

Department of the Youth Authority—Continued

academic and vocational training should be implemented at all facilities to provide a means to evaluate the needs and effectiveness of these programs.

There are no present means established to evaluate routinely the amount of training accomplished in the various vocational programs. Also lacking is knowledge as to the use made of such training upon release and the rehabilitative value of such training. The agency should establish testing and research measures to provide answers to these questions as a means to evaluate the value of these vocational programs. This information could be used to determine the need for various types of vocational programs or whether the moneys provided might be better utilized for other purposes.

Youth Authority

TRANSPORTATION OF INMATES AND PAROLE VIOLATORS

Item 83 from the General Fund

Requested 1969-70	\$37,540
Estimated 1968-69	37,540
Actual 1967-68	36,933
Requested increase—None	
Total recommended reduction	None

ANALYSIS AND RECOMMENDATIONS

We recommend approval of this item.

This appropriation provides for transportation expenses of law enforcement officers delivering youth commitments to state institutions. The funds also are for traveling expenses of Youth Authority transportation officers transferring juveniles between the various state and local facilities as required.

EDUCATION

California's total system of public education is composed of: elementary, high school and unified school districts, the community colleges (formerly junior colleges), the California State Colleges, the University of California, the California Maritime Academy and the state operated schools for handicapped children. Support for education is derived from a variety of sources including the State School Fund, local property taxes, State General Fund appropriations and programs of federal aid. The term "support" does not include state construction expenditures for local schools. Table 1 provides a summary of the sources of support to each of the components of the state educational system.

General Summary

Education

Summary of State Expenditures for Education—Continued

Table 1
Sources of Support for Education in California—1969-70
(millions)

	<i>State</i>	<i>Federal</i>	<i>Local</i>	<i>Other</i>	<i>Total</i>
Public School Apportionments					
Elementary districts -----	\$359.9	\$66.7	\$431.6	\$13.2 ^a	\$871.4
High school districts -----	148.9	32.5	334.6	9.2 ^a	525.2
Unified districts ¹ -----	903.7	199.3	1,415.2	44.1 ^a	2,562.3
Other programs -----	203.0	---	---	---	203.0
California Community					
Colleges -----	96.9	23.0	239.6	16.2 ^a	375.7
California State Colleges --	274.8	22.6	---	---	297.4
University of California ---	316.2	383.0 ¹	---	221.7 ^a	920.9
California Maritime Academy	.8	.2	---	---	1.0
State special schools -----	7.4	.3	---	---	7.7
Total -----	\$2,311.6	\$727.6	\$2,421.0	\$304.4	\$5,764.6

¹ Includes \$240 million from contracts with Atomic Energy Commission.

^a Federal and state support for vocational education and miscellaneous income.

^b University funds.

SUMMARY OF STATE EXPENDITURES FOR EDUCATION

In 1969-70, as in recent years, state expenditures for education will continue to account for the largest share of the budget dollar. Budget summaries indicate that in 1969-70 more than \$2.3 billion will be spent by the State of California for all facets of education. This represents 40.5 percent of the total budget and 52.5 percent of the General Fund dollars that will be expended during the budget year. These expenditures include (1) continuing support for the University of California, the California State Colleges, the public school system and state special schools, (2) support for special programs such as the Miller-Unruh Basic Reading Act, compensatory education, vocational education, debt service on public school bonds and (3) capital outlay expense for the University, the state colleges and the state-operated schools for handicapped children. Table 2 shows total state expenditures from the General Fund and bond funds for the past fiscal year, estimated expenditures for the current year and the proposed sums for 1969-70. The budget indicates that total state expenditures for education will increase by \$163 million in 1969-70.

