102 of the Budget Bill

Budget page 249

FOR SUPPORT OF THE WESTERN INTERSTATE COMMISSION
FOR HIGHER EDUCATION FROM THE GENERAL FUND

Amount requested	\$15,000
Estimated to be expended in 1964-65 fiscal year	15,000
Increase	None

TOTAL RECOMMENDED REDUCTION	None
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PROGRAM OF PLANS AND BUDGET

The Western Regional Higher Education Compact was ratified in 1953 with the objective of promoting better cooperation among the western states in those areas of higher education pertaining to medicine, dentistry, veterinary medicine, and public health. The compact now includes all 13 western states and is administered by the Western Interstate Commission for Higher Education (WICHE) which consists of 39 members, three from each state. The central staff is located in Boulder, Colorado.

Since its formation, WICHE has taken on additional objectives, including the improvement of regional training and research in the areas of mental health, nursing, juvenile delinquency and education for handicapped children. It also operates a student exchange program in certain fields, conducts surveys of special regional manpower needs and counsels colleges and universities on educational administration.

Approximately four-fifths of its income, excluding student exchange payments, comes from grants from private and public agencies other than the member states. For 1965-66, as for the current year, each member state is to contribute \$15,000 as its share of the cost for the commission's programs.

REVIEW OF AGENCY ACCOMPLISHMENTS

In 1963-64 WICHE continued to sponsor conferences on nursing, juvenile delinquency and psychiatry and to conduct surveys of manpower needs in dentistry, medicine, nursing and mental health. Through its student exchange program 491 medical, dental and veterinary students from western states without such schools were enabled to attend institutions within the region without having to pay nonresident tuition. Under this program the states in which the students reside pick up the cost of nonresident tuition, which in 1963-64 amounted to over \$800,000. Summer programs were conducted to recruit college students into the fields of mental health, social work and corrections. In cooperation with the Center for Study of Higher Education at Berkeley, an institute was held to help college administrators study problems in the areas of academic administration, long-range planning, budgeting and student activities.

RECOMMENDATIONS

We recommend approval of this item in the amount budgeted.

UNIVERSITY OF CALIFORNIA

ITEM 103 of the Budget Bill

Budget page 250

FOR SUPPORT OF THE UNIVERSITY OF CALIFORNIA
FROM THE GENERAL FUND

Amount requested	\$194,990,739
Estimated to be expended in 1964-65 fiscal year	178,713,281
Increase (9.1 percent)	\$16,277,458
Increase to improve level of service	\$493,088

TOTAL RECOMMENDED REDUCTION \$803,837

Summary of Recommended Reductions

	Amount	Budget Page Line	
From amount requested to maintain existing level of service:			
1. Maintenance and operation of plant	\$223,870	275	10
2. General institutional services—University Press	351,230	276	55
3. University extension	228,737	274	60

PROGRAM PLANS AND BUDGETS

The proposed support budget of the University of California totals \$293,579,879 for 1965-66, of which \$195,325,639 is state funds. This represents a 9.1 percent or \$16,277,458 increase in state funds. A functional breakdown for 1965-66 appears in Table I.

Although University responsibilities include research and public service as well as undergraduate and professional school instruction, the growth of the institution is generally equated to student enrollment. The 1965-66 budget is based on an estimated increase of 10,403 students (15.2 percent), to bring the total annual average enrollment to 79,062. If achieved, it would represent the largest percentage enrollment increase in the last 10 years.

These enrollment estimates predict a higher percentage increase in lower division students (+19.7 percent) than either upper division (+13.7 percent) or graduate (+11.9 percent) students over the latest estimates for 1964-65. This increased rate of growth in the University as a whole and at the lower division in particular is based in part on the high rate of post World War II babies which started reaching college age in 1963. Other reasons include California's increasing population and the increasing proportion of eligible high school graduates who are applying for entrance to the University. The long-term trend in the university toward a greater percentage of graduate students (25.5 percent in 1954-55, 31.6 percent in 1965-66) has temporarily leveled off because of the tremendous surge of lower division students. However, the number of graduate students continues to increase at a rapid pace which will accelerate even more in future years. Table II located on page 316 traces enrollment increases, by level of student since 1954-55. The latest projection for 1970 is also included.

University of California—Continued

Table I
University of California Proposed Budget 1965-66

	<i>Total</i>	<i>State General Fund</i>	<i>University funds</i>
University Support Budget:			
1. General administration -----	\$10,878,047	\$9,874,564	\$1,003,483
2. Instruction and departmental research -----	102,515,111	93,001,937	9,513,174
3. Summer sessions -----	2,224,020	-	2,224,020
4. Organized activities -----	27,181,315	7,662,314	19,519,001
5. Organized research -----	32,203,025	29,470,715	2,732,310
6. Libraries -----	12,076,355	11,229,539	846,816
7. Extension and public service -----	21,688,248	7,449,397	14,238,851
8. Maintenance and operation of plant -----	17,328,089	15,853,724	1,474,365
9. Student services -----	12,834,472	3,408,964	9,425,508
10. Staff benefits -----	15,784,019	15,731,019	53,000
11. General institutional services -----	4,897,087	3,831,852	1,065,235
12. Provisions for allocations, less budgetary savings -----	6,768,430	(-2,404,803)	9,173,233
Total Education and General -----	\$266,378,218	\$195,109,222	\$71,268,996
13. Auxiliary enterprises -----	26,076,885	-	26,076,885
14. Student aid -----	1,124,776	216,417	908,359
Total University Support Budget -----	\$293,579,879	\$195,325,639¹	\$98,254,240
Funds Not Included in Support Budget:			
15. Sponsored research and other expenditures -----	\$107,985,000	\$1,823,000	\$106,162,000
16. Special federal (AEC) research projects -----	246,474,581	-	246,474,581
Total funds not included in support of budget -----	\$354,459,581	\$1,823,000	\$352,636,581
Grand Total of All University Funds -----	\$648,039,460	\$197,148,639	\$450,890,821

¹ Includes Item 104, seawater conversion research.

Table II
University of California
Average Annual Enrollment

<i>Year</i>	<i>Enrollment</i>	<i>Percentage distribution</i>		
		<i>Lower- division</i>	<i>Upper- division</i>	<i>Graduate</i>
1954-55 actual -----	34,581	35.1	39.4	25.5
1959-60 actual -----	48,748	32.5	39.7	27.8
1964-65 estimated -----	70,164	34.3	33.9	31.8
1965-66 estimated -----	79,062	35.3	33.1	31.6
1969-70 projected -----	90,500	30.5	36.6	32.9

The plan of growth of the University calls for a redirection of students from the Berkeley and Los Angeles campuses as these campuses reach their capacities of 27,500 students each. The redirection of students will be mainly to the Davis, Santa Barbara and Riverside campuses between 1965-1970. After 1970 the Irvine, Santa Cruz and San Diego campuses will absorb most of the rise in total enrollment.

University of California—Continued

Fall, 1965, will feature the enrollment of the first students at the Santa Cruz and Irvine campuses. Santa Cruz will open with a class of 500 and Irvine with 1,000. Both campuses are master planned for a capacity of 27,500. Other University plans for 1965-66 include a 490,000 volume increase in various campus library collections, the continued development of the new medical school at San Diego, the continued growth of the new dental school at Los Angeles, an increase in class capacity from 52 to 80 students at the School of Veterinary Medicine at Davis, the expansion of the medical school at San Francisco, and the continued preparation of the new law school at Davis. The new Davis law school is scheduled to admit its first class in fall of 1966. Agricultural research will emphasize farm mechanization and improvements in the efficiency of farm labor.

1. General Administration

1964-65	1965-66	Increase	
		Amount	Percent
\$10,232,553	\$10,878,047	\$645,494	6.3

General administration includes universitywide and campus administrative responsibilities. Expenditures for administrative services relate to programs within the support budget (including such auxiliary enterprises as parking and residence halls) and also to extramurally funded research not incorporated in the support budget. Campus personnel classified under general administration include chancellors and their immediate staffs, budgeting, accounting and purchasing personnel, architects and engineers, business managers, campus development staff, cashiers, and personnel employees. There is currently no clear definition of what proportion of total administrative expenditures relate to support budget programs as opposed to sponsored research or other non-support budget expenditures. Approximately 91 percent of proposed general administration expenditures consists of state funds. General administration will decrease from 3.1 percent of the University's combined support budget and extramurally financed activities in 1964-65 to 2.98 percent in 1965-66.

The entire \$645,494 (6.3 percent) increase is for workload increases and is based mainly on an estimated 15.2 percent rise in enrollment, an estimated 15 percent increase in grants and contracts for extramurally funded research and administrative needs at the newer campuses. Proposed increases for 115.94 new positions and other expenses include \$91,630 for universitywide administration, \$225,251 for the three newest campuses and \$328,613 for the other six campuses.

Workload data includes a campus-by-campus comparison of the estimated ratio of general administration to education and general expenditures for 1965-66 based on the proposed budget. Percentage ratios are expected to decline from the current fiscal year on all campuses except Los Angeles.

University of California—Continued

Ratio of General Administration to Education and
General Expenditures * 1965-66

<i>Campus</i>	<i>Percent 1965-66</i>
Berkeley -----	1.86
Davis -----	2.17
Irvine -----	†
Los Angeles -----	1.75
Riverside -----	3.21
San Diego -----	3.18
San Francisco -----	1.61
Santa Barbara -----	3.25
Santa Cruz -----	†
Universitywide administration -----	1.19†
Entire university -----	2.96

* Including grants and contracts.

† Not calculated for new campuses.

‡ Excludes grants and contracts.

2. Instruction and Departmental Research

<i>1964-65</i>	<i>1965-66</i>	<i>Total Increase</i>	
		<i>Amount</i>	<i>Percent</i>
\$91,454,576	\$102,515,111	\$11,060,535	12.1

This function includes the cost of teaching staff and related support for eight general campuses and two medical schools, and in 1965-66 accounts for 35 percent of the University's support budget. The \$102,515,111 cost represents an \$11,060,535 (12.1 percent) increase over the current budget year. Approximately 91 percent of these proposed expenditures are from state funds.

a. Workload increase ----- \$10,907,767

The proposed increase for workload factors only is based on a 15.2 percent estimated enrollment growth, with the proportion of total graduate and undergraduate students remaining about the same as in 1963-64. The workload increase will finance 1,205.6 new academic and nonacademic positions, a 12.8 percent increase over the 9,319.60 positions budgeted for the current fiscal year. Proposed teaching positions include 674.2 faculty and 165.4 teaching assistants. Proposed nonteaching positions consist of 363.52 secretaries, administrative assistants and other nonacademic support. Approximately 30 percent of increased workload funds is for the three new campuses at Irvine, San Diego and Santa Cruz.

The proposed workload increase is designed to maintain the current quality of teaching, departmental research, public service and other university responsibilities. At present any quantitative measurements of quality are limited in application to the teaching function and are at best rudimentary, being limited mainly to unweighted and weighted student-faculty ratios. Average cost per student and support cost per faculty member is also compiled but its principal value is cost control rather than quality measurement. The proposed workload increase for 1965-66 for established campuses is based upon maintaining the same student-faculty ratios and cost per faculty as

University of California—Continued

estimated for 1964-65. A summary of selected data for 1965-66 includes:

(1) Enrollment (average annual)—1965-66

Lower-division	27,874	35.2
Upper-division	26,197	33.1
Graduate	24,991	31.7
Totals	79,062	100

- (2) Student-faculty ratios (See page 332 for a definition of weighted and unweighted student faculty ratios. Unweighted ratios are based on student credit hour F.T.E. calculations and weighted ratios assign weights of 1.00 to lower-division, 2.5 to upper-division and 3.75 to graduate students):

<i>Campus</i>	1965-66	
	<i>Unweighted ratio</i>	<i>Weighted ratios</i>
Berkeley	16.31	42.35
Davis	14.77	28.76
U.C.L.A.	18.11	44.00
Riverside	13.71	28.02
Santa Barbara	15.85	28.20

- (3) Average costs per student for instruction and departmental research only.

1965-66	
Lower-division	\$821
Upper-division	1,055
Graduate	1,646
All levels	\$1,151

- (4) Average support per F.T.E. faculty member data for clerical help, readers, part-time assistance, supplies and equipment serves as an indicator of the differences in faculty support costs between campuses.

<i>Campus</i>	1965-66
Berkeley	\$4,499
Davis	4,345
Irvine	7,000
U.C.L.A.	4,206
Riverside	3,492
San Diego	7,142
Santa Barbara	2,675
Santa Cruz	4,500

Selected workload data for the San Francisco Medical Center and Los Angeles Center for the Health Sciences reflecting anticipated performance for 1965-66 includes:

- (5) Average annual enrollment (includes both graduate and undergraduate students).

University of California—Continued

<i>School</i>	<i>San Francisco</i>	<i>Los Angeles</i>
Dentistry -----	366	72
Medicine -----	1,108 *	773 †
Nursing -----	366	176
Pharmacy -----	364	none
Public Health -----	none	209
Totals -----	2,204	1,230

* Includes 473 medical students.

† Includes 288 medical students.

- (6) Student-faculty ratios (unweighted ratios are based on student head counts):

	<i>Unweighted</i>
San Francisco Medical Center -----	5.98
Los Angeles Center for the Health Sciences -----	4.20

- (7) Average costs per student (instruction and departmental research).

	<i>1965-66</i>
San Francisco Medical Center -----	\$3,965
Los Angeles Center for the Health Sciences -----	5,485

- b. New or improved programs ----- \$152,768

The new medical school at the San Diego campus is budgeted to receive \$152,768 for seven new F.T.E. academic positions (\$95,500) and half-year nonacademic clerical and laboratory assistance (\$57,268). The new positions are requested to prepare plans to assume direction of clinical services at the San Diego County Hospital on July 1, 1966.

3. Summer Sessions

		<i>Total increase</i>	
<i>1964-65</i>	<i>1965-66</i>	<i>Amount</i>	<i>Percent</i>
\$2,020,470	\$2,224,020	\$203,550	+10.1

Summer sessions are self-supporting. The estimated \$203,550 increase in expenditures is identical to the estimated increase in summer session tuition income. Tuition during the summer of 1964 was identical for resident and nonresident students and totaled \$85 for a six-week session. Cumulative enrollment is expected to increase 11.4 percent at the five University campuses offering summer sessions: Berkeley, Los Angeles, Santa Barbara, Davis and, for the first time in the summer of 1965, Riverside.

Estimated Enrollment—Summer 1965

	<i>Students</i>
Berkeley -----	11,200
Davis -----	950
Los Angeles -----	10,000
Santa Barbara -----	1,700
Riverside -----	1,000
Total -----	24,850

University of California—Continued

4. Organized Activities

1964-65	1965-66	Total increase	
		Amount	Percent
\$26,519,638	\$27,181,315	\$661,677	2.5

Organized activities are financed from many sources. State funds constitute 28.1 percent or \$7,662,314 while roughly 60 percent of the total cost of organized activities is financed from the activities themselves. Other sources include student fees, gifts, endowment funds, etc. Nearly 91 percent of the proposed state funds are for the teaching hospitals and clinics.

Estimated unit cost data for a teaching hospital appear as follows:

	1965-66	
	San Francisco	Los Angeles
Number of beds -----	565	375
Percent of occupancy -----	80.8	79.6
Cost per patient day -----	\$62.51	\$79.44
Cost per outpatient visit -----	\$13.49	\$14.45

5. Organized Research

1964-65	1965-66	Total increase	
		Amount	Percent
\$31,815,512	\$32,203,025	\$387,513	1.2

Activities included in the Governor's Budget under Organized Research appear in the following categories:

Proposed Budget 1965-66

	Amount	Percent
Institutes and bureaus -----	\$10,661,770	33.3
Faculty research grants -----	1,552,471	4.8
Travel to professional meetings -----	320,249	1.0
Agriculture, forestry and veterinary medicine	18,078,249	56.0
Other -----	1,590,286	4.9
Total -----	\$32,203,025	100.0

Over 90 percent of the \$32,203,025 budgeted for 1965-66 constitutes state funds. The \$387,513 workload increase is broken down as follows. Sponsored research projects funded from contracts, grants, gifts, endowments and other types of University funds are excluded from the support budget.

- a. Institutes and bureaus, increase ----- \$8,086

There are approximately 50 organized research units at the Berkeley campus, 30 at U.C.L.A., 3 each at Davis and Riverside excluding agriculture, 6 at San Diego and 2 at Santa Barbara. The only increase in the Governor's Budget relates to an anticipated 2 percent increase in printing costs.

- b. Faculty research grants, increase ----- \$193,048

State funds are provided for research grants which may be awarded to faculty with tenure on the recommendation of Academic Senate Committees on Research. These funds serve as a basis for

University of California—Continued

attracting nonstate funds for research and enable those disciplines which may not have many private sources for research grants at any given time to also develop research projects.

The proposed workload increase provides \$360 per proposed new F.T.E. faculty position.

- c. Travel to professional meetings, increase ----- \$35,217

Applications for travel grants in connection with research and professional activities are acted upon by chief campus officers on the recommendation of the Committee on Research of the Academic Senate. Increased state funds are proposed for 1965-66 at the rate of \$60 per proposed new F.T.E. faculty.

- d. Agriculture, increase ----- \$94,579

The workload increase for research in agriculture consists mainly of \$55,316 to match a private gift for research at the Davis campus.

- e. Other increases ----- \$56,583

Other proposed workload increases include a provision for increases both in the cost of publishing and the volume of publications, \$55,344, and increased endowment income for cancer research, \$1,239.

6. Libraries

1964-65	1965-66	Total increase	
		Amount	Percent
\$11,409,075	\$12,076,355	\$667,280	5.8

The proposed increase in library expenditures for library acquisitions and binding, staff, and supplies and equipment is due mainly to the estimated 15.2 percent enrollment increase, library development at the three new campuses, a new law library at Davis and a new medical library at San Diego. Approximately 93 percent of total expenditures constitute state funds.

Total library expenditures for 1965-66 are distributed as follows:

	Amount	Percent
Books, periodicals and binding -----	\$4,161,360	34.4
Library staff -----	7,143,176	59.2
Supplies, equipment and other expenses -----	771,819	6.4
	<hr/>	
	\$12,076,355	100.0
Expenditures per F.T.E. faculty -----	\$2,236	
Expenditures per F.T.E. student -----	153	

- a. Workload increase ----- \$326,960

Proposed workload increases provide a 2.9 percent increase in library expenditures for books, binding expenses, supplies, and 49.7 new positions. Book acquisitions are maintained at the same level as 1964-65 and library budgets at the three new campuses are reduced \$72,688.

University of California—Continued

b. New or improved programs----- \$340,320

Improvements and new programs consist of \$163,872 to continue preparing the law library at the new Davis law school to accommodate the first law class in fall 1966 and \$176,448 for the new medical library at San Diego to maintain the same growth rate funded initially in the capital outlay budget in 1964-65.

c. Selected workload data

	1965-66
(1) Library volumes per student-----	94
(2) Library volumes per faculty-----	1,371
(3) Proposed number of new volumes-----	490,544
(4) Total library collections including proposed new volumes-----	7,405,727
(5) Library staff:	
reference-circulation staff -----	633.91
acquisitions-processing -----	610.52

Total staff (includes 49.70 proposed new positions) _ 1,244.43

7. Extension and Public Service

1964-65	1965-66	Amount	Percent
\$20,379,415	\$21,688,248	\$1,308,833	6.4

Approximately 34.7 percent of the \$21,688,248 proposed for university extension, agricultural extension and public service programs constitutes state funds.

	State funds	University funds	Total
University extension -----	\$1,107,264	\$11,700,673	\$12,807,937
Agricultural extension -----	6,078,531	1,666,290	7,744,821
Public service -----	263,602	871,888	1,135,490
Totals -----	\$7,449,397	\$14,238,851	\$21,688,248

The entire proposed increase of \$1,308,833 for extension and public service programs is for workload increases. Of the total proposed increase, \$1,258,909 (including \$228,737 of state funds), corresponds with an estimated 10 percent rise in enrollment in University Extension programs. Total University Extension enrollment for 1965-66 is estimated to be 266,200. A \$3,500 state fund increase in agricultural extension due to increased printing costs, and a \$2,000 state fund increase for public service programs brings the total state fund increase to \$234,237. Other increases total \$44,414 from student incidental fees and endowments to expand campus public service cultural programs and a \$70,000 nonstate increase in University Extension auxiliary programs (Repertory Theater).

8. Maintenance and Operation of Plant

1964-65	1965-66	Amount	Percent
\$15,377,681	\$17,328,089	\$1,950,408	12.7

University of California—Continued

The repair, maintenance and operation of the physical plants at the eight general campuses and two medical schools will account for approximately 6 percent of the university's total support budget during 1965-66. The maintenance and operation of plant section of the budget is financed mainly from state funds (nearly 92 percent for 1965-66) and includes a staff of 2,164.1 existing and 255.5 proposed new positions. Unit costs, based on the cost per square foot of outside gross square feet, are maintained for the following nine functions:

Proposed Unit Costs, 1965-66, All Campuses		Proposed unit cost per square foot *
Function		
Superintendence	-----	\$0.040
Building maintenance	-----	0.163
Grounds maintenance	-----	0.107
Janitorial service	-----	0.240
Police	-----	0.051
Refuse Disposal	-----	0.017
Utilities	-----	0.220
Miscellaneous	-----	0.019
Major repairs and alterations	-----	0.036
Unit cost for total expenditures		\$0.893
Total estimated outside gross square feet		19,404,678

* These unit cost data are comparable to actual cost data but not budgeted unit cost data in either the Regents' or the Governor's 1965-66 Budgets.

The workload increase of \$1,950,408 (12.7 percent) for 1965-66 is based on an estimated 14.1 percent increase in gross outside square feet and anticipated cost increases. Factors predicted to partially offset cost increases are economies of scale at the rapidly growing campuses and improved efficiency. There is a major increase in utilities, from 20.2 to 22.0 cents per unit. This is due largely to an increase in the consumption of electricity per unit because of increasing demands for power for research uses and an expanding use of air conditioning. Unit costs for the other functions will decline from 1964-65 estimates.

Total unit costs on a per campus basis vary widely. Estimated unit costs include:

Proposed Outside Gross Square Feet and Unit Costs of Maintenance and Operation by Campus—1965-66		Proposed unit cost per square foot
Campus	Outside gross square feet	
Berkeley	6,591,488	\$0.764
Davis	2,698,515	0.965
Irvine	434,199	1.492
Los Angeles	5,414,202	0.749
Riverside	1,139,197	1.032
San Francisco	907,636	1.098
Santa Barbara	1,154,518	1.075
San Diego	892,323	1.459
Santa Cruz	172,600	1.523
All Campuses	19,404,678	\$0.893

University of California—Continued

Factors accounting for variances in unit costs relate in part to the different stages of development of the campuses. For example, unit costs at the most mature campuses, Berkeley and Los Angeles, are similar and are also the lowest. Conversely, the highest unit costs are at the newest campuses at San Diego, Santa Cruz and Irvine. The higher unit costs should tend to decrease in future years.

9. Student Services

1964-65	1965-66	Total increase	
		Amount	Percent
\$11,537,548	\$12,834,472	\$1,296,924	11.2

The many programs included under student services are generally classified according to whether they are financed from student sources such as student incidental fees or the general funds of the University. Examples of student-supported programs include student health services, placement, student counseling, recreational facilities and housing services. Roughly two-thirds of the total 1965-66 student services budget is for student-financed programs. Student services constitute about 4 percent of the University's support budget. Principal University-supported functions are financed mainly from state funds and include the registrars, admissions and dean of students offices.

A workload increase totaling \$1,296,924 (11.2 percent) is proposed for 1965-66. This is based on estimated enrollment increases and initial amounts necessary to initiate student services at the new Irvine and Santa Cruz campuses. A total of \$1,035,795 is for student supported programs and the remaining \$261,129 consists largely of state funds for University supported functions.

Estimated unit costs for 1965-66 are \$113.86 per student for programs generally financed from student sources, and \$46.08 for services financed from University general funds. The figures represent decreases of 2.6 and 12 percent respectively from the current fiscal year.

10. Staff Benefits

1964-65	1965-66	Total increase	
		Amount	Percent
\$13,493,472	\$15,784,019	\$2,290,547	17

Staff benefits consist of the employer's share of various retirement programs, state compensation insurance and a \$6 per month contribution toward the payment of employee's group health insurance. State funds pay for over 99 percent of the staff benefits.

a. Retirement Programs. The majority of the University of California's employees participate in the University of California Retirement System (UCRS). One notable exception is nonacademic employees employed prior to October 1, 1961, who are still covered under the State Employees' Retirement System (SERS). Retirement system contributions for 1965-66 are as follows:

University of California—Continued

	<i>Amount</i>	<i>Percent of total</i>
University of California Retirement System --	\$8,929,982	65.9
State Employees' Retirement System -----	3,799,841	28.0
O.A.S.D.I. -----	490,545	3.6
Others -----	335,125	2.5
Totals -----	\$13,555,493	100.0

The transition from SERS to UCRS was overestimated for the current fiscal year, which has resulted in deficiencies and accounts for the unusually high budget increase for staff benefits. For 1965-66 it is estimated that SERS membership will decline 9 percent. The OASDI employer contribution rate will increase 13.8 percent effective January 1, 1966, from 3½ to 4½ cents per dollar of salary.

Retirement Programs		
Employer Contribution Rates		<i>Percent</i>
University of California Retirement System-----		8.25
State Employees' Retirement System-----		6.86
OASDI -----		3.75
Both SERS and OASDI-----		10.61

b. Other Staff Benefits. State compensation is estimated to increase substantially by \$200,000 or 53.5 percent and a rise in health insurance contributions reflects an estimated increase in the percentage of employees participating. Currently, approximately 82.2 percent of all eligible University employees participate in the group health insurance program.

11. General Institutional Services

		<i>Total increase</i>	
<i>1964-65</i>	<i>1965-66</i>	<i>Amount</i>	<i>Percent</i>
\$4,638,676	\$4,897,087	\$258,411	5.6

General institutions services includes such functions as clerical pools, mail and messenger services, public information offices, central equipment and furniture pools, publications, etc. The largest single item of increase totals \$89,181 and is for office furniture relating to proposed new positions. Approximately 80 percent of the 1965-66 General Institutional Services budget constitutes state funds.

12. Provisions for Allocation

	<i>1965-66</i>
Provisions for allocation -----	\$13,749,930
Less estimated budgetary savings-----	—6,981,500
	\$6,768,430

Provisions for allocations includes many miscellaneous items such as merit increases and promotions, range adjustments, provisions for price increases, provisions for curriculum revision, etc. A total of \$4,576,997 or 33.3 percent of the \$13,749,930 constitutes state general funds, representing a \$2,794,884 increase in state funds over the current fiscal year. The state fund increase is accounted for as follows:

University of California—Continued

Merit increases and promotions -----	\$3,892,000
Continuation of 1964-65 range adjustment -----	80,000
Price increase -----	114,412
Prevailing wage increase -----	114,725
Administration of NDEA loans -----	42,700
Year-round operations -----	-225,000
Educational placement -----	-283,666
Increased budgetary savings -----	-848,589
Budgetary savings realized -----	-91,698
Total net increase -----	\$2,794,884

13. Auxiliary Enterprises

1964-65	1965-66	Total increase	
		Amount	Percent
\$24,006,093	\$26,076,885	\$2,070,792	8.6

Auxiliary enterprises consist of self supporting facilities such as residence halls, parking lots, intercollegiate athletics, student and staff facilities, and the University Press.

14. Student Aid

1964-65	1965-66	Total increase	
		Amount	Percent
\$994,350	\$1,124,776	\$130,426	13.1

An estimated increase in endowment income for scholarships accounts for the proposed \$130,426 increase in student aid. Approximately \$216,417 of the student aid included in the University's support budget is state general funds.

15. Sponsored Research and Other Expenditures

1964-65	1965-66	Total increase	
		Amount	Percent
\$95,206,000	\$107,985,000	\$12,779,000	13.4

These funds are not included in the University's support budget and are generally not available for the general use of the University. Most of the funds are federal research grants and contracts which have been made to individuals or the University in support of specific research or other projects. Also included in these funds is \$8.5 million for student aid. The estimated sources of funds for 1965-66 consist of:

	Amount	Percent
State of California agreements -----	\$1,823,000	1.7
United States of America grants and contracts ---	92,369,000	85.5
Gifts and private grants -----	10,420,000	9.7
University funds -----	3,373,000	3.1
Totals -----	\$107,985,000	100.0

16. Special Federal Research Projects

1964-65	1965-66	Total Increase	
		Amount	Percent
\$246,474,581	\$246,474,581	--	--

The University of California has federal research contracts with the Atomic Energy Commission. These funds support the Los Alamos Scientific Laboratory in New Mexico, medical biological research and the Lawrence Radiation Laboratory.