Table 2
State Expenditures for Education
(in thousands)

	<i>1967-68</i>	<i>1968-69</i>	<i>1969-70</i>	<i>Change from</i> <i>1968-69</i>	
	<i>actual</i>	<i>estimated</i>	<i>proposed</i>	<i>Amount</i>	<i>Percent</i>
State operations					
Department of Education --	\$8,408	\$11,308	\$11,116	\$-192	-8.9
Special schools -----	6,476	6,962	7,556	+594	+8.5
University of California ¹ --	243,762	291,039	314,715	+23,676	+8.0
California State Colleges --	192,690	239,378	274,834	+35,456	+14.8
Other ² -----	665	810	1,030	+220	+27.0
Totals, state operations					
(General Fund) -----	\$452,001	\$549,497	\$609,251	\$+59,754	+10.8

Education

General Summary

Summary of State Expenditures for Education—Continued

Table 2—Continued

State Expenditures for Education (in thousands)

	1967-68	1968-69	1969-70	Change from 1968-69	
	<i>actual</i>	<i>estimated</i>	<i>proposed</i>	<i>Amount</i>	<i>Percent</i>
Capital outlay					
University of California					
General Fund ¹ -----	---	\$26,930	\$29,991	\$+3,061	+11.3
Bond Fund -----	\$55,821	---	---	---	---
Tideland oil revenue -----	2,420	20,695	4,346	-16,349	-78.9
State colleges					
General Fund ¹ -----	---	26,091	39,009	+12,918	+49.5
Bond Fund -----	60,009	---	---	---	---
Tideland oil revenue -----	1,584	20,073	5,655	-14,418	-71.8
Special schools					
General Fund -----	106	134	419	+285	212.6
Totals, capital outlay -----	\$120,031	\$93,898	\$79,420	---	---
General Fund -----	106	53,129	69,419	\$+16,290	30.6
Bond Fund -----	115,921	---	---	---	---
Tideland oil revenue -----	4,004	40,769	10,001	-30,768	-75.4
Local assistance					
Public school support -----	1,271,993	1,286,449	1,395,568	+109,119	+8.4
Cooperative improvement					
program -----	---	275	275	---	---
Instructional television -----	647	750	850	+100	+13.3
Assistance to new					
junior colleges -----	1,744	4,305	2,000	-2,305	-53.5
Special reading program -----	7,650	16,000	16,000	---	---
Mathematics improvement					
program -----	---	925	925	---	---
Compensatory education -----	8,887	11,000	11,000	---	---
Children's centers -----	14,468	17,447	18,447	+1,000	5.7
Teachers' retirement -----	61,500	71,500	79,000	+7,500	10.4
Grants to teachers					
of the handicapped -----	126	150	150	---	---
Debt service -----	53,175	53,616	55,061	-1,445	+2.6
Free textbooks -----	19,145	21,001	21,396	+395	+1.8
Assistance to public					
libraries -----	800	1,200	1,200	---	---
Vocational education -----	918	1,080	1,330	+250	+23.1
Totals, local assistance -----	\$1,441,053	\$1,485,698	\$1,603,202	\$117,504	7.9
General Fund -----	1,437,929	1,480,823	1,599,877	119,054	+8.0
Other -----	3,214	4,875	3,325	-1,550	-31.7
Grand totals -----	\$2,013,085	\$2,129,093	\$2,291,873	\$+162,780	+7.6
General Fund -----	1,890,036	2,083,449	2,278,547	+195,098	+9.3
Bond Fund -----	115,921	---	---	---	---
Tideland oil revenue -----	4,004	40,769	10,001	-30,768	-75.4
Other -----	3,124	4,875	3,325	-1,550	-31.7

¹ Includes Hastings College of Medicine.

² Includes Coordinating Council, State Scholarship and Maritime Academy.

³ Pro rata share of General Fund appropriation in augmentation of the Capital Outlay Fund for Public Higher Education.

Summary of State Expenditures for Education—Continued

STATE SUBVENTIONS FOR PUBLIC EDUCATION

State subventions for public education account for the largest amount expended by the state for educational purposes. A summary of these support programs appears in Table 3 and is divided into four general categories: (A) *Continuing Support to the Public Education*, State School Fund allowances and budgetary appropriations for assistance costs of the educational expenses of the public schools; (B) *Categorical Aid Programs for a Specific School Population*, special programs which cut across subject matter lines which are designed to serve the particular needs of a particular group within the school age population; (C) *Categorical Aid Programs in Specific Subject Matter Areas*, assistance to improve instruction in a particular subject matter; and (D) *Research, Development and Teacher Training Programs*, experimental programs to improve the quality of education and the operations of public school districts.

Each program supported by the General Fund will be discussed elsewhere in the analysis. During the 1969-70 budget year, it is estimated that total state funds allocated to school districts will total \$1.6 billion while federal subventions will total \$166 million.

Table 3
State and Federal Subventions for Education 1969-70
(000)

	<i>Federal</i>	<i>State</i>	<i>Total</i>
A. Continuing Support to Public Education			
State School Fund Apportionments -----	--	\$1,395,569	\$1,395,569
Educational Television -----	--	850	850
Free Textbooks -----	--	21,396	21,396
School Library Resources:			
ESEA Title II ¹ -----	\$4,166	--	4,166
Assistance to Libraries -----	--	1,200	1,200
B. Categorical Aid Programs for a Specific School Population			
Compensatory Education: ESEA Title I -----	84,955	--	84,955
Chapter 106, 1966 Statutes -----	--	6,500	6,500
Drop-out Projects: ESEA Title III -----	500	--	500
Education for Handicapped: ESEA Title VI -----	1,049	--	1,049
Unruh Preschool Act -----	12,000	4,000	16,000
Children's Centers -----	--	18,447	18,447
Manpower Development and Training -----	11,600	800	12,400
Vocational Education -----	16,580	530	17,110
Adult Basic Education -----	1,400	--	1,400
School Lunch -----	6,300	--	6,300
School Milk -----	9,300	--	9,300
C. Categorical Aid Programs in Specific Subject Matter Areas			
Chapter 106, 1966 Statutes -----	--	3,000	3,000
National Defense Education:			
Title III -----	5,305	--	5,305
Title V -----	1,980	--	1,980
Miller-Unruh Basic Reading Act -----	--	16,000	16,000
Mathematics Improvement Program -----	--	925	925

Education

General Summary

Summary of State Expenditures for Education—Continued

Table 3—Continued
State and Federal Subventions for Education 1969-70
(000)

	<i>Federal</i>	<i>State</i>	<i>Total</i>
D. Research, Development and Teacher Training Programs			
Education Professions Development Act -----	3,000	--	3,000
Grants to Teachers of Physically Handicapped Minors -----	--	150	150
McAteer Act -----	--	1,500	1,500
Supplemental Centers:			
ESEA Title III -----	8,500	0	8,500
Cooperative Improvement Programs -----	--	275	275
E. Other			
Debt Service on Public School Bonds ² -----	--	55,057	55,057
Contributions to State Teachers' Retirement -----	--	79,999	79,000
	\$166,635	\$1,605,199	\$1,771,834

¹ Elementary and Secondary Education Act.

² Excludes bond funds totally.

STATE SCHOOL APPORTIONMENTS: THE STATE SCHOOL FUND

The largest item of state expenditures for education is represented by transfers made from the General Fund to the State School Fund to support the system of apportionments to local school districts. As indicated by Table 4 it is proposed that almost \$1.4 billion be expended during the budget year for this purpose. Of this sum, \$1.299 billion is for the continuing program and \$96 million represents a proposed increase in state support.

Derivation and Distribution

In order to show how money in the State School Fund is apportioned we have split Table 4 in two sections which illustrate the "derivation" and "distribution" of the State School Fund and includes the estimated figures as reflected in the budget document for 1969-70. The annual transfer of money from the General Fund to the State School Fund is referred to as the derivation of the fund. The derivation formulas relate certain statutory and constitutional amounts per pupil in average daily attendance (ADA) to the total ADA of the preceding year. It is important to realize that the use of the statutory rates and the ADA figure for the preceding year is simply a device for the automatic annual transfer of money from the General Fund to the State School Fund to meet the allowance formulas for individual districts. The current statutory rate of \$263.14 has no relationship to the level of current expenditures per pupil expended by school districts.