University of California—Continued

REVIEW OF AGENCY ACCOMPLISHMENTS

The year 1963-64 was significant for the University of California. Average annual enrollment reached a new high of 63,288 students, new campuses were dedicated at Santa Cruz and Irvine and long-range development plans for the physical growth of campuses were approved in principle by the Regents for the Riverside, U.C.L.A. and San Francisco campuses. Of particular importance to this report is that actual education and general expenditures were within 2.2 percent of the 1963-64 budget in its form when state funds were finally appropriated by the Legislature. A new program of voluntary redirection of new applicants from Berkeley to a campus of the applicant's second choice was successfully launched and the U.C.L.A. library acquired its two millionth book.

Comparisons of budgeted to actual expenditures by program category appear in the following table. Of the \$232,700,050 in actual expenditures for the University's support budget, 67.8 percent or \$158,012,500 consisted of State General Funds.

A comparison of proposed and actual performance data for 1963-64, an analysis of differences between budgeted and actual expenditures, and examples of program accomplishment appear in the same program breakdown as the first "Program Plans and Budgets" section of this analysis. The same format for statistical data is used wherever possible to enable the reader to compare 1963-64 data to 1965-66 estimates.

University of California			
Comparison of Budget to Actual Expenditures for the Fiscal Year 1963-64			
	1963-64 Budget ¹	1963-64 Actual	Difference (decrease)
University Support Budget			
1. General administration	\$9,118,158	\$9,205,211	\$87,053
2. Instruction and departmental research	79,007,336	77,084,184	(—1,923,152)
3. Summer sessions	1,689,415	1,674,736	(—14,679)
4. Organized activities	23,366,274	24,165,849	799,575
5. Organized research	29,701,862	30,449,660	747,798
6. Libraries	9,753,979	11,253,903	1,499,924
7. Extension and public service	17,825,842	19,065,646	1,239,804
8. Maintenance and operation of plant	13,623,861	13,593,874	(—29,987)
9. Student services	9,859,502	9,709,717	(—149,785)
10. Staff benefits	12,334,960	13,643,684	1,308,724
11. General institutional services	4,017,227	4,760,432	743,205
12. Provisions for allocations, less budgetary savings	(—287,766)	—	287,766
Total Education and General	\$210,010,650	\$214,606,896	\$4,596,246
13. Auxiliary enterprises	21,726,303	16,676,103	(—5,050,200)
14. Student aid	1,007,050	1,417,051	410,001
Total University Support Budget	\$232,744,003	\$232,700,050	(—\$43,953)

University of California—Continued

Comparison of Budget to Actual Expenditures for the Fiscal Year 1963-64

	1963-64 Budget ¹	1963-64 Actual	Difference (decrease)
Funds Not Included in Support Budget			
15. Sponsored research and other—	\$84,064,000	\$84,583,409	\$519,409
16. Special federal (A.E.C.) research projects -----	235,953,153	246,474,581	10,521,428
Total funds not included in Sup- port Budget -----	\$320,017,153	\$331,057,990	\$11,040,837
Grand Total of all University Funds—	\$552,761,156	\$563,758,040	\$10,996,884

¹ As shown in the 1965-66 Regents Budget which reflects the status of the budget after state funds had been appropriated for 1963-64 and merit increases had been distributed.

1. General Administration

1963-64		Difference	
Budgeted	Actual	Amount	Percent
\$9,118,158	\$9,205,211	\$87,053	1.0

A new salary policy for administrative and other nonacademic University employees was approved by the regents during 1963-64. The purpose of the new program is to reward superior or greatly improved performance with special 5 or 7.5 percent merit salary increases. Such increases would be in addition to standard one-step merit increases.

A management program was also established during 1963-64 designed to help selected employees develop themselves to their highest potential and improve opportunities for recruiting top potential management personnel.

The offices of Insurance and Retirement and Personnel and Employee Relations were merged to create a new statewide office of Personnel and Retirement at statewide administration in Berkeley. The manager of this new office will report directly to the president of the University.

Actual expenditures for statewide and campus administration were within 1 percent of budget appropriations and ratios of general administration to education and general, based on actual expenditures for 1963-64, were generally higher than similar ratios appearing on page 317 for the 1965-66 proposed budget.

Ratio of General Administration to Education and General Expenditures
Plus Grants and Contracts 1963-64 Actual Data

Campus	1963-64 Actual percent
Berkeley -----	2.01
Davis -----	2.27
Irvine -----	— *
Los Angeles -----	1.97
Riverside -----	3.58
San Diego -----	2.95
San Francisco -----	1.69
Santa Barbara -----	4.55
Santa Cruz -----	— *
Universitywide administration -----	1.38 †
Total University -----	3.16

* Included in total University but not calculated separately because campuses are not yet open to students.

† The Universitywide administration ratio excludes grants and contracts.

University of California—Continued

2. Instruction and Departmental Research

1963-64		Difference	
Budgeted	Actual	Amount	Percent
\$79,007,336	\$77,084,184	(—\$1,923,152)	—2.4

Instruction and research are the two most basic programs of the University. The University is moving in the direction of greater emphasis on instruction and related research at the upper division and graduate levels and in professional schools. The proportion of lower division students to total undergraduates, according to the master plan, is to be reduced to 40 percent by 1975.

University instruction, particularly at the graduate level is intimately involved in preparing students for advanced research. Thus, instruction costs cannot be easily separated from research which is carried on in various departments.

A total of 13,106 degrees were granted during 1963-64, including 8,643 bachelors, 3,227 masters, 1,210 doctors and 26 honorary degrees. The 1,210 doctors degrees include 723 Ph.D.'s, 161 M.D.'s and 276 in eight other fields. In 1962-63, a total of 11,543 degrees were conferred.

The University of California faculty was distinguished by having more members in the National Academy of Sciences during 1963-82—than any other university in the nation. Harvard was second with 71. Four more University of California faculty members were so honored during 1964.

University of California students ranked second behind Harvard in the number receiving Woodrow Wilson Foundation Fellowships with 47 for 1963-64. This is consistent with recent trends.

Cumulative statistics for the spring and fall of 1963 California bar examinations reveal that the Los Angeles and Berkeley law schools ranked second (86.5 percent) and sixth (79.6 percent) respectively out of 13 accredited law schools in the percentage of graduates passing the examination the first time.

New departments established during 1963-64 include:

- a. Department of Molecular Biology—Berkeley
- b. Department of Philosophy—San Diego
- c. Department of Literature—San Diego
- d. Department of Religious Studies—Santa Barbara
- e. Department of Applied Science—Davis
- f. Department of Aerospace Engineering—San Diego

The Education Abroad Program was expanded to include four new centers; the George August University in Goettingen, Germany and the University of Padua, Italy opened in November 1963; the University of Madrid, Spain and the International Christian University in Japan opened in fall 1964.

The Department of Industrial Arts at the Santa Barbara campus was discontinued in keeping with the regents' policy of phasing out instructional programs primarily concerned with vocational training.

University of California—Continued

Actual expenditures for instruction and departmental research were \$1,923,152 or 2.4 percent less than the 1963-64 budget. An analysis of individual schools and colleges on each campus reveals that approximately 25 percent of the budgetary savings occurred at the three newest campuses: Irvine, Santa Cruz and planning for the new medical school at San Diego. The new San Diego medical school spent only \$68,003 of its \$471,798, 1963-64 budget. The hiring of the dean of the new medical school was announced in October 1963.

Another budget which was originally overbudgeted in 1963-64 was the School of Medicine at the San Francisco Medical Center. Differences between actual expenditures and departmental allocations were roughly \$207,000 or 4.8 percent. In contrast, the School of Medicine at U.C.L.A. was within 1 percent of its budget. Actual expenditures on all other campus budgets for instruction and departmental research were reasonably within their allocations.

The following performance data compare 1963-64 budgeted to actual data where appropriate. The tables have been designed to also permit comparisons to the 1965-66 proposed level of service on pages 319 and 320.

Enrollment estimates were underestimated by 2,011 or 3.3 percent in 1963-64. Total enrollment is estimated to be 79,062 in 1965-66, representing a 24.9 percent increase over actual average annual enrollment during 1963-64. Increased workload resulting from the enrollments being higher than estimated in the 1963-64 budget was absorbed by the university.

Total Enrollment
Comparison of Budget Estimates to Actual—1963-64

	1963-64 budget	Percent of total	1963-64 actual	Percent of total	(Excess over estimates)
Enrollment (annual average)					
Lower-division -----	20,589	33.6	21,327	33.7	(738)
Upper-division -----	21,186	34.6	21,741	34.4	(555)
Graduate -----	19,502	31.8	20,220	31.9	(718)
Totals -----	61,277	100.0	63,288	100.0	(2,011)

Comparison of Budget Estimates to Actual Average Annual Enrollment
San Francisco Medical Center and Los Angeles Center
for the Health Sciences—1963-64

	Budgeted		Actual	
	San Francisco	Los Angeles	San Francisco	Los Angeles
Dentistry -----	364	none	354	none
Medicine -----	1,034 *	673 *	1,026 *	695 *
Nursing -----	271	215	296	170
Pharmacy -----	340	none	341	none
Public health -----	none	234	none	200
Totals -----	2,009	1,122	2,017	1,065

* Includes the following
medical students ----- (405) (270) (411) (264)

Actual student-faculty ratios were generally higher than budget estimates in 1963-64 because of the underestimated enrollment. Ratios relating to the 1965-66 proposed budget reflect a decrease for U.C.L.A.,

University of California—Continued

but increases for other campuses, except Berkeley. Berkeley's unweighted ratio decreases, but its weighted ratio increases due to an increase in the percentage of graduate students from 34.2 percent in 1963-64 to an estimated 38.5 percent in 1965-66.

It is important to calculate both unweighted and weighted student faculty ratios. Unweighted ratios count students as one regardless of whether the student is in the lower, upper or graduate division. More time, however, is spent by faculty members with students at the graduate and upper-division levels. The proportionate difference in time spent between faculty and students has resulted in the following weights being assigned to the number of students at the three levels of instruction in order to express a weighted ratio; lower-division 1.00, upper-division 2.50 and graduate division 3.75. The student weights were determined according to the proportionate differences in class sizes at the various levels of instruction. In other words, a lower-division class, on the average, was determined to be 3.75 times larger than graduate classes, therefore 1 graduate student, theoretically, equals 3.75 lower-division students in terms of faculty time in the classroom. Weighted ratios are used for budgeting teaching positions.

Comparison of Student-Faculty Ratios Budget Estimates to Actual *

Campus	1963-64 Budget		1963-64 Actual	
	Unweighted	Weighted	Unweighted	Weighted
Berkeley -----	16.40	40.77	16.96	41.96
Davis -----	13.26	27.81	13.04	27.20
U.C.L.A. -----	18.66	44.41	18.95	45.37
Riverside -----	11.08	23.21	12.89	27.03
Santa Barbara -----	14.69	25.06	15.81	26.83
Los Angeles Center for the Health Sciences -----	3.41	None	3.97	None
San Francisco Medical Center--	5.78	None	5.82	None

* Number of students per regular faculty member.

The following cost per student data relate to instruction and departmental research expenditures only and do not include proportionate shares of other university costs related to the instruction of students. The cost per student is estimated to increase at all levels in 1965-66 except at the Los Angeles Center for the Health Sciences.

Average Cost Per Student for Instruction and Departmental Research Only—1963-64

	1963-64 (estimated) *	1963-64 (estimated) †
Lower division -----	\$776	\$755
Upper division -----	1,061	972
Graduate -----	1,608	1,516
All levels -----	1,120	1,054
Los Angeles Center for the Health Sciences -----	5,132	5,514
San Francisco Medical Center -----	3,685	3,655

* Estimated in 1964-65 Regents' Budget.

† Estimated in 1965-66 Regents' Budget.

The higher cost per student at the Los Angeles Center for the Health Sciences, which is much younger than the San Francisco Medical Center, suggests that it has not reached its most efficient operating capacity

University of California—Continued

in terms of support expenditures. Comparisons to 1965-66 data (page 320) tends to support this conclusion because estimated enrollment is higher and the cost per student lower in spite of the fact that educational costs are rising. Comparisons of performance data between the two centers are of limited value because of differences in curriculums.

Average support per faculty member datum provides an indication of the amount budgeted for clerical help, readers, part-time assistance, supplies, equipment and other costs to support the instructional and department-related research activities of the faculty. Actual unit cost datum is not available.

Average Support Per F.T.E. Faculty Member*
Comparison of 1963-64 to 1964-65 Budget Estimates

<i>Campus</i>	<i>1963-64</i>	<i>1964-65</i>
Berkeley -----	\$4,654	\$4,499
Davis -----	4,428	4,345
U.C.L.A. -----	4,475	4,206
Riverside -----	3,334	3,492
Santa Barbara -----	2,821	2,675

* Includes clerical help, readers, part-time assistance, supplies and equipment, etc.

3. Summer Sessions

<i>1963-64</i>		<i>Difference</i>	
<i>Budgeted</i>	<i>Actual</i>	<i>Amount</i>	<i>Percent</i>
\$1,689,415	\$1,674,736	\$(-14,679)	-0.9

Self-supporting summer session actual expenditures were within 1 percent of the University of California's 1963-64 budget. Enrollment for the summer of 1963 increased 16.8 percent.

Summer Session Enrollment
Summer 1962 and 1963

	<i>Students</i>		<i>Percent increase</i>
	<i>1962</i>	<i>1963</i>	
Berkeley -----	8,617	8,996	4.4
Davis -----	397	567	42.8
Los Angeles -----	5,993	7,910	32.0
San Francisco -----	791	793	0.3
Santa Barbara -----	982	1,326	35.0
Totals -----	16,780	19,592	16.8

Year-round Operations

Progress was made during 1963-64 in preparations to utilize campuses more during summer months. The regents endorsed a quarter system calendar and authorized the president of the university to allocate up to \$250,000 during 1963-64 and 1964-65 from budgetary savings to study necessary curricular and other changes and to prepare to implement year-round operations on at least one campus beginning in 1966-67, if the Governor and Legislature provide the necessary financial support. The endorsement of the quarter calendar by the regents occurred shortly after a Coordinating Council for Higher Education staff recommendation favoring the quarter calendar had been presented to the council late in 1963.

University of California—Continued

Final action by the regents during the 1963-64 fiscal year occurred at their meeting of June 19, 1964, when a time schedule was adopted stating that the new campuses at Santa Cruz and Irvine will begin operation on the quarter system (with three quarters initially) in fall 1965, that all other campuses will convert to the quarter system beginning 1966-67, and that one or more campuses will begin year-round operations in 1966-67.

The possibility of initiating year-round operations at the University of California was first recognized in the academic plan for the Berkeley campus, approved in principle by the regents in July 1957. Active study began in 1960 and since that time a great deal of time and effort has been expended by the regents, faculty and the administration of the university to devise a method of achieving year-round operations on all campuses without diluting the quality of a student's educational program. One of the major decisions to make was whether to have a three-semester or four-quarter system or perhaps some other alternative.

The regents initially approved in February 1961 the implementation of year-round operations for the Berkeley and Los Angeles campuses starting in 1962-63 on the three-semester basis. The 1962-63 Governor's Budget contained \$600,000 for this purpose.

Plans did not materialize and in June 1962 the regents postponed the implementation of year-round operations from 1962-63 to 1964-65 and reopened the question of what type of calendar should be used. The \$600,000 appropriation was subsequently returned to the state. Reconsideration of problems relating to year-round operations had not resulted in any final solution regarding calendar by the beginning of the 1963-64 fiscal year.

4. Organized Activities

1963-64		Difference	
Budgeted	Actual	Amount	Percent
\$23,366,274	\$24,165,849	\$799,575	3.4

The 3.4-percent difference between actual and budgeted expenditures is due to increased costs at the Los Angeles and San Francisco teaching hospitals. Unfortunately, actual unit costs per patient-day and per outpatient visit have apparently not been computed yet. The following table reflects estimated costs appearing in the 1963-64 budget. Although comparisons of 1963-64 budget estimates to 1965-66 budget estimates is of limited value, it should be noted that unit costs per patient day at Los Angeles are 14 percent higher for 1965-66 (see page 321 for 1965-66 data), due primarily to salary increases and equipment replacement. Conversely, estimated unit costs per patient-day at the San Francisco hospital for 1965-66 are 3.6 percent higher than 1963-64 estimates. State funds support approximately $\frac{1}{3}$ of the costs relating to teaching hospitals.

University of California—Continued

Teaching Hospital Data
1963-64 Budget Estimates

	San Francisco	Los Angeles
Number of beds	563	325
Percent of occupancy	75.9%	80%
Cost per patient-day	\$60.32	\$69.69
Cost per outpatient visit	\$13.51	\$14.84

5. Organized Research

1963-64		Difference	
Budgeted	Actual	Amount	Percent
\$29,701,862	\$30,449,660	\$747,798	2.5

The 2.5 percent excess of expenditures over the budgeted amount for organized research is due to increases in nonstate funds over budget estimates. This is not unusual because estimates of revenues for research from such external sources as private gifts and endowments tend to be purposely conservative (low).

An analysis of accomplishment in the virtually hundreds of research projects in process is an undertaking beyond the scope of the Analysis of the Budget Bill. However, following is a report of the status of new programs for which specific funds were appropriated in the 1963-64 budget.

New or improved programs implemented or expanded during 1963-64 include:

1. An expanded computer center at Berkeley.
2. A new computer center at Santa Barbara which was partially organized but experienced difficulty in obtaining a National Science Foundation grant.
3. A new Institute of Urban and Regional Development at the Berkeley campus as part of the College of Environmental Design.
4. The Wildlands Research Center as a universitywide program under agricultural services. The center expended less than half of its \$15,000 appropriation during 1963-64.

A Drylands Research Institute was established at Riverside which is an interdisciplinary program devoted to studying ways and means of increasing the utilization of semi-arid lands. No state funds were requested for this program and expenditures during 1963-64 were minimal.

The following table reflects 1963-64 expenditures for the elements of organized research which are included in the support budget of the University and thus appear also in the Governor's Budget. Comparable data for the 1965-66 proposed budget appear on page 321. Approximately 90.2 percent or \$27,456,658 of the \$30,449,660 constitutes state general funds.

University of California—Continued

Organized Research in the Governor's Budget
Actual Expenditures—1963-64

	<i>Amount</i>	<i>Percent</i>
Institutes and bureaus -----	\$9,629,972	31.6
Faculty research grants -----	1,772,940	5.8
Travel to professional meetings -----	108,081	0.4
Agriculture, forestry and veterinary medicine -----	17,350,502	57.0
Other -----	1,588,165	5.2
Total -----	\$30,449,660	100.0

A significant portion of total expenditures for organized research never appears in the University's support budget. The reasons for excluding them are not entirely clear, except that the bulk of the funds consist of federal grants and contracts for specific research projects which often are made directly to specific faculty members rather than to the University as an institution.

The National Science Foundation and other federal agencies have been criticized from time to time by educators for the extent to which grants are made to individuals rather than institutions because such grants tend to fragment the University's ability to deal at arms length with the member of the faculty in terms of his usefulness to the University program.

A recent article in the Wall Street Journal stated that some educators claim that the increasing emphasis on research is lowering the quality of undergraduate instruction in campuses throughout the nation. Universities defend their position on the grounds that research helps faculty members to keep pace with the growth of knowledge in their fields and thus makes them better equipped to teach. Federal grants also help build facilities.

The following two tables show the combined total of the \$30,449,660 in organized research included in the University's support budget and an additional \$61,987,389 estimated amount for research projects sponsored from federal and other mainly nonstate sources. Table A reports the source of funds and Table B categorizes research funds into four general areas, agriculture, medicine and related fields, physical sciences, and social sciences and miscellaneous.

A large portion of the state funds are devoted to research in agriculture and related fields. Conversely, federal contracts are concentrated more in the physical sciences and medical and related fields.

Excluded from the tables is \$246,474,581 in federal contracts from the Atomic Energy Commission for support of the Los Alamos Scientific Laboratory in New Mexico, the Lawrence Radiation Laboratory and medical biological research.

University of California—Continued

TABLE A
Total Organized Research (Including Sponsored Research)
Actual Expenditures—1963-64

	<i>Amount</i>	<i>Percent</i>
Federal contracts and grants -----	\$55,221,375	59.7
State funds:		
General -----	27,456,658	29.7
Restricted -----	1,915,184	2.1
Endowments -----	2,276,985	2.5
Private grants -----	4,822,375	5.2
Other sources -----	744,472	0.8
Total -----	\$92,437,049	100.0

TABLE B
Total Organized Research by Subject Areas—1963-64

	<i>State General Funds</i>	<i>University Restricted Funds</i>	<i>Totals</i>	<i>Percent</i>
Agriculture, forestry and veterinary medicine -----	\$16,477,941	\$7,590,158	\$24,068,099	26.0
Medical and related fields -----	860,224	18,574,590	19,434,814	21.0
Physical sciences -----	6,167,574	27,198,279	33,365,853	36.1
Social sciences and other -----	3,950,919	11,617,364	15,568,283	16.9
Totals -----	\$27,456,658	\$64,980,391 *	\$92,437,049	100.0

* Includes \$1,915,184 in state funds for restricted purposes.

6. Libraries

<i>1963-64</i>		<i>Difference</i>	
<i>Budgeted</i>	<i>Actual</i>	<i>Amount</i>	<i>Percent</i>
\$9,753,979	\$11,253,903	\$1,499,924	15.4

The University's libraries continued to develop in accordance with the 10-year plan for library development adopted by the regents in 1961. The goal is to have collections totaling 10,250,000 volumes by 1971. Maximum library sizes were set for each campus and when maximum size is reached, new acquisitions will result in the transfer of volumes to intercampus storage libraries located in Los Angeles and Richmond.

Particular progress was noted at the Los Angeles and San Diego campuses during 1963-64 toward the automation of library operations. The library at U.C.L.A. continued to develop and implement data processing procedures, including a punchcard circulation system which was the first such system for a large university library in the nation to become operational.

In 1963-64 the San Diego campus library advanced from a pilot project to full operation of its computerized program of maintaining records for serials holdings (publications published with regular frequency). The new program is expected to save acquisitions processing costs because it will permit an accurate estimate of workload from

University of California—Continued

month to month as well as streamlining procedures. It also permits the maintenance of an up-to-date and easily accessible index of titles. The program is being studied by librarians from many universities.

Major acquisitions of interest during 1963-64 featured the purchase of the Robert B. Honeyman, Jr., collection of nearly 2,000 original oils, watercolors and drawings depicting Western American history from the late 18th century to the post-Civil War period. The collection is for the Bancroft Library in Berkeley and was purchased for \$550,000 of nonstate funds.

Actual library expenditures exceeded the form of the budget approved by the Legislature by \$1,499,924 or 15.4 percent. This substantial difference between budgeted and actual expenditures for 1963-64 is not unusual. Allocations beyond budgeted amounts have been made, periodically, by the regents from a special opportunity fund containing federal overhead funds. Expenditures from these special allocations are not necessarily made during the fiscal year in which the authority to spend opportunity funds is granted because fiscal planning is difficult in the negotiation for an acquisition of, for example, a private collection of great value and importance. Although approximately 15 percent of such allocations to the University's libraries have been used to supplement library staffs, most of these nonstate funds have been used to purchase books.

The regents granted authority to the president of the University in October 1963, to allocate \$825,000 from the opportunity fund to campuses for library purposes. This represents the seventh such allocation between April 1961 and October 1963:

April 1961	\$700,000
September 1961	800,000
June 1962	800,000
September 1962	846,887
September 1962	108,054
April 1963	450,000
October 1963	825,000
Totals	\$4,529,941

The policy of the president of the University in recent years has been to increase the proportion of library funds used to purchase books. The following breakdown and comparison of 1963-64 budgeted and actual expenditures and workload data reflects the intensified effort to increase library acquisitions.

	1963-64			
	Budgeted (est.)	Percent	Estimated	Percent
Books, periodicals and binding	\$2,981,394	30.6	\$4,004,000	35.6
Library staff	6,126,214	62.8	6,383,898	56.7
Supplies, equipment, and other expense	646,371	6.6	866,005	7.7
Totals	\$9,753,979	100.0	\$11,253,903	100.0

University of California—Continued

A comparison of 1965-66 budget data on page 322 indicates a substantial decrease in proposed expenditures per faculty member and per student compared to the following 1963-64 budgeted and actual averages:

	1963-64	
	Budgeted	Actual
Expenditures per F.T.E. faculty-----	\$2,553	\$2,643
Expenditures per F.T.E. student-----	157	178

Total library collections on all campuses increased from an estimated 5,769,611 at the end of 1962-63 to 6,289,450 as of June 30 1964, an increase of approximately 9 percent. The following data also show that the University was able to end the 1963-64 fiscal year with a larger collection than originally estimated.

	1963-64	
	Budgeted	Actual
Library volumes per student-----	98	99
Library volumes per faculty-----	1,602	1,477
Total library collections-----	6,172,490	6,289,450
Library staff -----	1,086.01	1,144.70

Libraries at the Berkeley and U.C.L.A. campuses are expensive to operate compared to nine selected universities. A comparative study published in the *University Bulletin* in 1963-64, based on 1962-63 data, revealed that with respect to 11 institutions included in that study:

A. Total expenditures at Berkeley and U.C.L.A. libraries were exceeded only by the library at Harvard.

B. Expenditures per F.T.E. faculty at Berkeley and U.C.L.A. were the highest of the 11.

C. Expenditures per student at both Berkeley and U.C.L.A. were at the median of the group.

D. Berkeley and U.C.L.A. ranked 6th and last (11th) respectively in total collections as of the end of 1962-63.

E. The U.C.L.A. library paid the highest average salary per library staff and ranked 4th in average hourly rate for student assistants. Berkeley ranked 4th and 5th respectively.

F. Berkeley and Yale were tied for the lowest ratio of F.T.E. faculty per F.T.E. staff (3.0), and U.C.L.A. was 5th with 3.5. Conversely, Berkeley and U.C.L.A. ranked 7th and 8th in students per F.T.E. library staff.

G. Berkeley and U.C.L.A. had the 4th and 5th highest enrollment and ranked 5th and 7th in F.T.E. faculty respectively.

H. U.C.L.A. and Berkeley acquired more volumes in 1962-63 than any of the other nine, except Harvard.

LIBRARY DATA—1962-63

	<i>Total library collections</i>	<i>Volumes acquired 1962-63</i>	<i>Fall 1962 enrollment</i>	<i>F.T.E. faculty 1962-63</i>	<i>F.T.E. library staff</i>	<i>Ratio of library staff to faculty</i>	<i>Ratio of library staff to students</i>
Harvard -----	7,073,689	195,577	12,413	1,965	526	4.1	23.6
Yale -----	4,693,072	119,946	8,364	923	NA	3.0	26.0
Illinois -----	3,634,643	108,823	33,956	2,579	352	7.3	96.6
Michigan -----	3,133,503	125,756	30,152	1,416	341	3.9	81.2
Columbia -----	3,088,460	97,430	16,686	2,084	362	5.7	45.9
U.C.—Berkeley -----	2,829,330	143,804	25,092	1,502	498	3.0	50.4
Cornell -----	2,413,369	141,932	12,687	1,233	368	3.4	34.5
Stanford -----	2,379,079	108,119	9,934	790	257	3.4	38.7
Chicago -----	2,271,450	85,913	8,233	830	249	3.5	33.0
Minnesota -----	2,220,811	73,627	45,849	2,438	248	9.8	184.9
U.C.—Los Angeles -----	1,866,651	154,104	20,189	1,262	355	3.6	56.8

LIBRARY DATA—1962-63

	<i>Total library expenditures</i>	<i>Percent spent on book and binding</i>	<i>Percent spent on salaries and wages</i>	<i>Average salaries</i>	<i>Average hourly wage student assistance</i>	<i>Total library expenditures</i>	
						<i>Per faculty</i>	<i>Per student</i>
Harvard -----	\$4,775,402	24.5	59.7	\$5,452	\$2.32	\$2,180	\$385
U.C.—Berkeley -----	4,089,478	30.9	64.7	5,539	1.85	2,723	163
U.C.—Los Angeles -----	3,391,722	36.7	58.3	5,764	1.93	2,688	168
Illinois -----	2,748,662	33.0	63.6	5,644	1.33	1,066	81
Michigan -----	2,731,877	29.7	65.7	5,677	1.16	1,745	91
Cornell -----	2,711,166	31.4	63.7	4,606	2.31	2,199	214
Columbia -----	2,320,548	24.3	71.9	4,129	2.05	1,033	129
Yale -----	2,126,067	37.9	62.1	NA	NA	2,171	254
Stanford -----	1,886,068	29.3	63.2	4,796	1.50	2,033	190
Minnesota -----	1,786,078	32.5	62.0	5,276	1.39	733	39
Chicago -----	1,729,567	29.9	62.4	4,661	1.44	1,847	210

University of California—Continued

7. Extension and Public Services

1963-64		Difference	
Budget	Actual	Amount	Percent
\$17,825,842	\$19,065,646	\$1,239,804	7.0

Programs in extension and public service include University extension, agricultural extension and public service programs. Actual expenditures for 1963-64 are detailed below.

Actual Expenditures—1963-64

	State Funds	University Funds	Total	Percent
University extension -----	\$885,741	\$9,866,609	\$10,752,350	56.4
Agricultural extension -----	5,662,295	1,784,865	7,447,160	39.1
Public service -----	117,605	748,531	866,136	4.5
Totals -----	\$6,665,641	\$12,400,005	\$19,065,646	100.0

The 7-percent excess in actual expenditures for 1963-64 is due almost entirely to higher enrollments in University extension programs. University extension enrollment for 1963-64 was originally estimated at 205,500. Actual enrollment was 225,936. By agreement between the University of California and the State Department of Finance, 9 percent of the University extension program is financed from state funds.

University extension programs are not limited to correspondence courses. During 1963-64, University extension, with the aid of a \$121,650 National Science Foundation Grant, sponsored a two-month field trip to the Galapagos Islands of Ecuador. Sixty biological and physical scientists from various countries were scheduled to participate in a symposium and conduct field research.

Also during 1963-64, the functional organization of the University extension program was decentralized from northern and southern areas to the campus level.

Agricultural extension is an adult education program which applies the results of agriculture experiment station research to specific local conditions and situations. During 1963-64 nearly 6,000 test experimental plots were established with the cooperation of farmers throughout the state. According to a recent special report on the University's agricultural extension programs, agriculture research and development is helping the average American family to eat better for a smaller portion of the family budget.

8. Maintenance and Operation of Plant

1963-64		Difference	
Budget	Actual	Amount	Percent
\$13,623,861	\$13,593,874	(—\$29,987)	0.2

The difference between the 1963-64 budget and actual expenditures was only one-fifth of 1 percent. However, the actual unit cost per square foot for total expenditures was approximately 4 cents higher than the budgeted unit cost, because there was actually less outside gross square feet of space to service than estimated in the budget for

University of California—Continued

1963-64. The following table reflects the differences between budgeted and actual unit costs by function and campus. There were two principal reasons for the higher unit costs. One was the salary increase effective January 1, 1964, and the second was an unusually high carryover from 1962-63 of work in process for major repairs and alterations. The budgeted total unit cost for 1965-66 is \$0.893, calculated on a comparable basis.

Maintenance and Operation of Plant

Comparison of Budgeted and Actual Unit Costs by Function—1963-64

	<i>Unit Cost per Square Foot</i>		<i>Difference</i>
	<i>Budgeted</i>	<i>Actual</i>	
Superintendence	\$0.041	\$0.042	\$0.001
Building maintenance	0.160	0.166	0.006
Grounds maintenance	0.095	0.107	0.012
Janitorial service	0.241	0.236	(—0.005)
Police	0.051	0.054	0.003
Refuse disposal	0.017	0.018	0.001
Utilities	0.196	0.195	(—0.001)
Miscellaneous	0.017	0.019	0.002
Major repairs and alterations	0.039	0.062	0.023
Unit Cost for Total Expenditures	\$0.857	\$0.899	\$0.042

Maintenance and Operation of Plant Unit Costs by Campus

Comparison of Budgeted to Actual—1963-64

<i>Campus</i>	<i>Budgeted</i>	<i>Actual</i>
Berkeley	\$0.779	\$0.803
Davis	1.009	1.021
Irvine	—	—
Los Angeles	0.691	0.688
Riverside	1.121	1.104
San Francisco	1.201	1.261
Santa Barbara	1.192	1.204
San Diego	1.174	1.438
Santa Cruz	—	—
All Campus Averages	\$0.857	\$0.899

Maintenance and Operation of Plant Outside Gross Square Feet

Comparison of Budgeted to Actual—1963-64

<i>Campus</i>	<i>Budgeted</i>	<i>Actual</i>	<i>Percent Difference</i>
Berkeley	5,586,191	5,443,616	—2.6
Davis	2,278,940	2,260,264	—0.9
Irvine	—	—	—
Los Angeles	4,794,730	4,430,578	—7.6
Riverside	914,961	876,992	—4.2
San Francisco	732,561	707,388	—3.5
Santa Barbara	803,611	827,943	+3.0
San Diego	661,183	624,821	—5.5
Santa Cruz	—	—	—
All Campuses	15,772,177	15,171,602	—3.9

9. Student Services

<i>1963-64</i>		<i>Difference</i>	
<i>Budgeted</i>	<i>Actual</i>	<i>Amount</i>	<i>Percent</i>
\$9,859,502	\$9,709,717	\$ (—149,785)	—1.6

University of California—Continued

The Regents authorized the increase of student incidental fees twice during the fiscal year 1963-64. On July 12, 1963, incidental fees were increased from \$150 to \$180 per year, effective fall, 1963. In June 1964 the incidental fee was again increased from \$180 to \$220.

A voluntary redirection program was established which will initially apply only to the Berkeley campus. Without some program of redirecting students to other campuses, the 27,500 capacity at Berkeley would have been substantially exceeded. As early as April 1964, 5,457 letters had been sent to applicants for admission to the Berkeley campus suggesting they reapply at other University of California campuses.

Expenditures for student services remained within the 1963-64 budget despite the fact that enrollment had been underestimated. As a consequence actual costs per student were lower than budget estimates. For 1965-66 the budgeted cost per student for services financed from state and other University funds will decrease even further to \$46.08.

Cost Per Student
Comparison of Budgeted to Actual—1963-64

<i>Programs and Services</i>	<i>Budgeted</i>	<i>Actual</i>	<i>Percent Difference</i>
Student supported (health services, placement, etc.)	\$105.21	\$101.05	—4.0
University supported (admissions office, registrar, etc.)	54.79	52.37	—4.5

10. Staff Benefits

<i>1963-64</i>		<i>Difference</i>	
<i>Budgeted</i>	<i>Actual</i>	<i>Amount</i>	<i>Percent</i>
\$12,334,960	\$13,643,684	\$1,308,724	10.6

Funding deficiencies developed in 1963-64 due to a previously over-estimated rate of transfer from the State Employees' Retirement System and the lack of experience by the University in budgeting for SERS employer contributions which, until 1963-64, had been budgeted by the state.

The Regents authorized an increase in the employer's contribution toward health insurance from \$5 to \$6 effective October 1, 1963 which was consistent with policy for other state employees. The Regents also increased retirement allowances from 2 to 10 percent to compensate for cost of living increases.

During 1963-64 the rate of employer contribution for SERS was 6.86 percent; OASDI, 3.75 percent, and UCRS 8.25 percent.

11. General Institutional Services

<i>1963-64</i>		<i>Difference</i>	
<i>Budgeted</i>	<i>Actual</i>	<i>Amount</i>	<i>Percent</i>
\$4,017,227	\$4,760,432	\$743,205	18.5

General institutional services includes a wide variety of services and programs such as clerical pools, office furniture pools, some insurance costs, external auditing expenses, academic senate expenses, communi-

University of California—Continued

cations expense and many others. Actual expenditures include a \$186,-423 University general fund subsidy to the University Press, an auxiliary enterprise. The balance of the 18.5 percent difference between budgeted and actual expenditures was mainly from nonstate sources and appears in a variety of accounts.

12. Provisions for Allocation

Provisions for allocation are distributed throughout the budget during the budget year, therefore, this item ends with a zero balance.

13. Auxiliary Enterprises

1963-64		Difference	
Budgeted	Actual	Amount	Percent
\$21,726,303	\$16,676,103	\$(-5,050,200)	--

Auxiliary enterprises are normally self-supporting. They include parking facilities, residence halls, intercollegiate athletics, the University Press, student unions, campus bookstores and others.

The difference between budgeted and actual expenditures is due mainly to the fact that debt service on bonds, approximately \$4.3 million in 1963-64, does not appear with the actual operating expenses of auxiliary enterprises. The balance of the difference between budgeted and actual expenditures is attributed to a delay in the opening of a student dormitory at Davis and a low (62 percent) occupancy of a new dormitory at Riverside during its first year.

14. Student Aid

1963-64		Difference	
Budgeted	Actual	Amount	Percent
\$1,007,050	\$1,417,051	\$410,001	40.7

Expenditures for student aid normally exceed budget estimates. Estimates are conservative because income for scholarship accounts and loans comes from endowments and other sources which tend to be inconsistent from year to year. State general funds used for student aid totaled \$233,351 in 1963-64.

15. Sponsored Research and Other Expenditures

1963-64		Difference	
Budgeted	Actual	Amount	Percent
\$84,064,000	\$84,583,409	\$519,409	0.6

Sponsored research expenditures during 1963-64 totaled \$61,987,389, details for which are included in Tables A and B on page 337 under organized research. The difference between total actual expenditures of \$84,583,409 and the amount for sponsored research is \$22,596,-020. Included in this amount is approximately \$7.6 million for student aid and \$2.5 million for university extension. The balance is spread fairly evenly throughout the campuses and details are not known.

University of California—Continued

Sponsored Research and Other Expenditures—1963-64

	<i>Actual Expenditures</i>	<i>Percent</i>
State of California agreements -----	\$1,704,874	2.0
United States of America agreements -----	69,552,972	82.2
Gifts and private grants -----	8,592,369	10.2
University funds -----	4,733,194	5.6
Totals -----	\$84,583,409	100.0

16. Special Federal (AEC) Research Projects

<i>Budgeted</i>	<i>Actual</i>	<i>Difference</i>	<i>Percent</i>
1963-64			
\$235,953,153	\$246,474,581	\$10,521,428	4.5

Actual expenditures exceeded the budget estimate by 4.5 percent for special federal contracts with the Atomic Energy Commission supporting the Los Alamos Scientific Laboratory, medical biological research and the Lawrence Radiation Laboratory.

ANALYSIS AND RECOMMENDATIONS

1. *We recommend that State General Funds for the maintenance and operation of plant be reduced by \$223,870.*

A reduction of \$223,870 of State General Funds is recommended because the volume of work to be accomplished appears to be overestimated.

Two factors are considered in estimating the total funds needed to provide services to maintain the University's physical plant and property. One factor is an estimate of the number of outside gross square feet of space to be maintained, and the other is the unit cost per square foot. The proposed unit cost per square foot of 89.3 cents appears reasonable, but the estimated outside gross square feet is probably slightly high.

The 1965-66 proposed budget of \$17,328,089 for maintenance and operation of plant is based on the need to service 19,404,678 outside gross square feet of space. A comparison of budget estimates to actual gross square feet data during the past four years reveals that budget estimates have been high by an average of approximately 274,000 square feet per year, calculated as follows:

Comparison of Budgeted to Actual Outside Gross Square Feet
1960-61 to 1963-64

<i>Year</i>	<i>Outside Gross Square Feet</i>		<i>Overestimate</i>
	<i>Budget estimates</i>	<i>Actual</i>	
1960-61 -----	12,467,863	12,201,100	266,763
1961-62 -----	13,268,146	13,183,660	84,486
1962-63 -----	14,091,170	13,947,062	144,108
1963-64 -----	15,772,177	15,171,602	600,575

Average overestimate: 273,983 square feet.

Although the number of outside gross square feet will have increased to over 19 million by 1965-66, the recommended budget reduction is only based on the actual average overestimate of 273,983 square feet

University of California—Continued

between 1960-61 and 1963-64. The dollar amount of the recommended reduction considers the fact that not all maintenance costs are financed from state funds. The calculation is as follows:

$$273,983 \text{ square feet} \times \$0.893 = \$244,667$$

$$91.5 \text{ percent of } \$244,667 = \$223,870$$

The 91.5 percent is the proportion of the \$17,328,089 proposed 1965-66 maintenance and operation budget which consists of State General Funds, or \$15,853,724.

2. *We recommend the deletion of the University General Fund subsidy to the University Press for a state fund reduction of \$351,230.*

The University Press should not be partially supported by state funds. The University Press is classified as an auxiliary enterprise and, as such, should be self-supporting. The amount of the reduction reflects the estimated state share of an estimated \$390,256 University General Fund subsidy. In 1963-64 the total amount of the subsidy was \$186,423 or less than 50 percent of the amount requested for 1965-66.

3. *We recommend the deletion of the proposed 1965-66 workload increase in state funds for university extension for a savings of \$228,737.*

University extension is in the process of increasing the fees of two-unit and three-unit credit courses by \$5 per course, which will increase revenue at least \$313,000 in 1965-66 and \$200,000 during the current fiscal year. This estimated increase in revenue is not included in the 1965-66 Governor's Budget. The reasons for the fee increase are related to program expansion and increases in the level of service rather than to cover anticipated deficits in existing programs. In view of the critical need for state funds, it appears inappropriate to increase the amount of state funds to a partially self-supporting program which is increasing fees to expand and improve programs.

The specific purposes of the fee increase are to finance capital improvements and equipment at the new Los Angeles extension center, accelerate the renovation payments at the San Francisco center, provide more funds for developing new programs which initially would not be self-supporting, increase teacher compensation schedules, and apparently to establish a wider margin of difference between total income and expenditures to prevent overall deficits in case enrollment fails to increase as estimated.

The 1965-66 proposed budget already includes \$200,000 to increase teacher compensation schedules and approximately \$65,000 to finance new programs in rural areas. There is also a special reserve to cover deficits which at the end of 1963-64 had a balance of \$879,404. Thus, the overall financial condition of university extension appears favorable enough to reduce the state share with a minimum consequence to existing programs.

On pages 349 to 352 we discuss university extension in more detail and suggest a policy option which would require university extension to be entirely self-supporting.

University of California—Continued

4. *We recommend that the University of California prepare a fiscal plan for the development of the new medical school at San Diego, with cost projections to 1970-71, to be submitted to the Joint Legislative Budget Committee by December 1, 1965.*

The development of the new medical school at the San Diego campus is rapidly progressing to the point where the preparation of a long-range plan is now feasible. Such a plan will help the Legislature anticipate the need for additional state funds for the next five years and provide some indication of how fast the medical school is to grow.

University officials are negotiating with representatives from the County of San Diego for the university to operate the county hospital as a teaching hospital. The University of California San Diego Medical School will assume direction on July 1, 1966. The first class of medical students is currently scheduled to be admitted in the fall of 1967, two years later than originally anticipated.

Expenditures at the School of Medicine to date are as follows:

	Actual 1963-64	Estimated 1964-65	Proposed 1965-66
U.C. San Diego Medical School-----	\$68,003	\$473,398	\$626,166

5. *We recommend that the University of California study the advantages and disadvantages, from both the standpoint of the best interest of the student and possible financial savings, of centralizing the routine evaluation of applicants for admission and submit its findings and recommendations, or report of action taken, to the Joint Legislative Budget Committee by December 1, 1965.*

Admissions requirements are uniform for all general campuses, but except for the three new campuses, routine admissions functions are performed at the campus level. Because of new admissions problems caused by the necessity to redirect students on a voluntary basis to campuses of their second choice and because the centralization of routine admissions functions might increase the volume of work to a level which would permit the economical use of electronic data processing, current admissions procedures should be reviewed. The university has conducted preliminary studies of this area and we believe that substantial efficiencies and economies can result from further investigation.

POLICY OPTIONS

1. This is a policy option relating to teaching assistants. The use of teaching assistants at the Berkeley and Los Angeles campuses is extensive and substantially exceeds the budgeting standard of providing one full-time equivalent teaching assistant position for every four new faculty positions. Each full-time equivalent teaching assistant position provides funds to hire 2 students to teach on a half-time basis (16 to 20 hours per week). At Berkeley there are 1,608 faculty and 1,060 half-time teaching assistants (530 full-time equivalent teaching assistant positions). At Los Angeles there are 1,220 faculty and 726 half-time teaching assistants. The existence of this number of teaching assistants at Berkeley and Los Angeles when funds for such positions

University of California—Continued

have been provided in the ratio of one full-time teaching assistant position for every four faculty position raises many questions.

A. What is a teaching assistant?

According to the University's administrative manual, a teaching assistant is a full-time graduate student who has been selected by a departmental chairman to serve, in effect, as a teaching apprentice to a member of the faculty. The student is employed on a half-time basis and teaches recitation or quiz sections or labs, but is not responsible for course content, examinations, student assignments or grades. How strictly these policies are followed is apparently open to question.

B. How much do teaching assistant positions cost? (Figures are based on 1964-65 data.)

Funds for a teaching assistant position are provided in addition to, not in place of, new faculty. A full-time teaching assistant position costs \$5,140. At Berkeley the 530 full-time equivalent teaching assistant positions cost $530 \times \$5,140$ or \$2,724,200. If the 4-to-1 ratio of faculty to teaching assistants applied to Berkeley, there would be 128 less positions at a reduction in cost of \$657,920. Similarly, the total cost of 363 teaching assistant positions at Los Angeles costs \$1,865,820, or \$298,120 more than the 305 positions a 4-to-1 standard would justify.

C. What is the value of having teaching assistants?

It is an economical way of providing release time for faculty members, so they can spend more time on research with graduate students and other more stimulating and less routine aspects of teaching. Without teaching assistants either existing faculty members would have to devote more of their time to teaching lower division students or more faculty positions would have to be provided probably by utilizing the rank of instructor.

Graduate students benefit from the use of teaching assistants because it provides them jobs which help finance their education and furnishes some teaching experience.

D. Does the standard of four faculty to one teaching assistant have any meaning?

The ratio of total faculty to total FTE teaching assistants on a universitywide basis is approximately 4 to 1. It is currently the policy of the Department of Finance and the University to maintain that proportion. Whether the 4-to-1 ratio has significance from the standpoint of the quality of lower-division instruction is a question which we cannot answer.

E. How would deleting funds relating to F.T.E. teaching assistant positions at Berkeley and U.C.L.A. in excess of the 4-to-1 standard affect student-faculty ratios?

The effect would be more extreme at Los Angeles than Berkeley. Estimated student-faculty ratios at Berkeley and U.C.L.A. for 1963-64 were 16.96 and 18.95 respectively. Ratios when all F.T.E. teaching assistants are included as teaching staff were 12.4 and 14.5 respectively

University of California—Continued

during the same period. To decrease the number of teaching assistants would not affect the student-faculty ratio but would increase the student-teaching staff ratio. A decrease of 58 teaching assistants at U.C.L.A. in 1964-65 would have increased the teaching staff ratio from 14.5 in 1963-64 to 14.6 in 1964-65, compared to an estimated decrease from 14.5 to 14.0. The effect at Berkeley of eliminating 128 teaching assistants in 1964-65 would have been to increase the student teaching staff ratio from 12.4 to 13.2.

F. Questions which must be answered by the university include:

1. Is the university's policy regarding the exercise of limited responsibilities by teaching assistants being strictly enforced?
2. What is the university's policy and criteria regarding the establishment of teaching assistant positions?
3. Why is the faculty teaching assistant ratio greater than 4-to-1 at Berkeley and U.C.L.A.?
4. How many teaching assistants are needed at Berkeley and U.C.L.A. based on the university's current policy? How many will be needed in 1970, when the number of lower division students has been reduced to 40 percent of total undergraduate students?

Three alternatives which might be considered include the following:

- A. Delete 128 teaching assistants at the Berkeley campus for a reduction of \$657,920.
- B. Delete 128 teaching assistants at Berkeley and 58 teaching assistants at Los Angeles for a reduction of \$956,040.
- C. Delete the 128 teaching assistants at Berkeley and 58 teaching assistants at Los Angeles and authorize 53 new faculty positions for the U.C.L.A. campus at a maximum cost of \$747,000 to improve their student-faculty ratio by making it more comparable to the Berkeley campus, for a net reduction of \$209,040.

The advantage of alternatives one and two would be budgetary savings and the establishment of budgetary policy recognizing the 4-to-1 ratio as a campus maximum standard. Alternative three would improve the student-faculty ratio at U.C.L.A. and result in a smaller budgetary savings; presumably it would enrich the quality of lower division instruction.

A disadvantage would be that the Legislature might be asked to enrich student-faculty ratios beyond the dollar savings derived from deleting teaching assistant positions, thus increasing the cost per student.

2. A second policy option is one which discusses the possible effect on university extension programs of withdrawing State General Fund support. Since 1959-60, the University has had an agreement with the Department of Finance that the state will finance approximately 9 percent of the university extension budget. For 1965-66, \$1,107,264 of state general funds are included in the Governor's Budget for this purpose.

University of California—Continued

A reconsideration of whether the state should continue to share in the cost of university extension programs may now be appropriate because (1) the extension enrollment appears to be high enough to absorb the additional costs if state support is withdrawn without a substantial increase in cost per participant, (2) there are general indications that university extension enrollees are probably able to pay higher fees.

The average cost increase per enrollee to absorb a \$1,107,264 loss in state fund revenue would be approximately \$4.16 ($\$1,107,264 \div 266,200$). Since there has been a shift in emphasis from introductory college work to advanced undergraduate, professional and graduate instruction, most enrollees will probably be able to support a fee increase. Also, fees are being increased in some university extension programs to improve the level of service, thus further indicating that fees are not at their maximum levels.

The deletion of state funds would probably result in circumstances similar to 1959 when the state share was decreased from about 16 to 9 percent. At that time three things happened: fees were increased by 20 percent, economically marginal programs were curtailed, and transfers had to be made from the university extension's special reserve fund to help support programs for a period of two years. Despite the fee increases, however, university extension enrollment has continued to grow. Enrollment grew 8.1 percent in 1962-63, 13.4 percent in 1963-64, and is estimated to continue to grow 10 percent a year in 1964-65 and 1965-66.

The deletion of state funds will initially have a double-barreled effect on university extension revenue if fees are increased, for higher fees will undoubtedly tend to initially hold down the rate of enrollment growth. The extent to which this will happen is difficult to predict but may be somewhat proportional to the size of the fee increase needed.

University extension programs are being extended into new areas, experiments are being conducted with new programs and teacher compensation is being substantially increased (approximately 25 percent, from \$10 to \$12.50 per hour). Fees in regular two- and three-unit credit courses are being increased \$5 to finance some of these increases in the level of service. More extension funds are also being used to subsidize an increasing proportion of programs which cannot support themselves, such as programs in rural areas.

Although plans to expand programs will undoubtedly have to be modified if state funds are withdrawn, the effect on existing programs will be less severe. The new \$5 fee increase will increase revenue at least \$313,000 per year, annual budget allocations have usually contained roughly \$125,000 in unallocated funds for contingencies, and finally, there is a reserve account with a balance of roughly \$879,000 which can be used to temporarily subsidize existing programs which are currently not self-supporting.

The value of university extension's adult education programs is not being questioned. The principal reason for withdrawing state support

University of California—Continued

would be that adult education programs are better able to become self-supporting than other state services for which state funds are needed.

The University of California can point with pride to outstanding achievements in such university extension programs as continuing education of the bar, continuing education in medical and health sciences and many others. Such programs have received national and even international acclaim for their excellence. Examples of the wide variety of programs offered under university extension are credit and noncredit courses, lectures, discussion groups, conferences, correspondence courses, educational films, radio and television programs and cultural programs and performances.

University extension enrollment is estimated to be 266,200 in 1965-66. Estimated and actual enrollment in recent years is as follows:

UNIVERSITY OF CALIFORNIA University Extension Enrollments			
	1963-64 <i>actual</i>	1964-65 <i>estimate</i>	1965-66 <i>estimate</i>
Regular classes -----	114,947	122,763	134,225
Short classes -----	25,705	25,962	26,296
Conferences -----	28,190	31,121	35,614
Lecture-discussion groups -----	5,257	6,176	7,695
Study-discussion groups -----	1,031	1,438	2,237
Special programs -----	1,478	1,588	1,753
Jurisprudence program -----	28,225	31,132	35,580
Correspondence courses -----	21,103	21,820	22,800
Total -----	225,936	242,000	266,200

The following table reflects ending fund balances and transfers in 1962-63 and 1963-64 in the university extension's reserve fund. The reserve balance is not expected to decrease by the end of 1964-65.

University Extension Reserve Fund		
Year	<i>Net fund income</i>	<i>Ending balance</i>
July 1, 1962 -----	—	\$833,906
1962-63 -----	\$413,810	1,247,716
1963-64 -----	(—368,312)	879,404

Major withdrawals from the fund during 1963-64 included a \$250,000 downpayment in Los Angeles for a new extension center and \$75,000 for matching funds for an adult education grant. Withdrawals were also made for salary increases, to subsidize a new program, to amortize \$50,000 of a \$600,000 renovation debt at the San Francisco extension center and for repairs at the Lake Arrowhead conference center.

The following breakdown of the 1965-66 university extension budget shows that most of the proposed increase is for instructional and special programs. The universitywide provisions amount of \$652,995 includes \$330,000 for special programs and conferences, \$200,000 to increase teacher compensation fees, \$65,918 to be used as a contingency fund, and \$57,077 for merit salary increases.

UNIVERSITY OF CALIFORNIA

ITEM 104 of the Budget Bill

Budget page 285

FOR SUPPORT OF RESEARCH IN SEA WATER CONVERSION
FROM THE GENERAL FUND

Amount requested	\$334,900
Estimated to be expended in 1964-65 fiscal year	334,900
Increase	None

TOTAL RECOMMENDED REDUCTION	None
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ANALYSIS AND RECOMMENDATIONS

This program largely relates to research in the methods of converting sea, saline and brackish water to fresh water and has been continuously active in the University of California since 1951-52. The program objective is to improve these and other methods, so as to determine ways of producing large quantities of fresh water at low costs.

Funds for the support of this program have been provided by the Legislature since 1951-52, appropriations having been made from the General Fund since 1961-62. For 1965-66 the university is again requesting \$334,900. Actual expenditures in 1963-64 totaled \$334,900.

We recommend approval as budgeted.

CALIFORNIA COLLEGE OF MEDICINE

ITEM 105 of the Budget Bill

Budget page 287

FOR SUPPORT OF THE CALIFORNIA COLLEGE OF
MEDICINE FROM THE GENERAL FUND

Amount requested	\$473,879
Estimated to be expended in 1964-65 fiscal year	248,583
Increase (90.6 percent)	\$225,296

TOTAL RECOMMENDED REDUCTION	None
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PROGRAM PLANS AND BUDGET

The California College of Medicine offers instructional programs which lead to the degree of doctor of medicine. The college is accredited by American Medical Association and, effective January 1, 1965, will now be a medical department of the University of California (Chapter 1933, Statutes of 1963). State funds were appropriated for the first time for the current fiscal year, and will become available when an affiliation agreement between the regents of the university and the board of trustees of the college is achieved.

The total 1965-66 proposed budget maintains the level of service approved for the current fiscal year. Proposed expenditures total \$1,773,662, an increase of \$153,865 or 9.5 percent over the \$1,619,797 budget for the current fiscal year. Proposed funding for 1965-66 consists of state funds, federal funds and reimbursements in the following amounts :

Item 105

Education

California College of Medicine—Continued

	<i>Amount</i>	<i>Percent</i>
State funds -----	\$473,879	26.7
Federal funds -----	120,233	6.8
Reimbursements:		
Student tuition -----	\$499,500	
Los Angeles County Hospital Contract -----	137,800	
Private grants -----	450,000	
Auxiliary enterprises and other -----	92,250	
	<hr/>	
	\$1,179,550	66.5
Total -----	\$1,773,662	100.0

It is estimated that only \$248,583 of state funds will be spent during the current fiscal year because of anticipated savings resulting from difficulties in recruiting faculty.

The entering freshman class will continue to be 96 students. Total enrollment is estimated to be 360 students during 1965-66 and the gross cost per student will increase \$608, from \$4,319 to \$4,927.

There are a total of 148.25 authorized positions, including a clerical position established administratively during the current fiscal year as support for the federal grant program. The position is financed from federal funds. No new positions are proposed for 1965-66, except the continuation of the above-mentioned clerical position. The student-faculty ratio based on 83.25 academic positions to 360 students is 4.32 students per faculty. Following is a breakdown of positions and expenditures by program as proposed for 1965-66:

<i>Program</i>	<i>Positions</i>	<i>Proposed budget</i>	<i>Percent of subtotal</i>
Administration -----	15.50	\$165,674	10.2
Instruction -----	109.25	1,268,025	78.4
Library -----	4.50	40,814	2.5
Maintenance and plant operation -----	14.00	108,123	6.7
Student services -----	5.00	34,507	2.2
Subtotal -----	148.25	\$1,617,143	100.0
Unallocated:			
Staff benefits -----		45,000	
Salary savings -----		(—40,700)	
Merit increases -----		33,169	
Insurance -----		16,000	
Equipment -----		29,500	
Total education and general -----		\$1,700,112	
Auxiliary enterprises -----		58,550	
Student aid -----		15,000	
Total California College of Medicine Budget -----		<hr/>	
		\$1,773,662	

REVIEW OF AGENCY ACCOMPLISHMENTS

Since 1965-66 represents the first full fiscal year during which the State of California will help support the California College of Medicine, comparisons to past actual performance would not be meaningful.