After the State School Fund is derived, it is distributed or divided, by Section 17303 of the Education Code, into various categories for educational programs and activities specified by the statutes as eligible for state support. These programs include basic and equalization aid which comprise the foundation program, the County School Service Fund to finance the operations of the offices of the county superintendents of schools, reimbursements to school districts for the costs of

Table 4
Summary of the Elements of Derivation and Distribution
of the State School Fund¹
Estimated for 1969-70

General Summary

I. ELEMENTS OF DERIVATION

Item	Education Code section	Statutory unit rate	ADA factor	Total
Statutory minimum	Sec. 17301(a)	\$180.00	5,040,000	\$907,200,000
Plus additional funds as needed	Sec. 17301(b)	83.14	5,040,000	419,025,600
Subtotal		\$263.14		\$1,326,225,600
Less proposed limitation on deriva- tion formula		-8.30		-41,832,000
Plus proposed augmentation				
Basic and equalization aid		+18.35		92,500,000
Mentally gifted		+0.96		3,500,000
Total adjusted program		\$273.88		\$1,380,393,600
Reimbursements				
Driver training	Sec. 17305			15,000,000
Project-connected pupils	Sec. 17307			175,000
TOTAL STATE SCHOOL FUND DERIVATION				\$1,395,568,600

¹ As amended by Chapter 3, Statutes of 1968.

II. ELEMENTS OF DISTRIBUTION

Item	Education Code section	Statutory unit rate	ADA factor	Total
DISTRIBUTION under Sec. 17303: Basic and Equalization Aid	17303	\$180.00	5,040,000	\$1,195,336,000
DISTRIBUTION under Sec. 17303.5: County School Service Fund, direct services	17303.5(a)	1.60	5,040,000	8,064,000
County School Service Fund, other purposes	17303.5(d)	3.06	5,040,000	15,422,400
Pupil transportation	17303.5(b)	4.00	5,040,000	20,160,000
Special education	17303.5(c)	12.85	5,040,000	64,764,000
Mentally gifted programs	17303.5(e)	0.96	5,040,000	4,838,400
Educationally handicapped minors	17303.5(f)	3.50	5,040,000	17,640,000
Basic and Equalization Aid	17303.5(g)	57.17	5,040,000	288,136,800
Subtotal		\$263.14		\$1,326,225,600
Less proposed limitation on distribution formula		-8.30		-41,832,000
Plus proposed augmentation				
Basic and equalization aid		+18.35		92,500,000
Mentally gifted		+0.96		3,500,000
Total adjusted program		\$273.88		\$1,380,393,600
Driver training				15,000,000
Project-connected pupils				175,000
TOTAL STATE SCHOOL FUND DISTRIBUTION				\$1,395,568,600

Education

Summary of State Expenditures for Education—Continued

transporting pupils, allowances for special education, and support for programs for mentally gifted minors. Once the school fund has been distributed it is apportioned as allowances to school districts according to formulas in the Education Code.

It is noted that the "program budget" document proposes an increase in state support for the schools in 1969-70 totaling \$105.5 million as opposed to the \$96 million increase previously utilized. The difference between the two figures in the amount of \$9.5 million reflects the proposed continuation of the state's compensatory education program authorized by Chapter 106, Statutes of 1966 (SB 28), which will automatically terminate in 1969 unless it is extended.

Budgetary Limitation on State School Fund (Effect of Items 321 and 322)

Both the Budget Document and the Budget Bill reflect a substantial departure from previous practice in handling the derivation and the distribution of the State School Fund. The main objective of the modification is to place a budgetary limitation (as opposed to a statutory limitation) on the maximum amount which may be transferred from the General Fund to the State School Fund and to place a budgetary limitation on the amounts required by the various distribution formulas. The proposed modification is shown as follows:

	<i>Unit rate for derivation and distribution</i>
Present statutory unit rate-----	\$263.14
Less proposed limitation on distribution formula (Table 4)-----	—8.30
Adjusted program unit rate (page 700, line 23, Budget Document; Item 322, Budget Bill)-----	\$254.84
Plus program augmentations	
Basic and equalization aid -----	+18.35
Mentally gifted -----	.69
Proposed unit rate (page 700, line 30, Budget Document; Item 321, Budget Bill)-----	\$273.88