California College of Medicine—Continued

ANALYSIS AND RECOMMENDATIONS

1. *We recommend approval of the 1965-66 budget as proposed.*
2. *We also recommend that the California College of Medicine submit a long-range development plan for the physical and academic development of the college and estimating the extent to which the board of trustees and the regents of the university feel the state should participate financially.*

The purpose of the recommendation is to insure that common understanding exists between the Legislature, the California College of Medicine, and the University of California concerning the objectives of the college and proposed role of the state. Such a report should be submitted to the Senate Finance, Assembly Ways and Means and Joint Legislative Budget Committees prior to the 1967 General Session of the Legislature and not later than December 1, 1966.

HASTINGS COLLEGE OF THE LAW

ITEM 106 of the Budget Bill

Budget page 289

FOR SUPPORT OF HASTINGS COLLEGE OF THE LAW
FROM THE GENERAL FUND

Amount requested	\$521,724
Estimated to be expended in 1964-65 fiscal year	440,843
Increase (18.3 percent)	\$80,881

TOTAL RECOMMENDED REDUCTION..... None

PROGRAM PLANS AND BUDGET

Hastings College of the Law has been a law department of the University of California since the year of its founding, 1878. Hastings is governed, however, by its own board of directors.

Regular enrollment for 1965-66 is expected to decrease from 1,055 to 1,015 regular students, and summer session enrollment is estimated to remain constant at 45 students. The decrease is prompted by a decision to regard the current enrollment as causing overcrowded conditions rather than any decline in applicants.

The total proposed budget for 1965-66 is \$836,509 which represents an 8.1 percent or \$62,881 increase over the \$773,628 estimated expenditures for 1964-65. Of this amount, revenue from student fees and other sources is estimated to be \$314,785 or 37.6 percent. The difference, \$521,724 or 62.4 percent, is the amount requested from state funds. The request for state funds represents an increase of 18.3 percent or \$80,881 over the current fiscal year. The gross cost per student will increase from \$720 to \$813 in 1965-66.

The following program analysis is divided into three programs, administration, instruction and plant operation.

Hastings College of Law—Continued

Hastings College of the Law Program Analysis 1965-66			
<i>Program</i>	<i>Positions</i>	<i>Proposed budget</i>	<i>Percent of subtotal</i>
1. Administration -----	15.5	\$188,004	22.6
2. Instruction -----	34.7	541,997	64.9
3. Plant operation -----	11.3	104,008	12.5
Subtotal -----	61.5	\$834,009	100%
Unallocated:			
Staff benefits -----		2,500	
Total Hastings budget -----		\$836,509	
Student fees and other sources -----		314,785	
State funds -----		\$521,724	

1. Administration. Two new clerical positions are proposed on the basis of increased workload which will increase the total clerical complement to 9 positions excluding temporary help. Clerical positions in administration also serve the 25 members of the faculty as well as the 5 administrators.

It is also proposed that the combined controller and acting registrar position (\$10,500) be reclassified and upgraded to assistant dean and registrar (\$16,500) and that the existing assistant dean (\$16,500) be reclassified to associate dean (\$19,000). The reclassifications are justified on the basis that both positions will teach a combined total of seven units in addition to their administrative duties.

2. Instruction. Instruction includes expenses related to the faculty and the law library. The 1965-66 budget proposes to combine a regular teaching position and a 0.1 law journal advisor position (\$16,187) into a faculty director of law journal and moot court (\$21,000). This reclassified and combined position will teach eight units, direct the moot court and supervise the preparation of the law journal. The level of library acquisitions will remain the same as the current fiscal year, but adjustments have been made for price increases. The student faculty ratio for 1965-66 is estimated to be 40.6 to 1.

3. Plant Operation. A building service supervisor position is proposed to assist the plant manager in supervising student help. Student help in the operation of the plant equals the equivalent of 9.3 positions. Currently the building manager is the only full-time plant operation employee.

REVIEW OF AGENCY ACCOMPLISHMENTS

Enrollment averaged 940 during the regular 1963-64 academic year and 46 full-time equivalent during the 1963 summer session. Bachelor of Laws degrees granted totaled 209, compared to 161 in 1962-63 and 121 in 1961-62. Cumulative statistics for the spring and fall 1963 reveal that 60 percent of Hastings Law School graduates who took the

Hastings College of Law—Continued

examination passed the California Bar examination on their first attempt; Hastings ranked ninth out of 13 accredited law schools in California.

Hastings College of the Law has grown rapidly during the past several years and the ratio of students to faculty has increased.

	STUDENT FACULTY RATIOS 1960-61—1963-64			
	1960-61	1961-62	1962-63	1963-64
Enrollment -----	623	685	835	940
Teachers -----	17.0	18.6	19.5	22.0
Student-faculty ratio -----	36.6	36.8	42.8	42.7

Actual total expenditures during 1963-64 totaled \$587,834, of which \$325,736 or 55.4 percent were state funds and \$262,098 student fees and other reimbursements. The percentage of total actual expenditures in each of the three program areas was very similar to the 1965-66 proposed budget; administration, 24 percent; instruction, 64 percent; and plant operation, 12 percent. The gross cost per student was \$619. Actual state expenditures were lower than in any year since 1960-61 due to increased student fee revenue related to unanticipated enrollment.

The following table identifies the state's proportion of actual expenditures since 1960-61. Proposed state funds for 1965-66 equal 62.4 percent of the total budget which is comparable to past experience.

Year	Actual expenditures	State funds	Percent of state funds to actual expenditures
1960-61 -----	\$479,059	\$347,149	72.5%
1961-62 -----	511,408	359,376	70.3
1962-63 -----	534,520	338,166	63.3
1963-64 -----	587,834	325,736	55.4

RECOMMENDATIONS

We recommend approval of the budget as proposed.

CALIFORNIA STATE COLLEGES**PROGRAM PLANS AND BUDGET**

The primary program of the California State Colleges, according to the Education Code, is "the provision of instruction for undergraduate students and graduate students, through the master's degree, in the liberal arts and sciences, in applied fields and in the professions, including the teaching profession." The colleges are also authorized to participate in joint doctoral programs with the University of California and to provide for faculty research consistent with their instructional program. However, both research and public service, which may be considered as separate programs for the University of California, continue to be subsidiary to the instructional program for the state colleges. Auxiliary programs, such as student housing, which are not supported from the General Fund are not discussed in detail here.

General Summary

Education

California State Colleges—Continued

The state colleges are administered by the Trustees of the California State Colleges, a board of 20 members including the Governor, Lieutenant Governor, Superintendent of Public Instruction and the Chancellor, *ex officio*, and 16 others appointed by the Governor for terms of eight years. The Trustees appoint the chancellor, who, with his staff, assists them in the development of governing policies and is responsible for the central administration of the colleges.

There are now 16 state college campuses (15 colleges) offering instruction at the undergraduate and graduate levels in a broad range of curricula emphasizing the liberal arts, engineering, teacher education, the sciences and agriculture. Two new colleges are now being developed, one of which is to admit students in the fall of 1965.

The proposed total state current expenditure for support of the state college program in 1965-66 is \$130,103,179. The principal amounts included within this figure, as compared with actual and estimated expenditures for 1963-64 and 1964-65, are:

	<i>Actual</i> 1963-64	<i>Estimated</i> 1964-65	<i>Proposed</i> 1965-66
Chancellor's office -----	\$1,398,882	\$1,415,657	\$1,633,384
International program ----	--	255,775	299,377
Student loan program -----	223,664	331,000	400,000
Unallocated support -----	--	322,741	600,000
Colleges -----	99,730,833	115,245,932	127,170,418
Total -----	\$101,353,379	\$117,571,105	\$130,103,179

The total amount of state college expenditures shown in the Governor's Budget for 1965-66 is \$135,938,377. This figure consists of the \$130,103,179 General Fund support shown above plus \$3,600,000 in federal funds for the student loan program, \$1,937,897 for student residence halls from the State College Dormitory Revenue Fund and the State College Auxiliary Enterprise Fund, and \$297,301 for academic salaries for which no funds have been provided. This last item is discussed further on page 381.

The total increase in state support over estimated expenditures for 1964-65 is \$12,532,074. Except for \$600,000 in unallocated support, which represents a continuation of certain new programs authorized for 1964-65, this increase is proposed entirely on the basis of increased workload.

The principal measure of workload for the state college program is student enrollment. In Table 1 we show the actual full-time equivalent enrollment for each college for 1961-62 through 1963-64 and estimated enrollment for the current and budget years. The estimated growth for 1965-66 is 11,177 FTE or 10.2 percent.

California State Colleges—Continued

Table 1
Annual Full-time Equivalent Enrollment
California State Colleges

	<i>Actual</i>			<i>Estimated</i>	
	1961-62	1962-63	1963-64	1964-65	1965-66
San Jose -----	12,587	13,695	14,836	15,540	15,840
San Diego ¹ -----	9,127	10,203	10,954	12,200	13,120
Los Angeles -----	9,894	10,562	11,371	12,080	12,990
Long Beach -----	7,592	8,608	9,954	11,720	12,820
San Francisco -----	9,467	10,422	11,537	11,750	12,250
San Fernando -----	4,828	5,833	6,805	8,660	10,160
Cal Poly (SLO) ² ---	5,174	5,751	6,229	6,840	7,290
Sacramento -----	4,251	4,191	5,362	6,170	6,970
Fresno ¹ -----	5,016	5,559	5,983	6,630	6,960
Chico -----	3,049	3,304	3,607	4,380	5,090
Cal Poly (K-V) ² ---	2,539	3,147	3,589	4,170	4,620
Fullerton -----	968	1,376	2,088	3,110	4,150
Hayward -----	687	945	1,854	3,040	3,980
Humboldt -----	1,727	1,951	2,105	2,420	2,700
Sonoma -----	127	276	433	620	900
Stanislaus -----	310	296	324	340	500
San Bernardino -----	---	---	---	---	430
Palos Verdes -----	---	---	---	---	---
International Program -----	---	---	(208)	213	290
All colleges -----	77,343	86,719	96,831	109,883	121,060
Increase over prior year -----	8,021	9,376	10,112	13,052	11,177
Percent -----	11.6%	12.1%	11.7%	13.5%	10.2%

¹ Includes off-campus center.² Includes summer quarter.

Beginning in the fall of 1965 the state colleges will limit the admission of new freshmen, with few exceptions, to those who are among the top one-third of their high school class as determined by their grade point average and aptitude test scores. Transfers from junior colleges or other four-year institutions are admitted if they meet the requirements for admission as freshman and have a 2.0 average in college work or, if inadmissible as freshmen, have earned at least 60 units of college credit with a 2.0 grade average. Students who have earned a bachelor's degree from an accredited four-year institution may be admitted as graduate students.

In Table 2 we show net (state) cost per FTE unit of enrollment as budgeted for 1965-66 in comparison with actual and estimated expenditures for 1963-64 and 1964-65.

General Summary

Education

California State Colleges—Continued

Table 2—Net (State) Cost per Full-time Equivalent Student
California State Colleges

	<i>Actual 1963-64</i>	<i>Estimated 1964-65</i>	<i>Proposed 1965-66</i>
Statewide			
Chancellor's office	\$14	\$13	\$13
Student loan program	2	3	3
Unallocated support	--	3	5
Totals, statewide	\$16	\$19	\$22
Colleges			
San Jose	\$948	\$1,004	\$1,043
San Diego	979	1,014	997
Los Angeles	958	968	934
Long Beach	896	905	922
San Francisco	904	989	1,010
San Fernando	1,014	958	954
Cal Poly—SLO	1,023	1,086	1,106
Sacramento	1,012	1,062	1,051
Fresno	1,165	1,206	1,231
Chico	1,222	1,132	1,103
Cal Poly—KV	1,142	1,155	1,135
Fullerton	1,223	1,137	1,087
Hayward	1,411	1,077	1,091
Humboldt	1,690	1,626	1,537
Sonoma	2,342	2,239	1,808
Stanislaus	2,284	2,781	2,510
San Bernardino	--	--	2,460
Total, all colleges	\$1,030	\$1,051	\$1,053
International Program	--	\$1,201	\$1,032
TOTALS	\$1,047	\$1,070	\$1,075

There are 10 major functions within the overall state college program of instruction. In Table 3 we have listed these functions, together with the item for unallocated support, and have indicated the proposed level of gross expenditures and gross cost per FTE for each.

Table 3—Proposed Expenditures by Function, 1965-66
California State Colleges

	<i>Amount</i>	<i>Percent</i>	<i>Amount per FTE¹</i>
Gross expenditures:			
Statewide			
Chancellor's office	\$1,715,605	1.1	\$14
International program	321,417	.2	3
Student loan program	400,000	.3	3
Unallocated support	600,000	.4	5
Colleges			
General administration	7,123,394	4.5	59
General institutional expense	2,400,067	1.5	20
Student services	10,732,698	6.8	89
Instruction	98,804,162	62.9	816
Libraries	9,855,181	6.3	81
Plant operation	18,323,996	11.7	151
Reimbursed activities	6,808,161	4.3	56
Total, gross expenditures	\$157,084,681	100.0	\$1,297

¹ Total FTE, including international program.

Education

General Summary

California State Colleges—Continued

Table 3—Proposed Expenditures by Function, 1965–66
California State Colleges—Continued

	<i>Amount</i>	<i>Percent</i>	<i>Amount Per FTE¹</i>
Reimbursements and savings:			
Statewide			
Reimbursements -----	—\$77,592		
Salary savings -----	—23,204		
Colleges			
General reimbursements (fees) -----	—13,089,969		
Reimbursed activities -----	—8,455,977		
Salary savings -----	—5,037,459		
Unfunded salary increase cost -----	—297,301		
Total, reimbursements and savings -----	—\$26,981,502		—\$222
Net (state) cost -----	\$130,103,179		\$1,075

¹ Total FTE, including international program.

Although each major statewide function and each state college continues to be treated as a separate item of appropriation in the budget and Budget Bill for 1965–66, our analysis is in terms of the overall program and its major subsidiary functions and activities. In order to reconcile our analysis with the separate budget items, we have included a brief summary statement for each at the end of this section.

1. Chancellor's Office. All major expenditures for central administration of the state colleges are budgeted under the Chancellor's Office. The principal functions of this office, which was established in 1961 following the formation of the Board of Trustees of the California State Colleges, are to assist the Trustees with respect to systemwide policy formulation and general supervision of program development. In practice the Chancellor's Office has operated largely as an intermediate staff servicing the colleges on the one hand and the Trustees and other state agencies on the other, rather than as a central management office.

The staff now consists of 53 professional and 42.9 technical and clerical positions divided among the functions of the executive office, general administration, academic affairs, business affairs, faculty and staff affairs and institutional research. These positions have been authorized on the basis of the organizational structure and specific administrative duties rather than on the basis of a comprehensive analysis of objectives, procedures and manpower requirements.

An amount of \$1,633,384 is requested for support of the Chancellor's Office for 1965–66, an increase of \$217,727 or 15.4 percent over estimated expenditures for the current year. This does not include expenditures for the international program or the student loan program, which we have treated as separate functions, or unallocated college augmentations.

General Summary

Education

California State Colleges—Continued

The proposed increase is distributed by object category as follows:

Personal services:	
Merit increases and full year costs	\$10,085
Positions established during current year	—9,816
New positions	172,120
Increased salary savings	—22,943
Staff benefits	—4,310
Subtotal	\$145,136
Operating expense	81,530
Equipment	11,763
Reimbursements	—20,537
Unfunded salary increases	—165
Total	\$217,727

A total 19.5 new positions are requested, including 3 positions which have been established administratively for the current year. Fourteen of these are professional positions and 5.5 are clerical.

Four new positions are requested for general administration. One of these is for a general secretary to provide coordination and liaison with alumni, advisory boards and the college communities. One position is requested as an administrative assistant to assist the Director of Governmental Affairs with existing workload in the area of relations with local, state and federal governmental agencies. Two new public affairs positions are requested for public information activities and to assist with internal communication between the Chancellor's Office and college administrators, the faculties and the students with respect to the governing policies of the Trustees and Chancellor's Office.

Two new positions are proposed for the legal office to handle existing legal workload relative to construction projects, revenue bonds, property acquisition, personnel, contracts and nonresident tuition. Three research technician positions and two clerical positions are proposed for academic planning to assist with studies and planning with respect to curricula, facilities, equipment and personnel for existing and new academic programs.

Other new positions, all proposed on the basis of existing workload are: 1 professional position for student affairs, 1 professional and 1 clerical position for auxiliary programs (reimbursed), 1.5 clerical positions for project management (reimbursed), 1 budget analyst in the budget planning office, 1 additional clerical position for the stenographic pool, 1 senior personnel analyst and 1 systems analyst for institutional research.

The principal item of increase under operating expense is \$52,200 for rent to expand the central office facilities, provide office space for the proposed new positions and a meeting room for the Trustees. The total amount of \$135,000 budgeted for rent is intended also to cover the possibility that new office space may have to be found at a higher cost when the present lease expires. Other increases, including \$8,000 for communications, \$9,000 for travel and \$5,400 for general office expense, are also related to the proposed new positions, as is the proposed increase of \$11,763 for equipment.

California State Colleges—Continued

1.(a) Unallocated Support Augmentations. An item of \$600,000 is shown in the budget for 1965-66 as unallocated college support augmentations. This amount is intended to cover the cost of year-round operations at Hayward and Los Angeles. An amount of \$480,000 is provided for Hayward to support the remainder of the 1964 summer quarter initially supported in the 1964-65 budgets and the first part of the 1965-66 summer quarter. The balance of \$120,000 is to be allocated to Los Angeles for the initial costs of its first summer quarter in 1965-66.

In 1964 the Legislature authorized the initiation of year-round operation of the state colleges with an appropriation of \$233,873 for 1964-65. The present plan is to convert all of the state colleges to a quarter system for year-round operation by 1975.

2. International Program. The international program of the California State Colleges was established in the fall of 1963 to provide qualified state college students an opportunity to take one academic year of study abroad at a selected university under the supervision of the state colleges. The academic program consists of two months of intensive advanced language study followed by two semesters of study as a regular student at the foreign university. Enrollment is limited to upper-division and graduate students with some proficiency in the language of instruction of the host university. Applicants are screened by campus and statewide faculty committees.

At present there are nine foreign universities in six countries co-operating with the state colleges in this program. State college faculty members have been appointed as resident directors or coordinators for each country to act as academic counselors to the students and to consult with each student's home campus.

The cost of this program is shared by the students and the state. The students are responsible for their transportation and living expenses, which are expected to average about \$1,670 for 1965-66, plus the regular materials and services fee of \$76. State support has been authorized for the costs of administration and instruction for each student in an amount no greater than the equivalent of the average system-wide support cost per FTE unit of enrollment.

The amount requested for support of this program for 1965-66 is \$299,377. This amount includes \$76,067 for administration, general expense and student services, \$245,350 for instruction, which consists largely of the salaries and travel expense for the resident directors and payments to the host institution, less \$22,040 in reimbursements. The total cost is based upon an estimated enrollment of 290 students and represents an increase of \$43,602 or 17 percent over estimated expenditures for 1964-65. The cost per student is \$1,032 as compared with the estimated cost for the current year of \$1,201 and the proposed state college cost of \$1,053.

The proposed increase in total expenditures for 1965-66 consists of \$13,500 for new positions, \$2,055 for merit salary increases and staff

California State Colleges—Continued

benefits and \$35,699 for administrative and instructional operating expense, partially offset by a reduction of \$1,800 for equipment and an increase in fee reimbursements of \$5,852. The \$13,500 requested for new positions would provide for reclassification of an instructor to an associate II for academic and institutional studies (to act as assistant director), one administrative assistant position requested to free the director and assistant director from routine administrative duties, and the addition of 0.5 senior account clerk.

The additional amount of \$35,699 for operating expense is largely in the instructional area and includes an increase of \$25,000 for contractual payments for state college faculty serving as resident directors and \$3,700 for instructional services overseas.

3. Student Loan Program. Title II of the National Defense Education Act provides for a student loan program for higher education which for public institutions is financed jointly by the federal government and the state in the ratio of \$9 of federal funds to \$1 of state funds. The state also bears the administrative costs for disbursement and collection.

Under the recently amended program, there is no specific ceiling on the amount of loan funds available annually to each institution. Undergraduate students who are determined to be in need of financial aid may borrow up to \$1,000 per year for their education and a maximum of \$5,000. Graduate students may borrow up to \$2,500 per year and a maximum of \$10,000. Loans are available to any eligible student taking at least one-half of a full course load. Repayment begins within three years after completion of full-time studies and may extend over a period of 10 years. The interest rate of 3 percent is not charged until one year after the borrower ceases to be a full-time student. Special encouragement is given to students who intend to become teachers by a provision that borrowers who become full-time teachers may have up to 50 percent of their repayment obligation cancelled.

State college participation in this program is administered by the Chancellor's Office and the individual colleges. State participation in the loan funds is provided under a separate item of the budget bill, but the costs of administration are included within the individual state college budgets.

The proposed state loan fund contribution for 1965-66 is \$400,000, as compared with an authorized amount of \$331,000 for the current year. The increase is requested to accommodate continuing growth in student demand for loan funds, apart from any additional demand which may have been caused by the recent liberalization of the federal law. The proposed \$400,000 state contribution will enable the colleges to obtain \$3,600,000 in matching federal funds. On the basis of past experience, this will permit new and additional loans to approximately 8,000 students during 1965-66.

Student demand for these loan funds has resulted in an augmentation of the annual state appropriation for each of the past three years. Re-

California State Colleges—Continued

cent college estimates of student demand for the budget year indicate a total potential demand for approximately \$5,200,000 including \$520,000 in state funds, as compared with the proposed total program of \$4 million and \$400,000 in state funds.

The individual college budgets also include a proposed increase in staffing for loan administration which totals \$146,664 for 25.5 new positions. Existing positions employed for this purpose, with few exceptions, have not been identified as such; however, we estimate that there are a total of at least 20 existing positions at a salary cost of \$100,000 which may be charged to this program. On this basis we estimate total administrative cost at about \$246,000 for 1965-66.

At present both the disbursement and collection of NDEA loan funds are handled by the individual colleges. The only direct responsibility assumed by the Chancellor's Office has been in regard to coordinating college applications for federal funds.

4. General Administration. The general administration function includes all direct expenditures for the central administrative offices of each state college. At present, general administration is further divided into executive and business administration subfunctions. The executive subfunction consists of those offices responsible for the overall management of each college, educational and facility planning, central administration of the instructional program and public relations. Business management includes accounting, budgeting, receipt and disbursement of funds, property management, personnel administration and certain general service functions such as mail distribution and duplicating.

Both the organizational structure and staffing standards in the executive area are currently undergoing revision in connection with a management improvement program begun in 1964-65 under the supervision of the Chancellor's Office. At present, this program is aimed primarily at the larger colleges and will result in the creation of an office of vice president for academic affairs as chief academic officer in lieu of one or more existing campus deans, a vice president for business and administration over the existing nonacademic administrative structure and the addition of several administrative assistant positions in the principal executive offices. The initial actions taken in 1964-65 to implement this program, however, do not present a pattern which is sufficiently consistent to be used as a new staffing standard in this area.

The subfunction of business management is staffed on the basis of a minimum of one professional position for each major activity, plus additional professional, technical and clerical positions according to established workload standards. There are no established standards for operating expense other than the current maximum of \$1,500 for community services and an allowance of \$7,500 for campus master planning.

The proposed total expenditure for college general administration for 1965-66 is \$7,123,394, an increase of 716,999 or 11.2 percent over estimated expenditures for the current year. The systemwide average cost

General Summary

Education

California State Colleges—Continued

per student for this function would be \$59 as compared with \$58 for the current year. The proposed increase is distributed among object categories and activities as follows:

Personal services:	
Merit increases and full-year costs -----	\$133,799
Nonfaculty reclassification -----	249,241
New positions:	
Executive (9.9) -----	70,779
Business management (37.7) -----	174,707
Staff benefits -----	62,740
Subtotal -----	\$691,266
Operating expense -----	\$8,946
Equipment -----	16,787
Total increase -----	\$716,999

A total of 47.6 new positions are proposed for general administration at a salary cost of \$245,486. This total includes 9.9 new executive positions, primarily for the newer colleges, to provide for the principal administrative positions and necessary professional and clerical assistance. The balance of 37.7 new positions are for business management functions. Of this number, 30.2 are budgeted according to established workload standards and are also largely for the newer and faster growing colleges. The remaining 7.5 are clerical positions which have been requested for increasing workload under the student loan program.

Allowances for the reclassification of nonfaculty positions are shown in the budget for the first time as a separate line item. In the past these costs have been met through budget revisions requiring the transfer of funds from other positions. The new items are offset by appropriate increases in the estimated salary savings figure for each college.

The small increase of \$8,956 for operating expense is largely for general office supplies and services related to the proposed new positions. Expenditures for equipment are limited to necessary replacement costs and furniture and equipment for proposed new positions.

5. General Institutional Expense. Several items of college operating expense which are related to more than one program function are grouped as general institutional expense and shown in the individual college budgets under the category of student and general institutional services. We have separated these items of expense from expenditures for student services in an attempt to improve functional cost identification. We believe that eventually, with the development of necessary accounting procedures, several, if not all, of these items should be charged back to each program function (administration, instruction, libraries, etc.).

The specific items of general institutional expense are printing, in-state travel, out-of-state travel, communications, college memberships and other miscellaneous expense.

Proposed expenditures for general institutional expense for 1965-66 total \$2,400,067, an increase of \$229,070 or 10.6 percent over estimated expenditures for 1964-65. As shown in Table 5 on page 369 the total

Table 4
Proposed Expenditures for General Administration, 1965-66

	<i>Personal services</i>				<i>Operating expenses</i>				<i>Totals</i>
	<i>Executive</i>	<i>Business management</i> ¹	<i>Nonfaculty reclass.</i>	<i>Staff benefits</i>	<i>Supplies and services</i>	<i>Community relations</i>	<i>Master planning</i>	<i>Equipment</i>	
San Jose -----	\$177,503	\$341,865	\$29,571	\$41,500	\$24,000	\$1,500	\$7,500	\$11,000	\$634,439
San Diego -----	173,960	340,652	25,347	39,902	9,000	1,500	7,500	918	598,779
Los Angeles -----	136,669	308,312	24,850	34,043	20,000	1,300	7,500	8,691	541,365
Long Beach -----	159,374	320,277	22,613	43,997	19,000	1,000	7,500	9,088	582,849
San Francisco -----	167,683	325,442	23,607	42,731	18,000	1,500	7,500	9,500	595,963
San Fernando -----	166,093	257,532	18,637	36,412	13,900	1,000	7,500	5,406	506,480
Cal Poly (SLO) -----	136,228	232,714	16,649	29,313	2,750	1,000	7,500	8,472	434,626
Sacramento -----	150,149	210,425	14,164	28,933	14,000	1,000	7,500	5,904	432,075
Fresno -----	170,810	201,713	17,146	31,408	9,455	1,000	7,500	5,215	444,247
Chico -----	116,217	193,719	11,178	28,109	4,400	800	7,500	4,996	366,919
Cal Poly (KV) -----	87,471	185,908	11,928	24,310	5,000	700	7,500	3,903	326,720
Fullerton -----	103,483	160,304	8,956	24,636	11,000	800	7,500	3,796	320,465
Hayward -----	115,055	155,590	7,703	24,183	11,500	700	7,500	10,516	332,747
Humboldt -----	82,743	167,701	9,443	20,486	6,000	750	7,500	3,797	298,420
Sonoma -----	78,511	101,725	3,230	14,378	4,200	300	7,500	2,059	211,903
Stanislaus -----	81,178	89,261	3,479	14,309	5,000	400	7,500	1,278	202,405
San Bernardino -----	68,648	74,942	750	14,422	4,000	500	7,500	2,940	173,702
Palos Verdes -----	59,462	37,523	--	9,703	2,500	300	7,500	2,392	119,380
Totals -----	\$2,231,237	\$3,705,605	\$249,241	\$502,775	\$183,705	\$16,050	\$135,000	\$99,871	\$7,123,484

¹ Includes student loan administration.

California State Colleges—Continued

for 1965-66 includes \$374,950 for institutional printing, \$396,541 for in-state travel, \$186,473 for out-of-state travel, \$1,334,308 for communications, \$39,495 for college memberships and \$68,300 for other institutional expenses such as freight charges, legal fees and office machine servicing. The total cost per student for these items is \$19.82 per FTE, as compared with an estimated cost per student of \$19.76 for 1964-65.

Expenditures for printing, which are to increase by \$25,126 or 7.2 percent for 1965-66, are determined by the types of forms, catalogs and other material to be printed, the number of copies of each and printing charges per copy. The proposed increase is based largely on small increases in printing charges and in the numbers of each catalog and bulletin published and the introduction of several new catalogs and institutional reports.

The proposed level of expenditure for in-state and out-of-state travel has been determined by formulas which take into account the number of employees eligible for travel allowances during the budget year. The proposed expenditure for in-state travel, which provides for an increase of \$29,203, or 7.9 percent over the current year, is based on a minimum allowance of \$4,000 per college and an additional allowance for size according to the number of eligible professional positions at each college. Out-of-state travel, for which an increase of \$17,333 or 10.2 percent is proposed, is budgeted on the basis of \$17 per professional position under instruction and \$10 per position for other profes-

Table 5
Proposed Expenditures for General Institutional Expense, 1965-66

	Printing	Travel in-state	Travel out-of- state	Communi- cations	Member- ships	Other	Total
San Jose -----	\$48,000	\$42,000	\$20,500	\$178,550	\$2,400	\$1,730	\$293,180
San Diego -----	38,480	44,445	18,462	123,650	4,850	---	229,887
Los Angeles ---	40,000	37,650	17,494	160,050	3,500	5,500	264,194
Long Beach ---	43,750	23,782	18,379	97,543	4,550	18,120	206,124
San Francisco ---	44,450	34,088	18,424	153,520	4,000	---	254,482
San Fernando --	23,800	25,030	14,849	124,000	1,855	650	190,184
Cal Poly (SLO) --	22,470	20,428	10,363	79,000	2,111	25,000	159,372
Sacramento ---	21,000	26,175	10,006	56,000	2,400	---	115,581
Fresno -----	19,000	25,511	12,640	62,650	2,730	---	122,531
Chico -----	11,000	18,777	6,050	41,345	1,480	5,000	83,652
Cal Poly (KV) ---	12,500	12,254	7,075	52,000	700	---	84,529
Fullerton -----	12,000	16,420	7,041	55,800	1,705	1,000	93,966
Hayward -----	9,000	16,693	7,687	56,200	1,400	---	90,980
Humboldt -----	10,000	20,488	5,119	42,400	2,270	7,000	87,277
Sonoma -----	6,000	10,200	2,945	16,520	1,394	1,300	38,359
Stanislaus -----	6,000	10,000	2,939	12,080	800	3,000	34,819
San Bernardino --	4,500	8,600	3,500	17,000	750	---	34,350
Palos Verdes ---	3,000	3,000	3,000	6,000	600	---	16,600
Totals -----	\$374,950	\$396,541	\$186,473	\$1,334,308	\$39,495	\$68,300	\$2,400,067

professional positions, plus an allowance for travel related to faculty recruitment. No changes in these allowances have been proposed for the budget year.

California State Colleges—Continued

The largest item of general institutional expense is communications which consists largely of telephone exchange charges and long-distance tolls and postage charges. A proposed increase in cost for 1965-66 of \$159,320 or 13.6 percent is based upon extension of telephone service to new facilities, the introduction of new equipment at several of the larger colleges to meet greater capacity requirements and an expected increase in postage rates.

An increase of \$4,296 or 12.2 percent is proposed for college membership fees to permit the individual colleges to add to the numbers of academic and professional organizations in which they participate on an institutional basis. Other minor miscellaneous expenses are budgeted for a reduction of \$6,208 or 8.3 percent as compared with the current year.

6. Student Services. The student service function includes all principal noninstructional services available to the students of each college. These services are admission and records, counseling and testing, student activities, housing, placement and student health. For budgetary purposes overall administrative costs are reported under the office of the dean of student services. Expenditures for admission and records are budgeted separately and all other expenditures are budgeted under the category of student personnel.

Proposed expenditures for student services for 1965-66 amount to a total of \$10,732,698 or 6.8 percent of total gross expenditures and a cost per FTE unit of enrollment of \$89. In Table 6 on page 371, proposed expenditures for student services are shown for each college by major function. The total amount requested would provide for an increase of \$1,207,091 or 12.7 percent over estimated expenditures for the current year. This increase is distributed by object category as follows:

Personnel Services:

Merit increases and full-year costs	\$233,543
New positions (136.4)	740,623
Staff benefits	79,730
Subtotal	\$1,053,896
Operating Expense	\$81,005
Equipment	72,190
Total increase	\$1,207,091

A total of 136.4 new positions are requested in this area of which 63.1 are for admissions and records, 44 are for student personnel and 29.3 are for the health services. The new positions for the admissions and records function are primarily for technical and clerical assistance budgeted at the rate of 2 per 800 individual students plus 1 per 1,000 limited students. The 44 new positions for student personnel include 18 professional and clerical positions for student counseling related to the NDEA student loan program and other college loan funds. The balance of 26 positions includes professional counselors and activities advisors for the newer colleges and clerical positions for a variety of functions, all budgeted according to student workload formula.

Table 6—Proposed Expenditures for Student Services, 1965-66

<i>Personal services and operating expense</i>							
	<i>Dean's office</i>	<i>Admission and records ¹</i>	<i>Student personnel ²</i>	<i>Health services</i>	<i>Staff benefits</i>	<i>Equipment</i>	<i>Total</i>
San Jose -----	\$42,769	\$340,860	\$436,928	\$334,105	\$81,000	\$11,000	\$1,246,662
San Diego -----	37,969	302,311	351,401	262,736	68,405	12,951	1,035,773
Los Angeles -----	42,710	399,485	294,747	241,797	69,006	20,711	1,068,456
Long Beach -----	38,249	329,916	306,336	264,129	78,217	30,092	1,046,939
San Francisco -----	41,737	281,435	348,378	268,057	76,370	17,000	1,032,977
San Fernando -----	37,953	307,526	230,306	203,578	49,653	16,538	845,554
Cal Poly (SLO) -----	27,138	157,146	202,759	167,656	41,038	16,226	611,963
Sacramento -----	31,751	213,870	211,261	147,732	46,293	11,903	662,810
Fresno -----	24,222	188,296	232,639	146,459	46,562	7,242	645,420
Chico -----	31,870	127,394	170,477	116,950	34,734	9,178	490,603
Cal Poly (K-V) -----	23,040	122,261	157,417	103,025	30,149	6,302	442,194
Fullerton -----	31,169	142,810	116,620	76,549	25,852	4,176	397,176
Hayward -----	23,338	123,751	129,942	83,800	27,206	8,600	396,637
Humboldt -----	24,605	93,036	115,171	59,279	23,413	2,445	317,949
Sonoma -----	22,453	63,538	80,554	20,815	13,581	2,834	203,775
Stanislaus -----	23,134	57,368	33,434	9,160	9,258	1,092	133,446
San Bernardino -----	22,175	47,868	17,480	8,265	11,395	3,255	110,438
Palos Verdes -----	22,079	17,504	--	--	3,326	1,017	43,926
Totals -----	\$548,361	\$3,316,375	\$3,435,850	\$2,514,092	\$735,458	\$182,562	\$10,732,698

¹ Includes machine expense.² Includes student loan administration.

California State Colleges—Continued

The 29.3 proposed new positions for the student health services are budgeted according to the current health service staffing formula which provides 1 physician and 1 nurse for every 1,500 regular students, a medical technician for every 4,000 regular students and 1 clerical position for every 1,500–2,000 regular students. The budgets provide for no significant changes in the operation of the health services.

Operating expenses are budgeted according to experience for prior years rather than formula, except in the case of health service expense which accounts for most of the increase for 1965–66. A total of \$360,486 is budgeted for this purpose, an increase of \$64,262 over the current year, at the rate of \$3 per regular student.

Proposed expenditures for equipment, which total \$182,256 for all four student service categories, are budgeted to provide furniture and equipment for proposed new positions, necessary replacement and additional equipment justified on an item by item basis.

7. Instruction. This function includes all direct current expenditures for classroom teaching and supporting services other than those related to the international program, fee-supported summer sessions and extension programs. For budgetary purposes these expenditures may be categorized as either teaching expense or teaching services. Teaching expense consists of faculty salaries and benefits, instructional supplies, administrative salaries and supplies for departments, divisions and schools and related technical, clerical and student assistance. Teaching services consist of salaries, wages and operating expense for instructional television, audiovisual services, computer services, laboratory schools, master teachers, certain farm operations, accreditation and special lecture services. At present these costs are not identified by level of instruction, and all expenditures for equipment are included under a single item.

For 1965–66 a total of \$98,804,162 is budgeted for these purposes. In Table 7 on page 374 we show the amount for each college for personal services, each major item of operating expense and equipment. Systemwide, the amounts requested for teaching expense and teaching services, together with the costs per FTE unit of enrollment, are as follows:

	<i>Amount</i>	<i>Amount per FTE</i>
Teaching expense:		
Personal services -----	\$89,498,297	\$741.06
Operating expense -----	3,704,024	30.67
Subtotal -----	\$93,202,321	\$771.73
Teaching services:		
Personal services -----	\$2,493,998	\$20.65
Operating expense -----	1,296,795	10.74
Subtotal -----	\$3,790,793	\$31.39
Equipment -----	1,811,048	15.00
Total -----	\$98,804,162	\$818.12

The total amount requested would provide for an increase of \$11,319,560 of 12.9 percent over estimated expenditures under this function for

General Summary

Education

California State Colleges—Continued

the current year. Based upon an estimated increase in college enrollment of 11,110 FTE, the cost per FTE would increase from \$798 to \$818 or 2.5 percent.

The proposed increase of \$11,319,560 for 1965-66 is distributed by object category as follows:

Personal services:	
Merit increase, reclassifications and full-year costs	\$3,980,143
Temporary positions and workload adjustments	—965,171
Proposed new positions	6,914,351
Staff benefits	579,154
Subtotal	\$10,508,477
Operating expense	582,359
Equipment	228,724
Total increase	\$11,319,560

A total of 1,087.2 new positions are budgeted under teaching expense, of which 36.1 are for instructional administration, 872.7 are faculty positions and 178.4 are related technical, clerical and student assistance positions. Although the majority of these proposed new positions are requested on the basis of workload increase for 1964-65, the figure also includes a substantial number related to the unanticipated growth in enrollment between 1963-64 and 1964-65.

The 36.1 new positions for instructional administration consist of division chairmen, curriculum supervisors, coordinators and other positions which provide released time for assignment within each college according to its determination of its administrative and curriculum development requirements. Although most of these positions are budgeted by formula for specific purposes, in practice these formulas are not closely related to the actual use of the positions.

The proposed new faculty positions are budgeted according to a very complex faculty staffing formula which is intended to take into account the estimated number of students in each subject area, the appropriate class size for many different types of instruction and the amount of preparation required for each class meeting, so that each faculty member will be assigned a workload equivalent to that of teaching 12 units of lecture per week. The computations under this formula for 1965-66 produced a total faculty requirement of 7,269 positions for a student faculty ratio of 16.6 to 1. The 872.2 proposed new faculty positions called for under this formula include 50 positions established on an interim basis for the current year to meet an enrollment growth of 5,035 FTE in excess of the number upon which the 1964-65 budgets were based.

Faculty staffing data included this year in the Governor's Budget indicate the extent to which student-faculty ratios differ among the individual colleges by subject area and instructional level. For example, these figures show for 1965-66 a range of from 17.8-1 to 13.9-1 for collegewide averages, a range of from about 4-1 to 27-1 among subject areas and a range of from about 6-1 at the graduate level to 17-1 for all levels within the same instructional area. These figures indicate

Table 7—Proposed Expenditures for Instruction, 1965-66

Operating Expense											
	Personal services	Adminis- tration and teaching	Master teacher	Tele- vision	Computer expense	Audio- visual	Laboratory school	Farm	Other ¹	Equipment	Total
San Jose -----	\$13,072,393	\$487,630	\$51,795	\$29,303	\$25,833	\$18,330	-	-	\$1,000	\$230,400	\$13,916,684
San Diego -----	9,879,973	411,344	41,000	20,800	26,536	18,000	\$6,000	-	21,000	184,659	10,609,312
Los Angeles -----	9,242,007	387,185	38,000	22,000	52,320	22,000	-	-	1,000	133,046	9,897,558
Long Beach ----	9,102,961	387,800	48,527	-	13,346	16,030	-	-	1,000	184,528	9,754,192
San Francisco --	9,407,340	357,875	59,705	7,500	23,278	28,000	13,750	-	1,000	171,500	10,069,948
San Fernando ---	6,859,147	300,000	34,000	-	31,215	20,000	-	-	1,000	183,627	7,428,989
Cal Poly (SLO) _	5,865,415	252,225	9,089	-	13,700	15,650	-	\$55,000	1,000	98,153	6,310,232
Sacramento ----	5,278,979	210,305	23,250	1,000	17,685	12,500	-	-	4,000	102,307	5,650,026
Fresno -----	5,792,923	223,740	45,000	2,500	24,306	3,500	4,600	54,000	1,000	85,506	6,237,075
Chico -----	3,794,769	154,725	15,125	1,000	17,000	5,610	3,850	54,000	1,000	79,396	4,126,475
Cal Poly (K-V) _	3,538,060	151,950	4,075	-	13,352	10,100	-	58,000	1,000	68,026	3,844,563
Fullerton -----	2,873,747	130,725	12,855	-	23,733	5,000	-	-	1,000	94,256	3,141,316
Hayward -----	2,785,111	116,270	13,363	-	2,700	9,100	-	-	1,000	92,404	3,019,948
Humboldt -----	2,521,152	80,250	7,058	500	19,360	4,800	6,700	-	6,800	49,332	2,695,952
Sonoma -----	828,805	23,850	4,415	-	-	4,500	-	-	1,000	14,225	876,795
Stanislaus -----	511,607	14,150	3,856	-	-	1,600	-	-	750	12,215	544,178
San Bernardino _	498,572	13,000	-	-	-	545	-	-	1,000	22,368	535,485
Palos Verdes ---	139,334	1,000	-	-	-	-	-	-	-	5,100	145,434
Totals -----	\$91,992,295	\$3,704,024	\$411,113	\$84,603	\$304,364	\$195,265	\$34,900	\$221,000	\$45,550	\$1,811,048	\$98,804,162

¹ Includes expense for special lecture, accreditation, rent, natural resources.

California State Colleges—Continued

very clearly the extent to which the present level of staffing takes into account differences in workload, particularly with respect to graduate instruction.

The 178.4 proposed new technical, clerical and student assistance positions are provided for departmental clerical work, maintenance and operation of laboratory equipment, stockroom duties and direct assistance to faculty members. These positions are ordinarily budgeted on the basis of 0.22 of a position per faculty member.

A total of 49.1 new positions are proposed for teaching services such as audio-visual services, computer operations and instructional television. In general, these positions are also budgeted according to enrollment workload.

The major item of operating expense, \$3,704,024 for administration and teaching, is budgeted at the level of \$31.50 per FTE unit of enrollment with a portion of this allowance also used for audio-visual services. Equipment is generally budgeted at the level of \$10 per FTE plus necessary replacements and furniture for new positions.

8. Libraries. All direct expenditures for operating the state college libraries, including staff salaries and benefits, the acquisition costs for books and other resources, supplies and equipment, are budgeted under this heading. Indirect library costs for overhead are budgeted under plant operation, general administration and general institutional expense.

The state college libraries are operated as unified general purpose facilities typical of liberal arts institutions. The collections are related primarily to the undergraduate curricula, although in recent years there has been a growing emphasis upon graduate level resources at those colleges which have developed the most extensive master's degree programs. The libraries are generally organized according to major subject fields with special facilities for reference materials, periodicals, art materials and other special resources. Reading and study areas are provided for approximately 25 percent of each college's FTE enrollment.

Proposed library expenditures for 1965-66 total \$9,855,181, including \$6,358,007 for personal services, \$2,380,904 for books, \$1,023,012 for supplies and services and \$93,258 for equipment. The total amount requested would provide for an increase of \$319,338 or 3.3 percent over estimated expenditures for the current year. This is distributed by object category as follows:

Personal services:	
Merit increases and full-year costs -----	\$176,460
New positions (net) -----	35,195
Staff benefits -----	5,335
Subtotal -----	\$216,990
Books -----	\$114,695
Supplies and services -----	—19,157
Equipment -----	6,810
Total increase -----	\$319,338

California State Colleges—Continued

A total of 76.4 new positions have been added and 6.5 temporary positions deleted for a net proposed addition of 69.9 positions. Of this number 16.5 are requested for public (student and faculty) service activities according to a formula which takes into account the number of public service stations in each library and the hours of operation. The remaining 53.4 (net) new positions are for technical services and have been budgeted according to a complex formula which attempts to take into account the workload associated with the processing of new and existing materials.

The additional positions, added to previously authorized positions, would provide a total library staff of 1,000 positions. Of this total, 393.7 or 39.4 percent are classified as permanent professional positions, 320.1 as permanent clerical, 93.3 as temporary help (professional and clerical) and 192.9 as student assistance. Assuming that the temporary positions are divided evenly between professional and clerical positions, the percentage distribution would be 44 percent professional, 37 percent clerical and 19 percent student assistance.

Library book acquisition funds have been budgeted according to an augmented formula first introduced in the 1964-65 budget. This formula provides 5 volumes per FTE graduate student, 4 volumes per FTE undergraduate student for the first 1,000 students, 3 volumes per FTE for the next 4,000 and 2 volumes per undergraduate FTE over 5,000. In addition, an acceleration factor is provided for colleges which would not otherwise reach a level of 40 volumes per FTE by 1973-74. The 1965-66 budget provides for the full formula allowance plus 25 percent of the computed annual acceleration factors. On the basis of an average cost of \$6 per volume, this budget provides for the acquisition of 396,817 volumes. In Table 8 below we indicate how this affects the total systemwide state-supported collection.

Table 8
Total Library Volumes¹
California State Colleges

	<i>Previous collection</i>	<i>Volumes added</i>	<i>Total</i>	<i>Volumes per FTE student</i>
1964-65 -----	2,343,843	404,459	2,748,302	25.1
1965-66 -----	2,748,302	396,817	3,145,119	26.0

¹ Excluding initial collections for Palos Verdes and San Bernardino.

Operating expense for supplies and services, including processing supplies, periodicals, bookbinding, and art and music resources, are budgeted at the equivalent of 65 percent of the pre-1964-65 book allowance plus 15 percent of the augmented allowance. This works out to be the equivalent of 43 percent of the 1965-66 book allowance.

Equipment, which amounts to 0.9 percent of total proposed library expenditures for 1965-66, has been budgeted to provide necessary furniture and equipment for proposed new positions, plus some additional library equipment justified on an item by item basis.

California State Colleges—Continued

Table 9
Proposed Library Expenditures, 1965-66

	<i>Personal services</i>	<i>Books</i>	<i>Other materials and supplies</i>	<i>Equipment</i>	<i>Total</i>
San Jose -----	\$760,722	\$259,224	\$107,854	\$5,000	\$1,132,800
San Diego -----	589,389	235,226	96,148	3,543	924,306
Los Angeles -----	736,188	261,000	99,320	15,121	1,111,629
Long Beach -----	608,725	250,662	97,059	11,583	968,029
San Francisco -----	621,219	231,630	93,770	15,000	961,619
San Fernando -----	428,075	223,392	84,989	328	736,784
Cal Poly (SLO) -----	324,314	127,818	61,083	956	514,171
Sacramento -----	397,572	136,380	62,867	10,229	607,048
Fresno -----	440,442	129,390	61,814	6,118	637,764
Chico -----	246,508	101,670	52,045	4,072	404,295
Cal Poly (KV) -----	201,044	99,264	47,890	5,680	353,878
Fullerton -----	252,022	121,758	49,164	-	422,944
Hayward -----	247,851	106,278	45,822	4,628	404,579
Humboldt -----	208,390	25,212	16,387	1,825	251,814
Sonoma -----	92,234	24,000	15,600	2,170	134,004
Stanislaus -----	110,827	24,000	15,600	575	151,002
San Bernardino -----	75,155	24,000	15,600	2,377	117,132
Palos Verdes -----	17,330	-	-	4,053	21,383
Totals -----	\$6,358,007	\$2,380,904	\$1,023,012	\$93,258	\$9,855,181

9. Plant Operation. This function includes all major expenditures for operating and maintaining the physical plant of each college, maintenance of grounds, utility charges, operation of heating and cooling systems, campus security, motor vehicle operation, rent and moving expense and maintenance of the college farms. The cost of operating and maintaining parking facilities has been excluded, however, inasmuch as parking is now treated as an auxiliary enterprise under reimbursed activities.

The plant operation expenditures for each college vary rather widely not only because of differences in building and campus area but also because of differences in types of construction, building equipment, design, campus terrain and the scope of maintenance activities. Some of these variations reflect differences in program and location while others suggest that insufficient consideration has been given to plant operation costs in the planning of new facilities and sites. Although the Chancellor's Office has begun recently to give greater attention to this problem, it is evident that additional effort must be made to relate construction to program in order to minimize subsequent costs for plant operation and instruction.

Proposed expenditures for plant operation for 1965-66 total \$18,323,996, an increase of \$1,380,109 or 8.1 percent over estimated expenditures for the current year. This is the equivalent of an average cost per square foot (outside gross) of building area of 116.5 cents as compared with an estimated cost per square foot of 115.1 cents for the current year.

Table 10
Proposed Expenditures for Plant Operation, 1965-66

<i>Operating Expense</i>											
	<i>Personal services</i>	<i>Admin.</i>	<i>Maint. of structures</i>	<i>Maint. of grounds</i>	<i>Security</i>	<i>Utilities</i>	<i>vehicle operation</i>	<i>Farm</i>	<i>Moving and rent</i>	<i>Equipment</i>	<i>Total</i>
San Jose -----	\$1,351,458	\$1,200	\$154,198	\$17,000	--	\$334,690	\$17,000	--	--	\$10,000	\$1,885,546
San Diego -----	1,270,898	600	144,559	27,177	--	278,571	15,000	--	--	25,912	1,762,717
Los Angeles -----	1,150,159	1,000	145,527	18,000	\$1,000	147,518	14,500	--	\$2,500	24,680	1,504,884
Long Beach -----	1,104,512	521	138,750	25,000	445	202,995	22,000	--	1,000	20,512	1,515,735
San Francisco --	1,031,754	500	120,000	12,000	150	262,300	11,700	--	7,900	15,000	1,461,304
San Fernando -----	1,149,359	2,500	122,024	22,500	1,000	256,567	18,500	--	3,500	29,250	1,605,200
Cal Poly (SLO) --	864,168	--	100,500	10,350	2,600	327,227	19,825	--	500	12,622	1,337,792
Sacramento -----	707,304	1,000	67,500	13,000	--	145,800	8,000	--	16,000	12,894	971,498
Fresno -----	964,148	1,000	59,802	21,000	1,250	156,066	10,000	\$48,950	30,000	19,800	1,312,016
Chico -----	641,541	220	54,270	12,000	160	125,000	19,000	38,000	1,000	10,943	902,134
Cal Poly (KV) --	676,214	--	71,250	13,400	--	145,253	25,000	--	--	9,500	940,617
Fullerton -----	544,336	125	64,857	12,000	500	157,000	4,560	--	--	8,550	791,928
Hayward -----	440,639	500	30,000	13,000	250	165,656	9,700	--	13,000	2,875	675,620
Humboldt -----	615,622	600	65,000	9,030	1,200	145,898	19,500	--	4,200	3,390	864,440
Sonoma -----	174,924	2,000	3,500	3,500	250	32,500	6,050	--	115,129	1,350	339,203
Stanislaus -----	173,358	250	60,351	5,000	200	33,658	5,923	--	2,500	875	282,115
San Bernardino --	94,844	500	10,000	3,000	--	27,907	4,000	--	5,500	1,076	146,827
Palos Verdes ----	--	--	--	--	--	--	1,600	--	22,720	--	24,320
Totals -----	\$12,955,238	\$12,516	\$1,412,088	\$236,957	\$9,005	\$2,944,606	\$231,858	\$86,950	\$225,449	\$209,229	\$18,323,896

General Summary

Education

California State Colleges—Continued

The proposed increase for 1965-66 is distributed by object category and subfunction as follows:

Personnel services	
Merit increases and full-year costs	\$365,721
New positions	388,259
Staff benefits	96,464
Subtotal	\$850,444
Operating expense	
Administration	\$560
Maintenance of structures	141,560
Maintenance of grounds	10,872
Security	440
Utilities	309,584
Motor vehicle operation	7,356
Farms	9
Moving and rent	506
Subtotal	\$470,007
Equipment	59,658
Total increase	\$1,380,109

A net total of 98.7 new positions are proposed under this function. Of this number, 66.2 are custodial positions budgeted primarily on the basis of one per 15,000 square feet of building area for new facilities scheduled for use during the budget year. A total of 10.5 new positions are proposed for grounds maintenance, the majority for the new San Bernardino campus, in accordance with a formula taking into account the area and character of each site. The remaining 22 positions are requested for skilled labor, campus security, clerical help and administration.

A proposed total increase of \$470,007 in operating expense consists largely of an additional \$141,560 for maintenance of structures and \$309,584 for utilities. Budgeted operating expenditures for the maintenance of structures are based on past experience, taking into account the addition of new facilities and the requirements of special equipment. The increase requested for 1965-66 would raise total expenditures for this purpose from 8.9 cents to 9.1 cents per square foot. Utility charges are based upon actual charges adjusted for price changes and the addition of new facilities.

10. Reimbursed Activities. Several activities which are supported from student fees and other nonstate sources, and which are not classified either as student services or auxiliary enterprises, are grouped under this heading. These activities are summer sessions (excluding state-supported summer quarters), extension programs, research projects, parking, services to auxiliary organizations, special public service projects and miscellaneous services to other agencies.

Expenditures for these activities are offset in full by reimbursements shown in Table 13 on page 381. Ordinarily these items are budgeted very conservatively so that the figures shown for the budget year are somewhat less than current year estimates. As shown in Table 11, the

California State Colleges—Continued

total budgeted for 1965-66 is \$6,808,161 which is \$763,163 less than currently estimated expenditures for 1964-65 and nearly the same as actual expenditures for 1963-64.

Table 11

Budget Expenditures for Reimbursed Activities, 1965-66

Research projects -----	\$91,380
Auxiliary organizations -----	370,500
Residence halls -----	102,577
Summer sessions -----	4,177,765
Extension -----	1,090,338
Parking -----	610,629
Other activities -----	252,115
Staff benefits -----	95,902
Equipment -----	16,955
Total -----	<u>\$6,808,161</u>

Only the amounts shown for summer sessions, extension and parking are closely related to what actual expenditures will be. The figure for research projects represents only a portion of that nonstate support for research which is now known to be available for 1965-66, rather than a careful estimate based upon past experience. Much the same is true of expenditures under "other activities" which include special public service projects for the federal government as well as services to other agencies.

11. Reimbursements, Salary Savings and Unfunded Salary Increase Costs. As shown in Table 12 below, proposed total gross expenditures of \$157,084,681 for 1965-66 are offset by \$26,981,502 in reimbursements, salary savings and unfunded salary increase costs.

Table 12

Budgeted Gross and Net Expenditures, 1965-66

Gross expenditures -----	\$157,084,681
Reimbursements -----	<u>-21,623,538</u>
Salary savings -----	-5,060,663
Unfunded salary increase costs -----	<u>-297,301</u>
Net (state) expenditures -----	<u>\$130,103,179</u>

Reimbursements consist of income from the materials and services fee for students enrolled in regular classes plus nonresident tuition and application fees, together with income for reimbursed activities. The materials and services fee is \$76 for students enrolled for 7 or more units and \$39 for students enrolled for 6 units or less. Nonresident tuition is \$500 per year for students from other states and \$255 for foreign students. An application fee of \$5 is charged for processing applications for admission.

Estimated income for these fees is shown in Table 13 together with income for reimbursed activities. The amount shown for reimbursed activities exceeds estimated expenditures for such activities by \$1,647,816.