Although the current statutory unit rate for the derivation and the distribution of the State School Fund is set at \$263.14, it is estimated that a lower rate of \$254.84 will be sufficient to continue the level of the existing allocation formulas and to provide for a 5 percent rate of growth in the special education and educationally handicapped program which is proposed by the administration. The main reason that the rate of \$254.84 is estimated to be adequate, as opposed to the statutory rate of \$263.14, is that the allocation formulas governing equalization are estimated to require approximately \$82 million less than is authorized by the statutory unit rate of \$263.14. The anticipated savings are due to a general statewide increase in amount of wealth behind each pupil resulting from the areawide tax, unification and standardized assessment practices.

General Summary

Education

Summary of State Expenditures for Education—Continued

The budget item reflects a derivation unit rate of \$273.88 "in lieu of" the statutory unit rate of \$263.14 which represents the amount necessary to be transferred from the General Fund to the State School Fund to finance the existing allocation formulas and to provide for a \$96 million increase in state support in the budget year. The following table reflects the relationship between the unit rate for the derivation and distribution formulas and the amounts contained in the Budget Document and the Budget Bill.

	<i>Education Code derivation rate</i>	<i>Actual requirement Item 321 of the Budget Act</i>	<i>Proposed program augmentation Item 322 of the Budget Act</i>
Average daily attendance-----	5,040,000	5,040,000	5,040,000
Derivation unit rate-----	\$263.14	\$254.84	\$254.84
Augmentation ¹			
Basic, equalization aid and supplemental support			
Unit rate -----	--	--	15.17
Amount -----	--	--	\$76,500,000
PL 874			
Unit rate -----	--	--	3.18
Amount -----	--	--	\$16,000,000
Mentally gifted			
Unit rate -----	--	--	.69
Amount -----	--	--	\$3,500,000
Total authorization			
Unit rate -----	\$263.14	\$254.84	\$273.88
Amount -----	\$1,326,225,600	\$1,284,393,600	\$1,380,393,600

¹ Subject to legislation.

As shown above, the budget indicates that the proposed increase in state support in the amount of \$96 million is comprised of a sum of \$76.5 million in equalization aid, a sum of \$16 million in additional equalization aid required for the Federal PL 874 (impacted areas) program and a sum of \$3.5 million for the mentally gifted program, however, specific legislation will be required to authorize such increases. The sum of \$16 million that is budgeted for the Federal PL 874 (impacted areas) program is required to conform to a new federal requirement which prohibits states from reducing state school apportionments to districts on the basis of the amount of PL 874 funds received by the district. Under current state law the Department of Education, in apportioning state support to school districts receiving PL 874 funds, must consider the PL 874 funds as a measure of additional ability and is required to reduce the amount of state equalization aid otherwise authorized such districts. Under the new federal prohibition, state legislation must be enacted to conform to the federal requirement, resulting in an increase in state equalization aid totaling \$16 million.

Summary of State Expenditures for Education—Continued
 Special Education and Educationally Handicapped

Included in State School Fund apportionments to the public schools are allowances to support special educational programs for the educationally handicapped, physically handicapped and mentally retarded. The Education Code authorizes transfers from the General Fund totaling \$16.35 multiplied by the total average daily attendance in the preceding year to support the system of allowances to school districts for this purpose. This derivation rate is composed of \$12.85 per a.d.a. for the physically handicapped and mentally retarded plus \$3.50 per a.d.a. for the educationally handicapped. These rates, in 1969-70, will produce a total of \$82,404,000 for support of these programs. This amount, however, is substantially less than the amount required to provide for the allocation formulas which we estimate to be \$138,120,030. In past years when deficits occurred in these elements of the State School Fund they could be offset, to the extent possible, by savings in other items such as basic and equalization aid. The proposed budgetary limitations, however, would define a derivation rate of \$25.33, composed of \$18.28 for the physically handicapped and mentally retarded and \$7.05 for the educationally handicapped. This rate would authorize a total amount of \$127,663,200 for the funding of support formulas, or only a 5 percent growth in excess of the current level. We estimate, however, based on the level of growth experienced in recent years that demand for support through the existing allocation formulas will exceed the 5-percent budgetary amount by more than \$10 million. Table 5 compares our estimates of demand for special education to the amounts included in the budget.