California State Colleges—Continued

Table 13

Budgeted College Reimbursements, 1965-66

General reimbursements:	
Materials and services fees -----	\$10,720,232
Nonresident tuition -----	1,661,182
Application fees -----	708,555
Subtotal, general reimbursements -----	\$13,089,969
Reimbursed activities:	
Parking -----	1,594,213
Summer sessions -----	4,354,955
Extension -----	1,121,722
Residence halls -----	105,901
Auxiliary organizations -----	465,673
Research projects -----	40,861
Other projects -----	126,423
Miscellaneous -----	646,229
Subtotal, reimbursed activities -----	\$8,455,977
Total college reimbursements -----	\$21,545,946

The amount of \$297,301 shown in table 12 as unfunded academic salary increases represents the estimated amount by which academic salary increases granted for 1963-64 and 1964-65 exceeded appropriations for that purpose, as extended into 1965-66. The matter of how this excess level of expenditure is to be financed and what procedures are necessary to preclude a similar overexpenditure in the future has been taken up by the Legislative Budget Committee. A report on its findings and recommendations will be submitted later in the session.

To indicate the implications which present and proposed levels of state support for the state colleges have for future state expenditures and revenue requirements, we have made a simple projection of the 1965-66 budget as shown in Table 14. This cost projection is based upon the most recent enrollment projection and the proposed average cost per FTE for 1965-66, with an adjustment for salary and other price increases.

It should be clear that this projection deals only with the cost of existing levels of service and does not attempt to take into account any new programs or changes in funding which may be authorized by the Legislature in the future. It is, therefore, only a projection of the current rate of expenditure, adjusted according to average salary and price increases in the past, and not a forecast of actual future costs.

Table 14—Projected State Cost for Support at Existing Levels of Service
California State Colleges

	FTE enrollment	State cost per FTE	Price and salary adjustment	Total state support
1965-66 -----	121,960	\$1,075	1.000	\$130,103,179
1966-67 -----	127,790	1,075	1.053	144,700,000
1967-68 -----	139,650	1,075	1.109	166,500,000
1968-69 -----	150,370	1,075	1.168	188,900,000
1969-70 -----	161,640	1,075	1.229	213,500,000
1974-75 -----	220,000	1,075	1.512	357,500,000

California State Colleges—Continued

REVIEW OF AGENCY ACCOMPLISHMENTS

In 1963-64, the last actual year of operations, the state colleges enrolled a total of 96,831 FTE. This enrollment was distributed by level of instruction as shown in Table 15 below.

Table 15
Distribution of FTE Enrollment by Level of Instruction

	Lower division		Upper division		Graduate	
	Number	Percent	Number	Percent	Number	Percent
1960-61 -----	32,589	47.2	33,460	48.4	3,040	4.4
1961-62 -----	37,115	48.2	36,491	47.3	3,476	4.5
1962-63 -----	40,845	47.1	41,972	48.4	3,902	4.5
1963-64 -----	44,447	45.9	47,931	49.5	4,453	4.6

Of the total enrollment of 96,831 FTE, full-time students accounted for 86,158 FTE, or 89 percent, and part-time students accounted for 10,673 FTE, or 11 percent. In terms of individuals, rather than full-time equivalent units of enrollment, there were a total of 131,108 students enrolled in the fall of 1963, of which about 60 percent were full-time and about 40 percent were part-time. Part-time enrollment was about evenly divided between the undergraduate and graduate levels and thus accounted for the great majority of graduate students. Full and part-time enrollment for the period 1960-61 through 1963-64 is shown in Table 16.

Table 16
Full-time and Part-time Enrollment—Individuals and FTE

	Individuals ¹				Full-time Equivalents ²			
	Full-time		Part-time		Full-time		Part-time	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1960-61__	56,480	59.4	38,601	40.6	61,198	88.6	7,891	11.4
1961-62__	64,099	60.5	41,888	39.5	68,522	88.8	8,560	11.2
1962-63__	71,502	60.6	46,555	39.4	76,766	88.8	9,648	11.2
1963-64__	80,188	60.2	52,920	39.8	86,158	89.0	10,673	11.0

¹ Fall term.

² Average annual.

The principal areas of enrollment by subject field for 1962-63 were social science (18 percent), education (12 percent), humanities (12 percent) and business (8 percent). In Table 17 below we have compared enrollment by subject field for the spring of 1963 with that for the spring of 1959. Few very pronounced shifts appear to have occurred in this period, although there is evidence of a slight relative rise in enrollment in the fine and applied arts, foreign languages, the humanities and the physical and social sciences. Small relative declines are indicated for business education and engineering.

General Summary

Education

California State Colleges—Continued

Table 17
Enrollment Distribution by Subject Field, 1959 and 1964

	Spring term 1959	Spring term 1963
Agriculture -----	2.0%	1.7%
Business -----	9.0	8.0
Fine and applied arts -----	8.9	9.6
Education -----	15.1	12.3
Engineering -----	4.9	4.0
Foreign languages -----	1.3	2.6
Health sciences -----	2.3	2.1
Home economics -----	1.1	1.2
Humanities, English and journalism -----	10.3	12.1
Industrial arts -----	1.6	1.4
Mathematics -----	4.8	5.2
Physical education and recreation -----	4.2	3.8
Psychology -----	5.6	5.6
Physical and life science -----	11.2	11.7
Social science -----	16.3	17.7
Other -----	1.4	1.0
	100.0%	100.0%

A total of 17,258 bachelor's degrees were awarded in 1963-64 along with 2,730 master's degrees.

Total gross expenditures for the state college instructional program were \$121,678,127 in 1963-64. This amount was offset by \$20,324,748 in reimbursements and savings so that net cost to the General Fund amounted to \$101,353,379. A breakdown of expenditures by functions is shown in Table 18.

Table 18
Expenditures by Function, 1963-64
California State Colleges

	Amount	Percent	Amount per FTE
Gross Expenditures			
Statewide:			
Chancellor's Office -----	\$1,581,456	1.3%	\$16
Student loan program -----	223,664	.2	2
Colleges:			
General administration -----	5,699,724	4.7	59
General institutional expense -----	1,950,408	1.6	20
Student services -----	8,251,754	6.8	85
Instruction -----	74,611,604	61.3	771
Libraries -----	7,648,575	6.3	79
Plant operation -----	14,942,758	12.2	155
Reimbursed activities -----	6,768,184	5.6	70
Total gross expenditures -----	\$121,678,127	100.0%	\$1,257
Reimbursements:			
General reimbursements -----	\$11,033,421		
Reimbursements statewide -----	—182,574		
Reimbursed activities -----	—9,108,753		
Total reimbursements -----	—\$20,324,748		—\$210
Net expenditures (General Fund) -----	\$101,353,379		\$1,047

California State Colleges—Continued

On the following pages we very briefly discuss expenditures, unit costs and certain measures of program accomplishment for each major function within the state college instructional program.

1. Chancellor's Office. Net (state) statewide administrative costs amounted to \$1,398,882 for 1963-64 or the equivalent of \$16.3 per FTE unit of enrollment for that year. Expenditures by object category were \$923,413 for personal services, \$640,911 for operating expense and \$17,132 for equipment, with reimbursements of \$182,574.

Although 1963-64 was the third year of statewide administration by the Chancellor's Office under the Trustees, the level of expenditure continued to be affected substantially by matters of organizational development, particularly with respect to personnel and administrative policy. Staff time continued to be devoted primarily to assisting the Trustees in the development of governing policies in the areas of instruction and academic planning, facilities planning, college staffing and administrative procedures.

2. International Program. During 1963-64, the first year of this program, 108 state college students studied at six universities abroad, including the University of Aix-Marseille, Berlin, Heidelberg, Madrid, Stockholm and Taiwan.

The cost of administration and instruction, which for that year was carried within the individual state college budgets, has been reported to be \$125,870 or \$1,165 per student. After deduction of the regular materials and services fee, this would be \$117,662 or \$1,089 per student as compared with the average state college cost of \$1,047 per student for 1963-64. Estimated cost for the current year is \$1,200 per student as compared with \$1,070 per student for the regular instructional program.

3. Student Loan Program. For 1963-64 the Legislature appropriated \$200,000 for state college student loans under the provisions of Title II of the National Defense Education Act. This amount was augmented by \$51,740 from prior year balances to provide a total state contribution of \$251,740. The federal matching contribution was \$2,265,677 for a total of \$2,517,417 in loan funds. This was the fifth year of California's participation in the program and the third year of administration by the state colleges.

As of June 30, 1964, 13,969 state college students had received loans totaling \$9,737,146 for an average of \$697 per individual.

Little current information is available as to recipients of NDEA loans. The latest comprehensive study published by the U.S. Office of Education covered the fall term of 1960. According to the data reported in that study for all California students who had received NDEA loans, over 50 percent indicated that they needed financial aid from some source other than their families and nearly the same proportion indicated that their NDEA loan had obviated need for part-time employment while they were students. A large proportion, approximately 30 percent, were at least 24 years old, and about 23 percent of male recipients were married.

General Summary

Education

California State Colleges—Continued

4. General Administration. Expenditures for college general administration amounted to \$5,699,724 for 1963-64 or the equivalent of \$59 per FTE unit of enrollment and 4.7 percent of gross state college expenditures. Among the 10 largest colleges, total expenditures for general administration in relation to gross expenditures and in terms of cost per FTE were as follows:

	<i>Amount</i>	<i>Percent of gross expenditure</i>	<i>Cost per FTE</i>
San Jose -----	\$510,294	3.04%	\$34
San Francisco -----	519,993	3.83	46
Los Angeles -----	427,390	3.21	37
San Diego -----	512,796	3.97	47
Long Beach -----	477,461	4.39	48
San Fernando -----	419,278	5.19	62
Cal Poly (SLO) -----	343,656	4.52	55
Fresno -----	353,322	4.30	59
Sacramento -----	343,775	5.17	64
Chico -----	278,444	5.56	77

Although these figures do not show a close relationship between enrollment and general administrative expenditures, they do indicate that in this area there are important economies of size, whether measured by gross expenditures (which are distorted by variations in reimbursed activities) or FTE enrollment.

5. General Institutional Expense. Expenditures for general institutional expense, including printing, travel, communications, college memberships and other miscellaneous services, amounted to \$1,950,408 for 1963-64, or the equivalent of \$20 per FTE unit of enrollment and 1.6 percent of gross expenditures. Among the 10 largest colleges, expenditures for this purpose in relation to gross expenditures and in terms of cost per FTE were as follows:

	<i>Amount</i>	<i>Percent of gross expenditure</i>	<i>Cost per FTE</i>
San Jose -----	\$222,718	1.3%	\$15
San Francisco -----	227,723	1.7	19
Los Angeles -----	210,259	1.6	18
San Diego -----	190,969	1.5	17
Long Beach -----	150,236	1.4	15
San Fernando -----	170,628	2.1	25
Cal Poly (SLO) -----	116,169	1.5	17
Fresno -----	107,681	1.3	18
Sacramento -----	94,951	1.4	18
Chico -----	76,493	1.5	21

According to these figures, expenditures for general instructional expense appear to be relatively constant in relation to total gross expenditures and enrollment. With the exception of San Fernando Valley State College, the figures for cost per FTE unit of enrollment show remarkably little variation.

6. Student Services. Expenditures in 1963-64 for student services totaled \$8,251,754 or the equivalent of \$85 per FTE and 6.8 percent of gross expenditures. Among the 10 largest colleges, expenditures for

Education

General Summary

California State Colleges—Continued

student services in relation to gross expenditures and in terms of cost per FTE were as follows:

	<i>Amount</i>	<i>Percent of gross expenditure</i>	<i>Cost per FTE</i>
San Jose -----	\$1,084,715	6.5%	\$73
San Francisco -----	824,839	6.1	71
Los Angeles -----	905,421	6.8	80
San Diego -----	878,034	6.8	80
Long Beach -----	749,422	6.9	75
San Fernando -----	633,043	7.8	93
Cal Poly (SLO) -----	474,598	6.2	76
Fresno -----	532,318	6.5	89
Sacramento -----	487,008	7.3	91
Chico -----	353,650	7.1	98

Expenditures for student services, although justified largely on the basis of student enrollment, appear in practice to be less closely related to enrollment than is the item of general institutional expense. The relatively small variations in student services as a percent of gross expenditures suggests that support for this function is being used for purposes other than those included under the standard budget formulas for this area.

Within this function expenditures for the student health services amounted to a total of \$1,788,859 in 1963-64 with an average unit cost of \$18 per FTE or \$19 per "regular" student taking more than six units of work. Health service expenditures for each college with an established program are shown in Table 19 below.

Table 19
Student Health Service Expenditures for Personal Services
and Operating Expenses, 1963-64

	<i>Personal services</i>	<i>Operating expense</i>	<i>Total</i>	<i>Cost per regular student</i>	<i>Cost per FTE</i>
San Jose -----	\$259,460	\$19,130	\$278,590	\$18.71	\$18.77
San Francisco -----	168,459	23,186	191,645	16.94	16.61
Los Angeles -----	182,132	17,236	199,368	20.08	17.53
San Diego -----	196,816	31,900	228,716	21.72	20.88
Long Beach -----	136,664	23,098	159,762	16.80	16.05
San Fernando -----	101,655	20,128	121,783	19.06	17.89
Cal Poly (SLO) -----	123,720	16,740	140,460	25.00	22.55
Fresno -----	102,776	16,435	119,211	20.52	19.92
Sacramento -----	91,198	9,882	101,080	20.97	18.85
Chico -----	61,132	6,580	67,712	19.07	18.77
Cal Poly (KV) -----	72,412	10,054	82,466	23.36	22.98
Humboldt -----	31,032	5,859	36,891	17.48	17.53
	\$1,528,456	\$200,228	\$1,727,684	\$19.63	\$18.17

7. Instruction. Expenditures for the direct costs of instruction amounted to \$74,611,604 in 1963-64. This was 61.3 percent of gross expenditures for all functions and the equivalent of \$771 per FTE unit of enrollment. Teaching expense, including salaries and benefits for the teaching and administrative staff plus administrative and instructional operating expense, amounted to \$69,930,743 or \$722 per FTE. Expenditures for teaching services amounted to \$3,326,983 or \$35 per FTE. Expenditures for equipment totaled \$1,353,878 or an average of \$14 per FTE.

California State Colleges—Continued

Of a total of 7,130 individual faculty members, including assistants and lecturers, 76 percent were full-time and 24 percent part-time. The systemwide student-faculty ratio was 16.4 to 1 as indicated in Table 20 below.

Table 20
State College Faculty, 1960-61 Through 1963-64

	<i>Individuals</i>			<i>Full-time equivalent</i>	<i>Student- faculty ratio</i>
	<i>Full-time</i>	<i>Part-time</i>	<i>Total</i>		
1960-61 -----	3,958	1,200	5,158	4,394	15.7-1
1961-62 -----	4,319	1,664	5,983	4,891	15.8-1
1962-63 -----	4,844	1,728	6,572	5,384	16.1-1
1963-64 -----	5,418	1,712	7,130	5,890	16.4-1

In Table 21 below we show faculty distribution by rank for all full-time and part-time faculty, including lecturers, for the fall term 1963. In Table 22 we show the percentage of full-time and part-time faculty with the doctorate. If the two campuses of the California State Polytechnic College, at which the doctorate is not as closely associated with the instructional program, were excluded, the percentage of full-time faculty with the doctorate would be 60.3 percent and the percentage for all faculty would be 48.8 percent.

Table 21
Faculty Distribution by Rank, Full-time and Part-time, Fall 1963

	<i>Full-time</i>		<i>Part-time</i>		<i>Total</i>	
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>
Professor -----	1,235	22.8	50	2.9	1,285	18.0
Associate professor ---	1,521	28.1	109	6.4	1,630	22.9
Assistant professor ---	2,287	42.2	713	41.6	3,000	42.1
Instructor -----	270	5.0	367	21.4	637	8.9
Assistant -----	13	.2	422	24.7	435	6.1
Lecturers -----	92	1.7	51	3.0	143	2.0
	5,418	100.0	1,712	100.0	7,130	100.0

Table 22
Percent of Regular Faculty With Doctorate, Fall 1963¹

	<i>Number</i>	<i>Percent with Ph.D.</i>
Full-time		
Professor -----	1,235	81.0
Associate professor -----	1,521	68.0
Assistant professor -----	2,287	41.6
Instructor -----	270	5.2
Assistant -----	13	-
Subtotal -----	5,326	56.3
Part-time -----	1,661	15.2
Total -----	6,987	46.6

¹ Excludes lecturers.

8. Libraries. State expenditures for support of the state college libraries in 1963-64 amounted to \$7,648,575 or 6.3 percent of gross current expenditures and 7.5 percent of net state support. This was the equivalent of \$79 per FTE unit of enrollment.

California State Colleges—Continued

The individual state college book collections at the end of the fiscal year were as follows (colleges listed according to size):

	<i>Total volumes</i>	<i>Volumes per FTE</i>
San Jose	288,790	19.5
San Francisco	242,318	21.0
Los Angeles	224,190	19.7
San Diego	257,343	23.5
Long Beach	170,100	17.1
San Fernando	132,447	19.5
Cal Poly (SLO)	146,410	23.5
Fresno	192,947	32.2
Sacramento	154,236	28.8
Chico	124,657	34.5
Cal Poly (K-V)	63,454	17.7
Humboldt	95,945	45.6
Fullerton	69,090	33.1
Hayward	87,493	52.9
Sonoma	51,780	119.6
Stanislaus	42,643	131.6
	2,343,843	24.2

No consistent year-to-year statistics are maintained by the Chancellor's Office as to library collections, usage, staffing, staff workload or unit costs. However, in Table 27 on page 396 we present some selected library data for 1963-64 drawn from the budget documents of the individual colleges. For purposes of comparison we also show corresponding data reported for 1962-63 for all colleges and universities over 3,500 in enrollment as compiled by the United States Office of Education and reported in the first report of the Committee on Library Development for the California State Colleges, dated December 1964.

Although these figures are subject to some criticism on the basis of inconsistencies in reporting and the types of institutions included, we believe they are accurate enough to indicate several facts about the state college libraries in relation to those of other institutions nationally: (1) despite a reasonably high rate of current acquisition the state college libraries appear to remain deficient in resources as measured by volumes per student; (2) book costs are above the national average and total expense for books, other resources and supplies are well above the national average; (3) the state college ratio of professional to other employees far exceeds the national average; (4) staff workload is significantly below average; and (5) existing budgetary formulas have failed to provide reasonable equity among the colleges with respect to any of these factors.

On page 395 we present several recommendations as to library support which we believe to be in accord with these findings.

9. Plant Operation. Expenditures for plant operation for the last actual year, 1963-64, amounted to \$14,942,758. This was the equivalent of 12.2 percent of gross current expenditures and \$155 per FTE unit of enrollment. Total building area, according to the 1965-66 budget documents, amounted to 13,631,013 square feet, excluding temporary and unoccupied facilities for Sonoma and Stanislaus State Colleges. On

General Summary

Education

California State Colleges—Continued

the basis of this figure, the average systemwide cost per square foot for plant operation was 108.1 cents.

10. Reimbursed Activities. Expenditures under reimbursed activities came to a total of \$6,768,184 in 1963-64, the equivalent of 5.6 percent of gross state college expenditures. The greater portion of this amount was for summer sessions (\$3,423,370) and extension programs \$989,062.

In the fall of 1964 the Chancellor's Office issued a report listing the amount of expenditure by college, academic area and source of funds for all sponsored research projects carried on by the state college faculties during 1963-64. According to this report, a total of \$2,585,259 was expended for research projects in that year. Of this about 97 percent came from nonstate sources and \$2,319,188 or nearly 90 percent was administered by the college foundations.

In Tables 23 and 24 we summarize the data reported as to expenditures by academic area and by college.

Table 23
State College Sponsored Research by Academic Field, 1963-64

	Amount	Percent
Biological sciences	\$557,204	21.6
Mathematics and engineering	180,403	6.9
Physical sciences	550,180	21.3
Social sciences ¹	728,763	28.2
Humanities	110,192	4.3
Education	254,592	9.9
Other	203,925	7.8
	<u>\$2,585,259</u>	<u>100.0</u>

¹ Includes \$485,442 in psychology.

Table 24
State College Sponsored Research by College, 1963-64

	Amount		Amount
San Jose	\$225,765	Fresno	\$101,567
San Francisco	817,555	Sacramento	63,865
Los Angeles	157,045	Chico	36,696
San Diego	473,070	Cal Poly (KV)	871
Long Beach	242,912	Humboldt	99,400
San Fernando	262,429	Fullerton	19,001
Cal Poly (SLO)	1,885	Hayward	83,158

As might be expected, five of the largest colleges received approximately 75 percent of the funds for 1963-64, and approximately 43 percent of the research expenditures were in the biological sciences and physical sciences. It should be noted, however, that very substantial sums were also made available for psychology, the other social sciences and education.

Among the many agencies which provided funds for this purpose, those which made the largest grants were as follows:

National Science Foundation	\$756,115
National Institute of Health	530,297
U.S. Office of Education	433,653
Agency for International Development	133,330
Department of Social Welfare	82,663
Atomic Energy Commission	51,272

California State Colleges—Continued

ANALYSIS AND RECOMMENDATIONS

On the following pages we recommend reductions which total \$1,209,876. The individual reductions which we recommend are summarized in the following table:

Table 25
Recommended Reductions in Support
California State Colleges

1. Chancellor's Office -----	\$20,716
2. International Program:	
a. Staffing -----	7,800
b. Operating expense -----	16,200
3. General administration—student loan program -----	37,528
4. Student health services -----	193,431
5. Instruction:	
a. Administrative staffing -----	136,853
b. Social welfare program -----	20,000
6. Libraries:	
a. Staffing -----	152,587
b. Operating expense -----	308,741
7. Plant operation:	
a. Cost study -----	—
b. Budget format -----	—
c. Custodial staffing -----	52,338
d. Building maintenance expense -----	27,500
8. Nonresident tuition -----	236,200
Total -----	\$1,209,876

1. *We recommend deletion of 2 proposed new public affairs associate positions at \$20,716 in the Chancellor's Office.*

According to the justification submitted for these two positions, they are intended to assist the existing position of Director of Public Affairs in: (1) preparing and disseminating public information as to the state colleges as a system and the policies of the Trustees and Chancellor; (2) preparing and disseminating information within the system as to the policies and actions of the Trustees and Chancellor; (3) providing public relations advice to the Trustees and divisions of the Chancellor's Office; (4) coordinating the college information programs; (5) planning and coordinating official functions and special events for the Chancellor and Trustees.

We agree that any large agency may from time to time need the services of public relations advisors to assist agency officials in gathering and presenting information, either internally or externally, as to the agency's actions and policies. We do not believe, however, such assistance is of sufficiently high priority for the Chancellor's Office to warrant state support at this time. We believe that first priority should go to the development of strong and effective internal management of the state college system. The quality of the state college instructional program and of its leadership should speak for itself.

At present there appear to be a sufficient number of substantive problems in the areas of academic planning, financial administration, campus planning and construction, institutional research, and salary administration to command all of the resources available to the central staff.

California State Colleges—Continued

2a. *We recommend deletion of 1.0 administrative assistant I position at \$7,800 for the international program.*

The request for the administrative assistant position appears to be based upon an increase in the level of service rather than continuing workload. The justification submitted states that the position is to be employed to release the program director and assistant director from existing routine administrative duties. We believe the proposed reclassification of a contractual faculty position to a 12-month administrative position for the assistant director should meet the need for necessary workload support in this respect. In addition there is provision for the employment of further clerical help in the allowance for operating expense.

2b. *We further recommend a reduction of \$16,200 in operating expense for the international program.*

The amount of \$100,000 is requested for contractual services under instructional operating expense. This amount is to be used to reimburse the colleges for faculty employed as resident directors in each country in which the program operates. The \$100,000 was budgeted on the basis of providing for 6 resident directors at an average of \$16,200 each with a balance of \$2,800 for clerical help. However, a proposed new program in Italy has been withdrawn, reducing the needed number of resident directors to 5 and permitting the \$16,200 reduction in operating expense.

We have noted the tendency for unit costs of this program to exceed the average statewide instructional costs of the colleges despite the fact that this average has been established as the budgetary ceiling. Unit costs may be reduced as the program becomes stabilized, but it is apparent that actual unit costs will exceed the original budget figure as long as the program continues to be expanded and the actual enrollment falls below the budget estimates.

3. *We recommend deletion of 7.5 proposed new positions at a salary cost of \$37,528 budgeted for student loan administration under general administration, pending a report by the Chancellor's Office on the feasibility of establishing a centralized collection program.*

As discussed on pages 367 and 370, the individual college budgets provide for a total of 25.5 new positions requested for workload related to administration of the NDEA Student Loan Program. Of this number, 18 proposed new positions are for counselors and clerical assistance in the student services function. These positions, some of which are provided in recognition of current deficiencies, are intended to assist students in applying for available loan funds. The remaining 7.5 new positions are budgeted under business administration, within the general administration function, to handle the growing workload associated with the collection of payments on outstanding loans.

In the past we have expressed criticism of the apparent intention of the Chancellor's Office to permit the responsibility for NDEA loan collection to remain at the college level in spite of the fact that this re-

California State Colleges—Continued

sponsibility could be handled more efficiently and effectively by the central office. In support of this position, the Audits Division of the Department of Finance included the following statement in its Report of the Financial Transactions and Operations of the Chancellor's Office, dated September 14, 1964:

"The collection of National Defense Student Loans by the various state colleges is becoming a real problem for each college. We believe that the systemwide collection effort could be reduced and could be made more effective if the collection [of] loans were placed in a central unit after the student leaves the state college system. We recognize that there is a budgeting problem in creating a central unit and suggested that some planning and forethought be given to either acquire financial aid from the federal government or to establish such a unit from future positions recognizing these increased workloads on this program at state colleges. We suggest that the need for and feasibility of a central unit be determined and action be taken in accordance with such determination."

To our knowledge the Chancellor's Office has taken no action in this direction. We believe it would be a mistake to authorize additional positions in the colleges if the responsibility may subsequently be shifted to the Chancellor's Office where it appears to belong. In our opinion any further delay in this matter may result in a significant loss in current and future repayments.

From our discussion of this matter with representatives of the Chancellor's Office it is apparent that the colleges have been unable to establish the uniform procedures in processing loan applications which are necessary to facilitate subsequent collection efforts. In addition, the individual colleges do not have personnel trained in those collection procedures which must be employed to recover delinquent accounts.

In recent years several other states have established centralized collection programs which can be put to use by the Chancellor's Office for the state colleges. We believe that a small expenditure now for professional advice in this regard could save substantial sums later and would certainly be of greater value than the addition of the proposed new positions for the individual colleges.

4. *We recommend deletion of the 29.3 new positions at a salary cost of \$193,431 requested for the student health services, pending publication and review of a report by the Chancellor's Office to the Legislature on the program, organization and financing of this service.*

At the 1964 hearings on the Budget Bill the Senate Finance Committee directed the Chancellor's Office to submit to the Legislature by January 1, 1965, in accordance with a study of the state college student health services conducted in 1963 and the recommendations of the consultant for that study, a report providing:

"a. Plans for revising the existing health service programs at the several state colleges, including a plan for establishing a 'fee for service' program similar to the programs now in effect at Hastings College

California State Colleges—Continued

of Law and the Riverside Campus of the University as one of the alternatives; and

“b. Detailed information as to the services to be provided under such plans and the estimated student costs.”

Although we understand that such a report will be available prior to the Budget Bill hearings, it has not been submitted as of this time. We cannot recommend approval of any new positions in this area until the basic program issues have been resolved.

These issues include: (1) the extent to which the colleges individually and collectively can rely on local community health services on a “fee for service” basis in lieu of providing their own medical staff and facilities; (2) the extent and nature of the benefits to be provided by each college; (3) the workload and cost accounting procedures to be employed to measure program performance; and (4) the incidence and amounts of fees necessary to support alternative methods of providing this service.

5a. We recommend deletion of 21.6 proposed new division chairman positions budgeted at \$136,853 under instruction.

Within the function of instruction the individual state college budgets provide for a total of 34.3 proposed new division chairman positions for instructional administration. These positions have been justified on the basis of a formula of one such position for every 25 new teaching positions.

Although the title refers to a specific intermediate administrative position between the departments and the academic deans of each college, in practice these positions have been used as a pool of administrative time for department chairmen, division chairmen, their assistants, various coordinators and assistants to deans. Among the larger colleges the greater part of this time is employed to free department chairmen from one-quarter to one-half of the normal teaching assignment.

Although the position of department chairman has never been recognized in the state college budgets, we would have no quarrel with this arrangement if it were established as a standard budget allowance based upon departmental workload. We do not believe, however, that these positions should continue to be authorized as a blanket pool of administrative time with no accurate indication of actual use.

Moreover, we cannot recommend approval of any additional division chairman positions for the larger state colleges in 1965-66 after having recommended approval of an initial budget augmentation of \$151,900 for the current year for a management improvement program which is intended in part to eliminate many of the existing division chairman positions at these colleges. One of the guidelines for this management improvement program, with respect to instructional administration, is that at the larger colleges (over 4,500 FTE) the majority of the existing divisions are to be consolidated into four to six “schools” with a dean and an associate dean to administer each school. Within these schools there is to be no intermediate administrative level between the dean of the school and the departments. It would obviously be inconsistent to

California State Colleges—Continued

continue to recommend approval of positions which are to be eliminated in the name of management improvement.

We are therefore recommending deletion of 21.6 of the proposed new division chairmen positions which are budgeted for the larger colleges. We believe that the savings which result may be used to offset in part any further augmentations which may be requested to continue the management improvement program. We also believe that it would be desirable for the Chancellor's Office to prepare new budgetary standards for instructional administration which will give explicit recognition to future needs for departmental and other administrative time.

5b. *We recommend a reduction of \$20,000 in proposed expenditures for the graduate program in social welfare at San Diego State College.*

In Table 26 below we have itemized proposed expenditures for 1965-66 for the three graduate programs in social welfare which were established in the current year. We have included those items of expense that are clearly identified in the college budgets, as well as our estimate of other regularly budgeted funds which may be allocated to these programs based upon the average cost per student and the estimated FTE enrollment for each of the three colleges.

For 1964-65 the Legislature provided \$25,000 for each of these three programs over and above the level of support provided in the individual college budgets. An additional \$40,000, or a total of \$120,000, was provided from federal funds with the expectation that enrollment growth in the second year would justify the substitution of state support for the federal aid.

Table 26
Budgeted Expenditures for Social Welfare Graduate Program, 1965-66

	<i>San Diego</i> (90 FTE)		<i>Sacramento</i> (85 FTE)		<i>Fresno</i> (60 FTE)	
	Amount	Posi- tions	Amount	Posi- tions	Amount	Posi- tions
Identified costs:						
Personal services:						
Dean of school -----	\$16,920	1.0	\$14,855	1.0	\$16,116	1.0
Instructional faculty ---	70,023	6.7	36,483	5.0	66,514	6.0
Lecturer -----	3,000	0.3	—	—	3,500	0.3
Clerical assistance ----	17,980	4.0	12,526	3.0	13,438	3.0
Operating expense:						
Admin. and teaching ----	16,064		3,250		—	
Travel -----	2,500		—		2,500	
Accreditation -----	2,000		—		—	
Memberships -----	750		—		—	
Special lectures -----	—		3,000		—	
Subtotal -----	\$129,237	12.0	\$70,114	9.0	\$102,068	10.3
Estimated costs:						
Regular budget items ---	26,820		29,750		27,660	
Total expenditures ----	\$156,057		\$99,864		\$129,728	
Estimated cost per student -----	\$1,734		\$1,175		\$2,162	

California State Colleges—Continued

Assuming that the 1965-66 enrollment projections prove to be accurate, it appears that this expectation will be fulfilled with respect to the programs at Sacramento and Fresno but not at San Diego. The itemized expenditures for faculty positions and for a greater portion of clerical assistance are said to be justified under the normal faculty and clerical staffing formulas. The remaining itemized costs have been budgeted on top of normal allowances. For Sacramento and Fresno these additional costs are within the supplemental allowances of \$25,000 per program provided in 1964-65. For San Diego, however, the excess cost is approximately \$47,000.

In keeping with the understanding that state funds should be provided to replace federal funds only to the extent justified by enrollment growth, we believe that proposed expenditures for the San Diego program should be reduced by \$20,000. We therefore recommend deletion of 1.0 clerical position at \$5,148 and a reduction of \$14,852 in operating expense.

6a. We recommend deletion of 31.3 of the 69.9 proposed new positions for the state college libraries for a savings of \$152,587 in personal services.

At the 1963 hearings on the budget bill, both fiscal committees adopted our recommendation that the Chancellor's Office undertake a comprehensive study of state college library development to include an analysis of book acquisition requirements, methods of minimizing book acquisition costs, library staffing requirements and the feasibility of employing machine processing to reduce clerical staff. In our Analysis of the Budget Bill for 1964-65 we reported that the Chancellor's Office had made little progress in this direction despite the fact that they were requesting a \$1,000,000 augmentation for library support.

Although critical of the amount of staffing and operating expense included in the augmentation, we recommended its approval on the basis of the evident need among the larger state colleges for a substantial increase in their book collections. In a further discussion of library staffing and expense, however, we suggested that these areas would require very stringent budgetary review prior to the consideration of any additional positions for 1965-66. The present staffing formula has proven to be very rich both in professional positions and in total staffing, and substantial discrepancies have developed in the levels of staffing among the individual colleges. In our opinion a tightening of staffing standards must go along with an augmentation of library collections.

Recently, in response to our questions, the Committee on Library Development for the California State Colleges, representing college faculties and librarians and the chancellor's staff, has completed a first report on recommendations for the support of the state college libraries. In general, the committee found that in comparison with other colleges and universities across the country the state colleges are deficient in book collections but somewhat rich in staff, especially professional staff, and operating expense allowances. In Table 27 we have compared cer-

California State Colleges—Continued

tain selected national statistics drawn from the committee's report with state college data drawn from budget documents. These figures generally support the committee's findings.

Table 27
Selected Comparative Library Statistics for
Institutions Over 3,500 in Enrollment¹

	California State Colleges 1963-64		All colleges and universities 1962-63	
	Average	Range	Median	Average
Library collections:				
Volumes per student -----	22.1	17.1-34.5	41.4	60.6
Volumes added per student ----	2.5	1.7- 3.9	2.5	3.4
Operating expense: ²				
Amount for books and other ma-				
terials per volume added -----	\$6.95	\$5.43- \$9.21	\$6.05	-
Total operating expense per vol-				
ume added -----	\$8.90	\$7.90-\$10.14	\$7.66	-
Staff positions by level:				
Percent professional -----	42.7	37-50	34.5	-
Percent nonprofessional -----	36.0	32-46	41.0	-
Percent student assistance ----	21.3	10-29	24.5	-
Staff workload:				
Volumes added per technical				
service position -----	692	487-1,250	793	949
Students served per public ser-				
vice position -----	233	193-282	329	432

¹ State college data based on FTE enrollment.

² Excludes salaries and wages.

In accordance with its findings, the committee made several recommendations with respect to book acquisition, the budgeting of operating expense and staffing standards which we believe merit careful consideration. As to library staffing, the committee recommended that:

"Staffing be provided for three basic library functions of technical processing, public service and administration at the rate of one technical service position/800 annual acquisitions and one public service position/300 FTE students served and administrative positions at 3 for colleges of up to 5,000 FTE, 4 for 5,000-10,000 FTE and 5 maximum for institutions in excess of 10,000 FTE."

The basis for this recommendation may be seen in the comparative workload figures shown in Table 27. We believe there is sufficient justification for this proposal to warrant its immediate implementation, at least on an interim basis, as a maximum staffing formula for the 1965-66 budgets. Although several colleges might be expected to gain staff from a strict application of this formula in subsequent years, particularly in the technical processing area, the overall effect clearly would be to tighten staffing standards.

In Table 28 below we indicate the difference in total library staff for each college for 1965-66. Under the existing formula a total of 1,000 library positions have been budgeted for 1965-66. Under the proposed new formula 965.9 or 34 fewer positions would be required. By applying the new formula to those colleges for which new positions are

General Summary

Education

California State Colleges—Continued

requested for 1965-66 we arrive at a reduction of 31.3 proposed new positions for a savings of \$152,587.

Table 28
Recommended Reduction in Proposed New Library Positions

	<i>Total positions under new formula</i>	<i>Current formula</i>		
		<i>Proposed new</i>	<i>Total budgeted</i>	<i>Recommended reductions</i>
San Jose -----	111.8	—2.0	124.1	--
San Diego -----	97.7	7.5	95.3	--
Los Angeles -----	102.7	4.5	113.6	4.5
Long Beach -----	99.9	--	99.3	--
San Francisco -----	94.1	9.0	99.3	5.2
San Fernando -----	84.4	5.5	69.2	--
Cal Poly (SLO) -----	53.8	3.0	51.4	--
Sacramento -----	55.5	9.0	62.0	6.5
Fresno -----	54.2	9.5	67.0	9.5
Chico -----	42.2	3.0	37.5	--
Cal Poly (K-V) -----	38.5	4.2	30.8	--
Fullerton -----	42.2	2.0	39.3	--
Hayward -----	38.4	4.0	39.8	1.4
Humboldt -----	17.3	2.0	30.4	2.0
Sonoma -----	11.0	3.0	13.0	2.0
Stanislaus -----	9.7	0.2	16.5	0.2
San Bernardino -----	9.4	5.5	10.5	--
Palos Verdes -----	3.0	--	1.0	--
All colleges -----	965.8	69.9	1,000.0	31.3

This reduction will not affect those colleges which are overstaffed but which are not requesting new positions for 1965-66, nor will it correct the present imbalance between professional and nonprofessional positions. Further adjustments may be made where appropriate in connection with any additional proposal for an augmentation of library expenditures.

6b. *We also recommend a reduction of \$308,741 in the total amount of \$1,023,012 budgeted for supplies and services for the state college libraries.*

A second recommendation of the state college Committee on Library Development which merits prompt implimentation is that:

“Book acquisition and operating expense budgets be combined into one allocation expressed in dollars per volume to be acquired, the amount to be calculated at the national average current cost per volume plus 30 percent.”

For 1965-66 state college library operating expense has been calculated on a two-step formula to provide the equivalent of 65 percent of the allowance for book acquisition under an earlier book formula plus 15 percent of the allowance for book acquisition under the augmented formula adopted in 1964-65. On a combined basis the budgeted expenditure for operating expense of \$1,023,012 is the equivalent of 43 percent of the total book acquisition allowance of \$2,380,904.

We have been unable in the past to get a clear statement of just what materials and supplies are covered by the operating expense item

California State Colleges—Continued

or a reasonable justification for the budgeted cost. According to the individual college budget documents, materials and services such as periodicals, periodical binding, art and music resources are included along with book processing supplies but in no consistent manner based upon the specific need for such materials and supplies and their costs according to library program objectives.

As discussed above, we have expressed criticism of the level of expenditure for operating expense in relation to the book acquisition allowance each year since the program of library improvement was initiated. It has been evident, in our opinion, that the high levels of expenditure for staff and operating expense have diverted funds which might have been more effectively used for book acquisition. In the latest library committee report we find some support for this view.

In Table 29 below we show comparative data as to unit expenditures for books and other operating expenses as reported by the library committee. The "selected" colleges are 16 universities and leading liberal arts colleges suggested by the Coordinating Council as comparable institutions for academic salary survey purposes. Although there are, undoubtedly, some discrepancies in the reporting of these figures, we believe they are sufficiently accurate to indicate the relatively high level of expenditure now budgeted for the state colleges.

Table 29
Comparative Expenditures for Books and Other Operating
Expense per Volume Added, 1962-63

	<i>Average book expenditure per volume added</i>	<i>Average expenditure for other operating expense per volume added</i>	<i>Total per volume added</i>
Colleges and universities over 3,500 in enrollment-----	\$6.05	\$1.61	\$7.66
Selected colleges -----	5.93	1.85	7.78
California state colleges-----	7.34	1.62	8.96

Short of a more detailed justification, we believe that the library committee's recommendation provides a practical interim measure for determining need in this area. A reduction of the operating expense allowances for supplies and services to the level of 30 percent of book acquisition funds would produce savings of \$308,741 as shown below.

	<i>Average book allowance per volume added</i>	<i>Average operating expense allowance per volume added</i>		<i>Total allowance for supplies and services</i>
		<i>Amount</i>	<i>Percent</i>	
Budgeted expenditure -----	\$6.00	\$2.58	43	\$1,023,012
Recommended expenditure ----	6.00	1.80	30	714,271
Difference -----	--	\$0.78	13	\$308,741

We believe that the library development program can be further improved by prompt attention to the feasibility of utilizing contractual services for book processing, consolidated purchasing, development of automated procedures and centralized storage, as indicated in the college library committee's first report.

General Summary

Education

California State Colleges—Continued

7a. We recommend that the Chancellor's Office be directed to undertake a detailed study of expenditures for plant operation for submission prior to January 1, 1966. This study should be based upon a thorough analysis of all plant operation costs and the factors contributing to such costs on a college by college basis, with particular attention to:

- (1) Achieving greater uniformity and accuracy in reporting and budgeting among the colleges with respect to costs and workload;
- (2) A review of all present staffing formulas in relation to actual workload and comparative data for other institutions;
- (3) The desirability of continuing to perform grounds and buildings maintenance functions with college personnel where contract services are available;
- (4) The feasibility of establishing unit cost guidelines as budget controls in addition to or in place of present staffing formulas; and
- (5) Recommended steps to minimize plant operation costs for new facilities and new campuses.

A progress report on this study should be made available prior to January 1, 1965.

In Table 30 we show total plant operation cost per square foot for each college as computed from expenditures reported in the Governor's Budget and building area data reported in the college budget documents.

Table 30
Expenditures for Plant Operations per
Square Foot of Building Area

	Actual 1963-64	Estimated 1964-65	Proposed 1965-66
San Jose -----	99.0¢	111.7¢	107.5¢
San Diego -----	117.2	118.0	121.9
Los Angeles -----	112.5	117.8	121.4
Long Beach -----	119.9	127.4	120.6
San Francisco -----	89.5	94.0	92.3
San Fernando -----	129.2	131.0	124.9
Cal Poly (SLO) -----	63.7	67.4	70.2
Sacramento -----	134.2	155.2	161.8
Fresno -----	142.5	155.4	149.2
Chico -----	131.8	142.3	148.5
Cal Poly (K-V) -----	101.6	95.6	93.2
Fullerton -----	124.2	117.4	117.2
Hayward -----	107.0	165.0	157.7
Humboldt -----	131.0	139.5	139.8
Sonoma -----	-	-	228.7
Stanislaus -----	-	-	199.5
Average -----	108.1¢	115.1¢	116.5¢

These figures clearly indicate two aspects of expenditures under this function which warrant careful examination: (1) wide variations in unit costs for colleges of comparable size, with cost ratios in excess of 2 to 1 among relatively well established campuses, and (2) very high, and in some cases steadily rising, costs for several colleges of average size.

California State Colleges—Continued

Some of the variations may be explained by differences in program, facilities and sites, as well as by inconsistencies in accounting and reporting procedures, but we believe that they also reflect an absence of careful management in several instances. With plant operation now taking an average of 11.7 percent of gross current expenditures, it is apparent that a lack of effective cost control in this area may seriously impinge upon the availability of funds for support of the direct costs of instruction.

In Table 31 below, we have selected certain additional figures, computed in the same manner as those in Table 30, to indicate cost ranges in three specific budget categories for six colleges selected to represent the range of variation in total plant operation cost per square foot.

Table 31
Selected Plant Operation
Cost Data 1965-66

		Cost per square foot		
		Personal services	Operating expense	
			Maint. of structures	Utilities
San Jose	-----	77.0¢	8.9¢	19.1¢
Los Angeles	-----	92.8	11.7	11.9
San Francisco	-----	65.1	7.6	16.6
Cal Poly (SLO)	-----	45.4	5.3	17.2
Sacramento	-----	117.8	11.2	24.3
Chico	-----	105.6	8.9	20.3

These figures, which cover the three largest items of cost as now reported, suggest that the principal area of variation in plant operation expenditures is within the staffing allowances. Operating expenses for maintenance of structures and for utility charges show some disparities but not to the same extent as do expenditures for personal services. For this reason we believe that the Chancellor's Office should take a close look at staffing requirements to determine what justification there is for the relatively heavy staffing at the high cost colleges. Such a study should also indicate what steps may be taken in planning new facilities and new colleges to minimize subsequent operating costs.

7b. We also recommend that future state college budgets show all plant operation expenditures, including personal services, by subfunction.

At present it is impossible to analyze state college plant operation expenditures in sufficient detail to verify workload justifications for the reason that only operating expenses are presented by subfunction (administration, building maintenance, grounds maintenance, etc.). We believe that better cost management can be achieved if all expenditures are so presented and standard accounting procedures enforced.

7c. We recommend the following reductions in proposed expenditures for 1965-66: (1) deletion of 4.0 custodian positions at \$5,640 for Los Angeles State College; (2) deletion of 7.5 custodian positions and 0.5 supervising custodian position for a reduction of \$32,580 at Hay-

California State Colleges—Continued

ward; (3) deletion of 13 custodian positions at Sonoma State College for a reduction of \$14,118.

According to the Governor's Budget and the justification we have received, all of these custodial positions are requested for new instructional facilities now expected to be completed in the spring of 1966. The new facilities at Los Angeles are scheduled for completion in February, those at Hayward in May, and those at Sonoma in April.

We question the need for including these positions in the 1965-66 budget for the reason that it would appear that the new buildings will be available too late for use during the spring term of the 1965-66 academic year. Unless there is a definite intention to move classes into these buildings in the middle of the term, we see no need for the regular custodial care. In each case two new custodial positions would remain for necessary janitorial work during the interim period prior to full usage.

In the case of the California State College at Hayward, if the positions are required in connection with planned year-round operations, it is our understanding that there are sufficient funds for this purpose within the unallocated amount of \$600,000 budgeted for year-round operations in 1965-66.

7d. We recommend a reduction of \$20,000 in operating expense for building maintenance at Los Angeles State College and \$7,500 at Sacramento State College.

Operating expense for building maintenance at Los Angeles is budgeted at \$145,527, an increase of approximately \$33,000 over estimated expense for the current year. At Sacramento the budgeted amount is \$67,500, the same as estimated for the current year. At these levels, these two colleges would have significantly higher costs for this purpose per square foot of building area than any of the other larger colleges. The cost per square foot for Los Angeles would be 11.7 cents and for Sacramento would be 11.2 cents as compared with an average of 8.3 cents for the seven other large state colleges. We know of no special justification for a difference of this order. The effect of our recommendation would be to reduce expenditures at both colleges to the level of approximately 10 cents per square foot.

8. We recommend an increase from \$500 to \$600 per year in nonresident tuition for the state colleges and a corresponding reduction in state support of \$236,200.

Income from nonresident tuition is budgeted at a total of \$1,661,182 for 1965-66. According to the individual state college budget documents this figure is based on estimated nonresident enrollment of 4,527 FTE consisting of 1949 FTE foreign students (including 43 FTE summer quarter students) and 2,578 FTE for residents of other states.

The present nonresident fee for residents of other states is \$500. For foreign students the nonresident fee has been set by statute at the reduced figure of \$255, except that foreign students who attend a state college under a public or private student exchange program are exempt from this charge. Exemptions are also provided by statute for students

California State Colleges—Continued

who are children of college academic and administrative employees and for up to 25 percent of the annual number of nonresident graduate students on the basis of exceptional academic merit. The college budget documents indicate estimated exemptions for exceptional graduate students totaling 292 FTE or 6.45 percent.

In 1963 when the fee for residents of other states was raised from \$360 to \$500 upon the recommendation of the Coordinating Council for Higher Education, it was recommended that the fee be raised to \$600 for 1964-65 following further review by the council. The subsequent review was to be based upon cost data gathered in the council's Higher Education Cost and Statistical Study to determine "teaching cost" as defined in the Master Plan and established as the minimum basis for setting the amount of the nonresident fee. Inasmuch as this study has not yet been completed, the state college fee has received no further review and has remained at the \$500 amount.

We believe that there is sufficient justification now for raising the fee to \$600 for 1965-66 without waiting for completion of the council's report. Total budgeted expenditures for instruction amount to a total of \$98,804,162 or \$818 per FTE (excluding international program enrollment). If the \$31.50 which is provided from incidental fees is deducted, the net teaching cost is \$786.50. Although this amount includes some items which are not included in the Master Plan definition of teaching expense, we believe that it is indicative of the substantial gap between the present fee level and the cost of instruction for nonresident students.

POLICY OPTION

1. A policy option which could substantially relieve the need for additional state funds would be the establishment of a tuition fee for resident students in the regular academic program.

Our discussion of this matter, including a brief summary of arguments for and against the imposition of a tuition charge, begins on page 295. By our calculations, a \$100 tuition charge could be expected to reduce the budgeted amount of state support for the state colleges by \$13.1 million. Each additional increment of \$100 would produce proportionate savings, assuming no reduction in enrollment and aside from any offsetting increase in expenditures for scholarship or loan programs.

California State Colleges
YEAR-ROUND OPERATIONS

ITEM 107 of the Budget Bill

Budget page 300

FOR SUPPORT OF YEAR-ROUND OPERATIONS
FROM THE GENERAL FUND

Amount requested	\$600,000
Estimated to be expended in 1964-65 fiscal year	322,741
Increase (85.9 percent)	\$277,259

TOTAL RECOMMENDED REDUCTION None

We recommend approval of this item in the amount budgeted.

**California State Colleges
CHANCELLOR'S OFFICE**

ITEM 108 of the Budget Bill

Budget page 301

**FOR SUPPORT OF THE CHANCELLOR'S OFFICE
FROM THE GENERAL FUND**

Amount requested	\$1,633,384
Estimated to be expended in 1964-65 fiscal year	1,415,657
 Increase (15.4 percent)	 \$217,727
TOTAL RECOMMENDED REDUCTION	\$20,716

Summary of Recommended Reductions

From amount requested to maintain existing level of service :	<i>Amount</i>	<i>Page</i>	<i>Line</i>
Delete 2.0 public affairs associate positions	\$20,716	303	16

We recommend approval of this item in the reduced amount of \$1,612,668.

**California State Colleges
INTERNATIONAL PROGRAM**

ITEM 109 of the Budget Bill

Budget page 304

**FOR SUPPORT OF INTERNATIONAL PROGRAM
FROM THE GENERAL FUND**

Amount requested	\$299,377
Estimated to be expended in 1964-65 fiscal year	255,775
 Increase (17 percent)	 \$43,602
TOTAL RECOMMENDED REDUCTION	\$24,000

Summary of Recommended Reductions

From amount requested to maintain existing level of service :	<i>Amount</i>	<i>Page</i>	<i>Line</i>
1. Delete 1.0 administrative assistant	\$7,800	304	75
2. Reduce operating expense for personnel services	16,200	305	34

We recommend approval of this item in the reduced amount of \$275,377.

**California State Colleges
STUDENT LOAN PROGRAM**

ITEM 110 of the Budget Bill

Budget page 306

**FOR SUPPORT OF STUDENT LOAN PROGRAM: TITLE II,
NATIONAL DEFENSE EDUCATION ACT FROM
THE GENERAL FUND**

Amount requested	\$400,000
Estimated to be expended in 1964-65 fiscal year	331,000
 Increase (20.8 percent)	 \$69,000
TOTAL RECOMMENDED REDUCTION	None

We recommend approval of this item in the amount budgeted.

Education

Items 111-113

California State Colleges
CHICO STATE COLLEGE

ITEM 111 of the Budget Bill

Budget page 307

FOR SUPPORT OF CHICO STATE COLLEGE
FROM THE GENERAL FUND

Amount requested	\$5,610,179
Estimated to be expended in 1964-65 fiscal year	4,957,082
Increase (13.2 percent)	\$653,097
TOTAL RECOMMENDED REDUCTION	\$47,898

Summary of Recommended Reductions

From amount requested to maintain existing level of service:	Amount	Page	Budget Line
1. Delete 2.5 proposed new positions for student health service	\$20,454	309	20-22
2. Reduce library operating expense for supplies and services	21,544	311	20
3. Increase nonresident fees	5,900	313	16

We recommend approval of this item in the reduced amount of \$5,562,281.

California State Colleges
FRESNO STATE COLLEGE

ITEM 112 of the Budget Bill

Budget page 315

FOR SUPPORT OF FRESNO STATE COLLEGE
FROM THE GENERAL FUND

Amount requested	\$8,205,064
Estimated to be expended in 1964-65 fiscal year	7,665,895
Increase (7.0 percent)	\$539,169
TOTAL RECOMMENDED REDUCTION	\$87,942

Summary of Recommended Reductions

From amount requested to maintain existing level of service:	Amount	Page	Budget Line
1. Delete 1.5 division chairman positions	\$9,705	317	49
2. Delete 9.5 new library positions	46,240	318	45
3. Reduce library operating expense for supplies and services	22,997	318	54
4. Increase nonresident fees	9,000	320	4

We recommend approval of this item in the reduced amount of \$8,117,122.

California State Colleges
CALIFORNIA STATE COLLEGE AT FULLERTON

ITEM 113 of the Budget Bill

Budget page 321

FOR SUPPORT OF THE CALIFORNIA STATE COLLEGE AT
FULLERTON FROM THE GENERAL FUND

Amount requested	\$4,499,800
Estimated to be expended in 1964-65 fiscal year	3,527,662
Increase (27.6 percent)	\$972,138
TOTAL RECOMMENDED REDUCTION	\$40,683

Items 114-115

Education

California State College at Fullerton—Continued

Summary of Recommended Reductions		Budget	
	Amount	Page	Line
From amount requested to maintain existing level of service:			
1. Delete 0.5 position for student loan administration	\$2,448	322	7
2. Delete 3.8 positions for student health service	22,398	322	65-69
3. Reduce library expense for supplies and services	12,637	324	71
4. Increase nonresident fees	3,200	326	20

We recommend approval of this item in the reduced amount of \$4,459,117.

California State Colleges

CALIFORNIA STATE COLLEGE AT HAYWARD

ITEM 114 of the Budget Bill

Budget page 327

FOR SUPPORT OF THE CALIFORNIA STATE COLLEGE AT HAYWARD FROM THE GENERAL FUND

Amount requested	\$4,329,264
Estimated to be expended in 1964-65 fiscal year	3,260,852
Increase (32.6 percent)	\$1,068,412
TOTAL RECOMMENDED REDUCTION	\$82,644

Summary of Recommended Reductions		Budget	
	Amount	Page	Line
From amount requested to maintain existing level of service:			
1. Delete 0.5 clerical position for student loan administration	\$2,172	328	15
2. Delete 4.1 positions for student health services	25,499	328	73-77
3. Delete 1.4 library staff positions	6,854	330	55
4. Reduce library expense for supplies and services	13,939	330	64
5. Delete 8.0 custodial positions	32,580	331	18
6. Increase nonresident fees	1,600	332	18

We recommend approval of this item in the reduced amount of \$4,246,620.

California State Colleges

HUMBOLDT STATE COLLEGE

ITEM 115 of the Budget Bill

Budget page 333

FOR SUPPORT OF HUMBOLDT STATE COLLEGE FROM THE GENERAL FUND

Amount requested	\$4,151,201
Estimated to be expended in 1964-65 fiscal year	3,934,129
Increase (5.5 percent)	\$217,072
TOTAL RECOMMENDED REDUCTION	\$27,445

Summary of Recommended Reductions		Budget	
	Amount	Page	Line
From amount requested to maintain existing level of service:			
1. Delete 0.5 clerical position for student loan administration	\$2,172	333	75
2. Delete 1.0 new position for student health services	4,236	334	46
3. Delete 2.0 new library staff positions	9,814	336	21
4. Reduce library expense for supplies and services	8,823	336	30
5. Increase nonresident fees	2,400	338	6

We recommend approval of this item in the reduced amount of \$4,123,756.

**California State Colleges
CALIFORNIA STATE COLLEGE AT LONG BEACH**

ITEM 116 of the Budget Bill

Budget page 339

**FOR SUPPORT OF THE CALIFORNIA STATE COLLEGE AT
LONG BEACH FROM THE GENERAL FUND**

Amount requested	\$11,788,925
Estimated to be expended in 1964-65 fiscal year	10,579,806
	<hr/>
Increase (11.4 percent)	\$1,209,119
TOTAL RECOMMENDED REDUCTION	\$107,732

Summary of Recommended Reductions

From amount requested to maintain existing level of service :

	<i>Amount</i>	<i>Page</i>	<i>Line</i>
1. Delete 0.5 clerical position for student loan administration	\$2,172	339	64
2. Delete 4.2 new positions for student health services	29,450	340	48-53
3. Delete 5.0 new division chairman positions	32,350	341	31
4. Reduce library expense for supplies and services	21,860	342	23
5. Increase nonresident fees	21,900	344	6

We recommend approval of this item in the reduced amount of \$11,681,193.

**California State Colleges
CALIFORNIA STATE COLLEGE AT LOS ANGELES**

ITEM 117 of the Budget Bill

Budget page 345

**FOR SUPPORT OF THE CALIFORNIA STATE COLLEGE AT LOS
ANGELES FROM THE GENERAL FUND**

Amount requested	\$12,125,992
Estimated to be expended in 1964-65 fiscal year	11,689,255
	<hr/>
Increase (3.7 percent)	\$436,737
TOTAL RECOMMENDED REDUCTION	\$88,771

Summary of Recommended Reductions

From amount requested to maintain existing level of service :

	<i>Amount</i>	<i>Page</i>	<i>Line</i>
1. Delete 0.5 clerical positions for student loan administration	\$4,672	346	34
2. Delete 0.5 new division chairman positions	2,335	348	7
3. Delete 4.5 new library staff positions	22,104	348	58
4. Reduce library expense for supplies and services	21,020	348	67
5. Delete 4.0 new custodial positions	5,640	349	16
6. Reduce operating expense for building maintenance	20,000	349	28
7. Increase nonresident fees	13,000	350	19

We recommend approval of this item in the reduced amount of \$12,037,221.

**California State Colleges
CALIFORNIA STATE COLLEGE AT PALOS VERDES**

ITEM 118 of the Budget Bill

Budget page 351

**FOR SUPPORT OF THE CALIFORNIA STATE COLLEGE AT
PALOS VERDES FROM THE GENERAL FUND**

Amount requested	\$363,231
Estimated to be expended in 1964-65 fiscal year	422,317
	<hr/>
Decrease (14 percent)	\$59,086
TOTAL RECOMMENDED REDUCTION	None

We recommend approval of this item in the amount budgeted.

**California State Colleges
SACRAMENTO STATE COLLEGE**

ITEM 119 of the Budget Bill

Budget page 355

**FOR SUPPORT OF THE SACRAMENTO STATE COLLEGE
FROM THE GENERAL FUND**

Amount requested	\$7,306,261
Estimated to be expended in 1964-65 fiscal year	6,531,791
 Increase (11.8 percent)	 \$774,470
TOTAL RECOMMENDED REDUCTION	\$94,895

Summary of Recommended Reductions

	<i>Amount</i>	<i>Page</i>	<i>Budget Line</i>
From amount requested to maintain existing level of service:			
1. Delete 0.5 new health service positions	\$2,172	356	63
2. Delete 2.6 new division chairman positions	16,822	358	16
3. Delete 6.5 new library staff positions	32,448	359	10
4. Reduce library expense for supplies and services	21,953	359	19
5. Reduce operating expense for building maintenance	7,500	359	49
6. Increase nonresident fees	14,000	360	39

We recommend approval of this item in the reduced amount of \$7,211,366.

**California State Colleges
CALIFORNIA STATE COLLEGE AT SAN BERNARDINO**

ITEM 120 of the Budget Bill

Budget page 362

**FOR SUPPORT OF THE CALIFORNIA STATE COLLEGE AT SAN
BERNARDINO FROM THE GENERAL FUND**

Amount requested	\$1,057,996
Estimated to be expended in 1964-65 fiscal year	362,894
 Increase (191 percent)	 \$695,102
TOTAL RECOMMENDED REDUCTION	\$15,465

Summary of Recommended Reductions

	<i>Amount</i>	<i>Page</i>	<i>Budget Line</i>
From amount requested to maintain existing level of service:			
1. Delete 0.9 new positions for student health services	\$7,065	---	---
2. Reduce library expense for supplies and services	8,400	364	72

We recommend approval of this item in the reduced amount of \$1,042,531.

**California State Colleges
SAN DIEGO STATE COLLEGE**

ITEM 121 of the Budget Bill

Budget page 367

**FOR SUPPORT OF SAN DIEGO STATE COLLEGE
FROM THE GENERAL FUND**

Amount requested	\$13,046,880
Estimated to be expended in 1964-65 fiscal year	12,335,442
 Increase (5.8 percent)	 \$711,438
TOTAL RECOMMENDED REDUCTION	\$100,508

Education

Items 122-123

San Diego State College—Continued

Summary of Recommended Reductions		Budget	
From amount requested to maintain existing level of service:	Amount	Page	Line
1. Delete 0.5 clerical positions for student loan administration	\$2,172	368	22
2. Delete 1.0 new health service positions	11,110	368	74
3. Delete 1.8 new division chairman positions	11,646	370	42
4. Delete 1.0 clerical position	5,148	370	72
5. Reduce administration and teaching expense	14,852	371	5
6. Reduce library expense for supplies and services	25,580	371	61
7. Increase nonresident fees	30,000	373	5

We recommend approval of this item in the reduced amount of \$12,946,372.

California State Colleges

SAN FERNANDO VALLEY STATE COLLEGE

ITEM 122 of the Budget Bill

Budget page 374

FOR SUPPORT OF SAN FERNANDO VALLEY STATE COLLEGE FROM THE GENERAL FUND

Amount requested	\$9,686,329
Estimated to be expended in 1964-65 fiscal year	8,285,440
Increase (16.9 percent)	\$1,400,889
TOTAL RECOMMENDED REDUCTION	\$117,713

Summary of Recommended Reductions		Budget	
From amount requested to maintain existing level of service:	Amount	Page	Line
1. Delete 0.5 clerical position for student loan administration	\$2,172	375	7
2. Delete 7.7 new positions for student health services	46,485	375	60-63
3. Delete 5.5 new division chairman positions	33,585	376	77
4. Reduce library expense for supplies and services	17,971	378	6
5. Increase nonresident fees	17,500	379	36

We recommend approval of this item in the reduced amount of \$9,568,616.

California State Colleges

SAN FRANCISCO STATE COLLEGE

ITEM 123 of the Budget Bill

Budget page 381

FOR SUPPORT OF SAN FRANCISCO STATE COLLEGE FROM THE GENERAL FUND

Amount requested	\$12,355,850
Estimated to be expended in 1964-65 fiscal year	11,602,197
Increase (6.5 percent)	\$753,653
TOTAL RECOMMENDED REDUCTION	\$129,056

Summary of Recommended Reductions		Budget	
From amount requested to maintain existing level of service:	Amount	Page	Line
1. Delete 1.5 new positions for student loan administration	\$6,516	382	8
2. Delete 2.0 new positions for health services	14,890	382	57-58
3. Delete 3.0 new division chairman positions	19,410	383	66
4. Delete 5.2 new library staff positions	25,459	384	35
5. Reduce library expense for supplies and services	24,281	384	44
6. Increase nonresident fees	38,500	386	12

We recommend approval of this item in the reduced amount of \$12,226,794.

**California State Colleges
SAN JOSE STATE COLLEGE**

ITEM 124 of the Budget Bill

Budget page 387

**FOR SUPPORT OF SAN JOSE STATE COLLEGE
FROM THE GENERAL FUND**

Amount requested	\$16,485,929
Estimated to be expended in 1964-65 fiscal year	15,557,061
	<hr/>
Increase (6 percent)	\$928,868

TOTAL RECOMMENDED REDUCTION **\$84,703**

Summary of Recommended Reductions

	<i>Amount</i>	<i>Page</i>	<i>Line</i>
From amount requested to maintain existing level of service :			
1. Delete 1.0 new position for student loan administration	\$6,516	387	68
2. Reduce library expense for supplies and services	30,087	390	18
3. Increase nonresident fees	47,100	391	66

We recommend approval of this item in the reduced amount of \$16,402,226.

**California State Colleges
SONOMA STATE COLLEGE**

ITEM 125 of the Budget Bill

Budget page 393

**FOR SUPPORT OF SONOMA STATE COLLEGE
FROM THE GENERAL FUND**

Amount requested	\$1,626,272
Estimated to be expended in 1964-65 fiscal year	1,386,887
	<hr/>
Increase (17.3 percent)	\$239,385

TOTAL RECOMMENDED REDUCTION **\$38,486**

Summary of Recommended Reductions

	<i>Amount</i>	<i>Page</i>	<i>Line</i>
From amount requested to maintain existing level of service :			
1. Delete 0.5 new clerical position for student loan administration	\$2,172	393	74
2. Delete 0.5 new position for student health services	2,778	394	40
3. Delete 2.0 new library staff position	9,018	396	26
4. Reduce library expense for supplies and services	8,400	396	35
5. Delete 13.0 new custodial positions	14,118	396	63
6. Increase nonresident fees	2,000	398	6

We recommend approval of this item in the reduced amount of \$1,587,786.

**California State Colleges
STANISLAUS STATE COLLEGE**

ITEM 126 of the Budget Bill

Budget page 399

**FOR SUPPORT OF STANISLAUS STATE COLLEGE
FROM THE GENERAL FUND**

Amount requested	\$1,253,597
Estimated to be expended in 1964-65 fiscal year	944,552
	<hr/>
Increase (32.7 percent)	\$309,045

TOTAL RECOMMENDED REDUCTION **\$13,794**

Education**Items 127-128****Stanislaus State Colleges—Continued**

		Summary of Recommended Reductions			Budget	
		Amount	Page	Line		
From amount requested to maintain existing level of service:						
1. Delete 0.5 clerical position for student loan administration		\$2,172	399	64		
2. Delete 0.5 new health services position		2,172	400	27		
3. Delete 0.2 new library staff position		650	401	32		
4. Reduce library expense for supplies and services		8,400	401	41		
5. Increase nonresident fees		400	402	54		

We recommend approval of this item in the reduced amount of \$1,239,803.

California State Colleges**CALIFORNIA STATE POLYTECHNIC COLLEGE****ITEM 127 of the Budget Bill**

Budget page 404

FOR SUPPORT OF THE CALIFORNIA STATE POLYTECHNIC COLLEGE FROM THE GENERAL FUND

Amount requested	\$13,277,648
Estimated to be expended in 1964-65 fiscal year	12,202,670
Increase (8.8 percent)	\$1,074,978
TOTAL RECOMMENDED REDUCTION	\$88,443

		Summary of Recommended Reductions			Budget	
		Amount	Page	Line		
From amount requested to maintain existing level of service:						
San Luis Obispo campus:						
1. Delete 1.7 new division chairman positions		\$11,000	407	8		
2. Reduce library expense for supplies and services		22,738	407	69		
3. Increase nonresident fees		25,800	409	13		
Kellogg-Voorhis campus:						
1. Delete 0.5 clerical position for student loan administration		\$2,172	409	54		
2. Delete 0.6 new health service position		4,722	410	39-40		
3. Reduce library expense for supplies and services		18,111	412	7		
4. Increase nonresident fees		3,900	413	22		

We recommend approval of this item in the reduced amount of \$13,189,205.

CALIFORNIA MARITIME ACADEMY**ITEM 128 of the Budget Bill**

Budget page 423

FOR SUPPORT OF THE CALIFORNIA MARITIME ACADEMY FROM THE GENERAL FUND

Amount requested	\$541,636
Estimated to be expended in 1964-65 fiscal year	534,817
Increase (1.3 percent)	\$6,819
TOTAL RECOMMENDED REDUCTION	\$37,750

		Summary of Recommended Reductions			Budget	
		Amount	Page	Line		
From amount requested to maintain existing level of service:						
1. Increase in student fees with a corresponding reduction in total expenditures		\$37,750	424	78		

PROGRAM PLANS AND BUDGET

The California Maritime Academy, located at Morrow Cove, Vallejo, provides a three-year program of instruction for students who wish to become licensed officers in the Merchant Marine or related services.

California Maritime Academy—Continued

The curriculum consists of general academic courses and specialized training for deck and engineering officers. Bachelor of science degrees are awarded in either field upon successful completion of the appropriate Coast Guard license examination. Each academic year consists of two terms of instruction on shore and one term of training at sea.

The academy is governed by a five-member board of governors consisting of the State Superintendent of Public Instruction and four others appointed by the Governor. The board appoints a superintendent who is the chief administrative officer of the academy.

Interested students are selected by examination and appointed both by legislative districts and on a statewide basis. Enrollment has been maintained at the level of 220 to 235 students, including a few students from out of state. The proposed 1965-66 budget provides for no significant change in enrollment.

Enrollment—Estimated and Actual

	<i>Budget estimate</i>	<i>Actual</i>
1961-62	250	228
1962-63	250	231
1963-64	250	220
1964-65	250	--
1965-66	236	--

The state supports approximately 60 percent of the current cost of operating the academy. The remaining 40 percent is about evenly divided between federal grants and student fees.

A total of \$541,636 is requested as state support for 1965-66 to maintain existing program levels. This amount would provide for an increase of \$6,819 or about 1.3 percent over estimated expenditures for 1964-65. No new programs or new levels of service have been included under this proposed budget.

Total expenditure by function and gross and net (state) cost per student are shown in the following table.

Table 1
Total Proposed Expenditures by Function
1965-66

	<i>Amount</i>	<i>Percent</i>
Gross expenditures		
Administration and general expense	\$103,214	11.9
Instruction	259,440	29.8
Care and subsistence	216,975	24.9
Plant operation	138,283	15.9
Ship operation	152,762	17.5
Total gross expenditures	\$870,674	100.0
Savings and reimbursements		
Salary savings	—\$9,200	
Student fees	—145,388	
Federal payments	—168,600	
Services to employees	—5,850	
Total savings and reimbursements	—\$329,038	
Net (state) expenditures	\$541,636	
Gross cost per student	\$3,689	
Net cost per student	\$2,295	

California Maritime Academy—Continued

In Table 2 we present a simple projection of state support costs for the academy for the five-year period 1965-66 through 1969-70 and for 1974-75. This projection is intended to indicate future costs of maintaining the proposed level of service for 1965-66, rather than to forecast program changes which may be authorized in subsequent years. The projection is based upon a continuation of the estimated enrollment for 1965-66 and the budgeted cost per student, with an adjustment for salary and other price increases.

Table 2
Projected State Cost for Support at Existing Levels of
Service—California Maritime Academy

	<i>Enrollment</i>	<i>State cost per FTE</i>	<i>Price and salary adjustment</i>	<i>Total state support</i>
1965-66-----	236	\$2,295	1.000	\$541,636
1966-67-----	236	2,295	1.033	559,556
1967-68-----	236	2,295	1.067	577,964
1968-69-----	236	2,295	1.102	596,844
1969-70-----	236	2,295	1.139	616,904
1974-75-----	236	2,295	1.334	722,632

REVIEW OF AGENCY ACCOMPLISHMENTS

For 1963-64, the last year for which actual program and cost data are available, the academy has reported an average enrollment of 220 students, gross expenditures of \$804,449 and a state support cost of \$491,425. Total cost per student, as compared with that for other recent years, is shown in Table 3.

Table 3
Cost per Student, 1961-62 Through 1965-66

	<i>Gross expenditures per student</i>	<i>Net (state) cost per student</i>
1961-62-----	\$3,225	\$1,822
1962-63-----	3,285	1,885
1963-64-----	3,657	2,234
1964-65 (estimated)-----	3,618	2,266
1965-66 (proposed)-----	3,689	2,295

It is apparent that both gross and net expenditures per student increased significantly between 1961-62 and 1963-64. Net expenditures increased by 18.3 percent and net cost per student increased by 22.6 percent over this two-year period. Although a small decline in enrollment contributed to the rise in cost net per student, it was largely a result of a 9.4 percent increase in gross expenditures (largely attributable to increased salary costs and ship operation expense) while reimbursements not only failed to keep pace but actually declined slightly.

In Table 4 we show actual gross expenditures and gross cost per student for each of the five principal functions for 1961-62 and 1963-64, together with budgeted expenditures for 1965-66.

California Maritime Academy—Continued

Table 4
Gross Expenditures by Function
California Maritime Academy

	<i>Actual</i> 1961-62		<i>Actual</i> 1963-64		<i>Budgeted</i> 1965-66	
	<i>Gross</i>	<i>Cost per</i>	<i>Gross</i>	<i>Cost per</i>	<i>Gross</i>	<i>Cost per</i>
	<i>expenditures</i>	<i>student</i>	<i>expenditures</i>	<i>student</i>	<i>expenditures</i>	<i>student</i>
Administration -----	\$90,663	\$398	\$94,618	\$430	\$103,214	\$437
Instruction -----	216,875	951	242,286	1,101	259,440	1,099
Care and subsistence -----	187,987	825	197,597	898	216,975	919
Plant operation -----	118,744	520	129,423	589	138,283	587
Ship operation -----	120,976	531	140,525	639	152,762	647
Total -----	\$735,245	\$3,225	\$804,449	\$3,657	\$870,674	\$3,689

There have been few significant changes in program or workload under any of these functions in recent years. Expenditures for general administration are budgeted according to specific workload justification rather than formula. The cost of instruction is closely related to enrollment, curriculum and salary costs with teaching positions, the major cost element, provided according to enrollment and course offerings. The student-faculty ratio has remained at about 13.5 to 1, so that increased cost in this function as in others is largely due to salary cost increases for existing positions.

The cost of care and subsistence is directly related to enrollment with the cost of food rations and salaries being the principal factors affecting gross expenditures. The three largest elements of expenditure for operating the academy's training ship are salaries and wages for the officers and crew, year-round maintenance costs and fuel oil for the annual training cruise. During the period shown in the table, the only important change in program has been the lengthening of the annual sea voyage from 10,000 to 15,000 miles. The increase in cost of \$19,549 between 1961-62 and 1963-64 is due largely to salary adjustments of \$9,500 and increased expenditures of \$5,987 for fuel oil.

ANALYSIS AND RECOMMENDATIONS

We recommend that student fees for the California Maritime Academy be increased from \$600 to \$750 per year for residents of the state and that the additional nonresident fees be increased from \$270 to \$300 per year, with an offsetting reduction of \$37,750 in the amount of state support budgeted for 1965-66.

For many years student fees have constituted an important source of support for the current operating expense of the Maritime Academy. As indicated by the following data, student fees have provided approximately 21 percent of gross operating expenditures for most of the period 1959-60 through 1963-64.

California Maritime Academy—Continued

Table 5
Student Fee Income in Relation to Gross Current Expenditures

Actual	<i>Student fees</i>	<i>Gross expenditures</i>	<i>Fees as percent of gross expenditures</i>
1959-60 -----	\$93,490	\$615,496	15.2
1960-61 -----	148,634	706,529	21.0
1961-62 -----	151,863	735,245	20.7
1962-63 -----	157,242	753,923	20.7
1963-64 -----	141,122	804,449	17.5
Proposed			
1965-66 -----	145,388	870,674	16.7

It is also evident that fees have not kept pace with the rising costs of current operations. The last fee adjustment occurred in 1960-61 when the charge for students who are residents of the state was raised from \$405 to \$600 per year. The purpose of that action was to bring fees more in line with current expenses at that time. Since then support from this source has been permitted to decline in relation to costs.

The present fee schedule consists of the \$600 per year charge for resident students plus an additional fee of \$270 for students who are not residents of the state. These fees are supplemented by a federal subsistence payment of \$400 for each student under the age of 22 and an equivalent payment from the few students who are ineligible for this subsidy.

In order to reverse the gradual reduction of fee income in relation to current expense over the past five years, we believe an increase should be put into effect for 1965-66 which will restore fee income to approximately the same level as was established in 1960-61. We therefore recommend an increase of \$150 per year in the basic charge and an additional increase of \$30 per year for nonresident students. This may be expected to increase total fee income by \$37,750, according to the budget computations, and restore student fee contributions to the level of 21 percent of gross current expense.

It should be noted that the new fee level of \$750 which we recommend for resident students would still be well below the budgeted cost per student of \$919 for care and subsistence. This cost is one which is borne fully by state college and university students.

We recommend approval of this item in the reduced amount of \$503,886.

STATE SCHOLARSHIP COMMISSION**ITEM 129 of the Budget Bill****Budget page 425**

**FOR SUPPORT OF THE STATE SCHOLARSHIP COMMISSION
 FROM THE GENERAL FUND**

Amount requested -----	\$3,869,280
Estimated to be expended in 1964-65 fiscal year -----	3,816,939
Increase (1.3 percent) -----	\$52,341

TOTAL RECOMMENDED REDUCTION ----- None

State Scholarship Commission—Continued

PROGRAM PLANS AND BUDGET

The State Scholarship Commission administers the California State Scholarship Program. This program, established in 1955, provides public scholarship funds for California students of high academic merit who have demonstrable need for financial assistance in order to enroll as undergraduates at a public or private California four-year institution of higher education. In addition to assisting such students, the program is intended to permit and encourage the private colleges and universities to absorb a larger proportion of undergraduate enrollment and thereby to reduce the demands on taxpayers for current and capital outlay funds for public institutions of higher education.

The scholarships cover tuition and other required fees at the institution of the student's choice. Currently, according to statute, the amount of each award may be from \$300 to \$900 plus 90 percent of tuition and other fees over \$900, up to a maximum of \$1,500. The number of awards is presently fixed by statute at 16 for each senatorial and assembly district and 3,200 at large throughout the state, for a total of 5,120. New award winners are first selected on the basis of competitive examination and scholastic achievement and then according to estimated family ability to meet college costs.

The commission consists of nine members who are appointed by the Governor and represent both public and private institutions of higher education and the general public. Recently the commission acted to place itself within the jurisdiction of the Coordinating Council for Higher Education for policy matters and now submits all new program and policy plans to the Coordinating Council for approval.

An amount of \$3,869,280 is proposed for support of the scholarship program for 1965-66, consisting of \$3,699,700 in scholarship award funds and \$169,580 to administer the program. No new programs or new levels of service are proposed in this budget.

Of the total amount for scholarship funds, \$3,696,700 is for general awards and \$3,000 is for agricultural awards. The amount of \$3,696,700 for general awards has been computed on the basis of 5,120 awards at an estimated average of \$722 each. This figure ordinarily is based upon a review of tuition and other fees reported by institutions attended by present scholarship winners. The printed budget provides for an increase of only \$9 over the current estimate of average award cost for 1964-65, but we have been informed that this figure is an error and that the average award amount may be raised to \$760. This would raise the total amount proposed for general awards to \$3,891,200. The Department of Finance has indicated that it will clarify this at the budget hearings.

It is expected that approximately 21,000 applications will be received by the commission for about 1,500 new awards to be granted for 1965-66 and that approximately 3,620 previous winners will ask for renewal of their awards. On the basis of past experience it is believed that about 64 percent of both new and continued award winners will attend private institutions, 30 percent will attend the University of California and 6 percent will attend a state college. In addition, some 200 junior college

State Scholarship Commission—Continued

Table I
General State Scholarship Award Funds
1960-61 Through 1965-66

	<i>Number of awards</i>	<i>Average award amount</i>	<i>Total general award funds</i>
1960-61 -----	2,560	\$437	\$1,119,542
1961-62 -----	3,200	535	1,712,241
1962-63 -----	3,840	575	2,208,148
1963-64 -----	4,480	573	2,567,857
1964-65 (est.) -----	5,120	713	3,648,000
1965-66 (est.) -----	5,120	722 ¹	3,696,700 ¹

¹ Budget figures to be revised.

students will be designated as reserve scholarship winners, enabling them to receive awards when they later transfer to four-year institutions.

The proposed amount of \$169,580 for administration for 1965-66 would provide for an increase of \$5,681 or 3.5 percent over 1964-65. The increase is largely attributable to a reclassification of one position and increased evaluation costs related to growth in the number of award applications. The administrative cost is the equivalent of about \$33 per general award, as compared with a cost of \$32 per award currently estimated for 1964-65.

In Table II below we present a projection of state cost for the scholarship program based upon the existing level of program and proposed costs for 1965-66. We have made no attempt to predict what new programs or new levels of service may be adopted by the Legislature in 1965 or subsequent years. General award funds have been computed for 5,120 awards with the average cost per award increasing by 5 percent each year. Administrative and other costs are computed at 4.5 percent of award funds.

Table II
Projected State Cost for Support at the Existing Level of
Service State Scholarship Program

	<i>General award funds</i>	<i>Administrative and other costs</i>	<i>Total</i>
1965-66 -----	\$3,891,200 ¹	\$172,580	\$4,063,780
1966-67 -----	4,086,000	183,900	2,269,900
1967-68 -----	4,290,000	193,000	4,483,000
1968-69 -----	4,505,000	202,700	4,707,700
1969-70 -----	4,730,000	212,900	4,942,900
1974-75 -----	6,037,000	271,700	6,308,700

¹ Revised budget proposal based on \$760 per award.

REVIEW OF AGENCY ACCOMPLISHMENTS

During the last completed fiscal year, 1963-64, as shown in Table III, a total of 19,950 students submitted applications to the commission for awards for 1964-65. From this number, 5,927 students were chosen as semifinalists on the basis of Scholastic Aptitude Test scores and scholastic achievement. After an evaluation of the family financial ability of each semifinalist, 2,501 new awards were offered, of which 1,824 were

State Scholarship Commission—Continued

accepted. This number of new awards was the equivalent of approximately 0.9 percent of the number of California high school graduates in June 1963. According to commission records, those who won new state scholarships ranked among the top 3 percent nationally of those taking the college aptitude test and had high school grades averaging 3.65 in academic subjects.

In addition to the 1,824 new awards, 3,296 prior awards were renewed. The number and rate of renewals has risen rapidly in recent years with the result that the number of new awards has increased very little despite a substantial increase in the total number of scholarships authorized by statute. Thus the academic standards for qualification have grown more stringent as the number of high school graduates and the number of new applicants has increased.

Table III
Selected Program Data
State Scholarship Program

	1960-61	1961-62	1962-63	1963-64
A. Applications and awards				
Total applicants -----	13,677	15,305	15,913	19,950
Total new awards -----	1,516	1,783	1,844	1,824
Prior awards renewed -----	1,686	2,058	2,636	3,296
Total awards -----	3,200	3,840	4,480	5,120
B. Qualifying scores				
Minimum SAT score for high school seniors (at-large) ---	1,115	1,137	1,142	1,181
C. Distribution of winners by class level				
Freshmen -----	42.7%	40.8%	37.1%	32.7%
Sophomores -----	21.4	28.9	28.9	26.8
Juniors -----	21.1	15.6	22.5	23.7
Seniors -----	14.8	14.7	11.5	16.8
D. Distribution by type of institution				
Independent institutions ---	65.8%	67.6%	65.0%	63.9%
University of California ----	29.3	27.3	28.9	30.0
California State Colleges ---	4.9	5.1	6.1	6.1

With respect to the type of institution attended by new and prior award winners, it is reported that of those who won awards in the spring of 1964, 65 percent attended a private institution, 29 percent the University of California and 6 percent a state college. With the increase in number of awards authorized, the percentage of students attending a private institution has declined somewhat in the last two years although the absolute number has increased steadily.

In view of the high tuition charges at these institutions, it is reasonable to believe that some 3,000 students were able to attend a private institution rather than a public institution in 1964-65 because of this program. It is impossible to know how many of these students have simply displaced rather than added to enrollment at those institutions, but representatives of a number of the private institutions have stated

State Scholarship Commission—Continued

that their enrollment growth has been closely related to the number of state scholarship winners enrolled at their institutions.

Full-time enrollment for 81 private institutions was 60,883 for the fall of 1963 as compared with the earlier Master Plan estimate for 1965 of about 58,000 for 72 institutions. According to current estimates based upon reported enrollment for the fall of 1963, full-time enrollment at these 81 private institutions will exceed the Master Plan projections by from 20 to 30 percent. In part, the unanticipated growth of private institutions merely reflects the very conservative character of the earlier projections, but in some part it may also be attributed to the continued expansion of the state scholarship program.

ANALYSIS AND RECOMMENDATIONS

We recommend approval of the budget as submitted.

DEPARTMENT OF EMPLOYMENT

ITEMS 130, 131, 132 and 133 of the Budget Bill

Budget page 427

FOR SUPPORT OF THE DEPARTMENT OF EMPLOYMENT
FROM THE UNEMPLOYMENT COMPENSATION DISABILITY
FUND, THE DEPARTMENT OF EMPLOYMENT CONTINGENT
FUND AND THE UNEMPLOYMENT TRUST FUND

Amount requested, Unemployment Compensation Disability Fund	
(130) -----	\$10,524,008
Amount requested, Unemployment Compensation Disability Fund	
(131) -----	1,306,800
Amount requested, Department of Employment Contingent Fund	
(132) -----	346,557
Amount requested, Unemployment Trust Fund (Reed Act funds)	
(133) -----	25,149
Total amount requested -----	\$12,202,514
Estimated to be expended in 1964-65 fiscal year -----	10,375,355
Increase (17.6 percent) -----	\$1,827,159
Recommended Reduction—state funds -----	\$3,250
Recommended Reduction—federal funds -----	3,345,174
TOTAL RECOMMENDED REDUCTION -----	\$3,348,424

Summary of Recommended Reductions

	Amount	Budget	
		Page	Line
From amount requested to maintain existing level of service:			
1. Traveling—in-state -----	\$2,500	440	79
Traveling—out-of-state -----	750	440	80
From amount requested for new or improved services:			
1. 419 Positions assigned MDTA functions -----	\$3,330,511	411	37
2. 1 Senior photographer -----	7,080	432	18
3. 1 Public health nurse II -----	7,583	439	48

PROGRAM PLANS AND BUDGET

This department proposes a total expenditure of \$841,577,946 in the 1965-66 fiscal year. These expenditures are supported by the Legisla-