Table 5
 Estimates of Special Education Demand

<i>Amount for</i>	<i>Budget authorization</i>	<i>Estimated demand</i>	<i>Estimated deficiency</i>
Physically handicapped, mentally retarded, special transportation	\$92,131,200	\$97,147,000	\$5,340,000
Educationally handicapped -----	35,532,000	40,649,030	5,117,030
Total -----	\$127,663,200	\$138,120,030	\$10,556,830

We believe that a limitation governed by the amount available is not the most appropriate approach to reducing state expenditures for support of special educational programs. We would propose, rather, that if economies are to be achieved in these programs, the most effective approach would be through modification of existing program requirements such as those we suggest in the following review of four areas of special financial concern.

1. Special Day Classes

Special classes for the handicapped or retarded are authorized support on a class allotment basis whereby a class allowance will be paid

Summary of State Expenditures for Education—Continued

wherever at least one-half of the minimum class size as prescribed by the State Board of Education is maintained. The amounts provided are reviewed in Table 6.

Table 6
State Support to Special Day Classes

	Per ADA ¹	Per class
Educationally handicapped -----	\$1,140	\$13,680
Educable mentally retarded -----	435	7,830
Trainable mentally retarded -----	795	9,540
Physically handicapped -----	1,018	12,215

¹ Where minimum class size is not maintained.

a. *We recommend that the Legislature establish the maximum class size for each of the programs which operate special day class programs.* Existing Education Code provisions authorize the payment of full class allowances where at least one-half the maximum class size, as authorized by the State Board of Education, is maintained. Because maximum class size is the key to this funding system we believe that maximums should be established by law rather than by administrative regulation to insure that economic consideration be given to any proposed modifications.

b. *We recommend that special day class allowances be computed on a district basis rather than an individual class basis.* The Education Code emphasizes the Legislature's desire to concentrate special day class students in the fewest number of class units. The system, however, permits considerable local flexibility in determining the actual number of class units to be operated. We recommend that the Legislature adopt a funding system which would establish a financial incentive for the operation of full classes. This can be done by computing allowances on a district level rather than a class level, by dividing the total district average daily attendance in special day classes by the maximum authorized enrollment and multiplying by the class allowance for that category. To accommodate any unusual circumstance which requires a class size smaller than the maximum, an allowance could be made for any fractional part beyond the number of full class units. We estimate that this approach would result in a savings of \$5 million in special educational apportionments.

c. *We recommend that the Legislature modify the system of special day class support to recognize the differences in foundation program support levels between the elementary and secondary schools.* The present system of support to special day classes provides class allowances wherever attendance levels are maintained. These allowances are the same at the elementary and secondary levels. Foundation program support to school districts, however, differs at the elementary and secondary level. This means that the high school level student in a special educational class will receive more in state support than an elementary student in the same district, despite the fact that program costs at either level for special education are similar. We propose that

Summary of State Expenditures for Education—Continued

the allowance to special day classes reflect both the existing allowance and the elementary foundation program. The actual foundation program support could then be deducted from the guaranteed amount to reflect the difference between the elementary and high school foundation programs. We estimate that this modification would result in a \$1.7 million savings to the state.

2. Support System

a. *We recommend that the Legislature require that special educational allowances to school districts which exceed district expenditures be deducted from future apportionments.* Allowances to school districts for support of special educational programs are made on the basis of flat grants. Where participation requirements are met, a full allowance will be paid. These allowances were established on the basis of average reported costs, but actual expenditures vary widely from district to district. We recommend that the Legislature require each school district to report annually its expenditures of each special educational program and all income supporting such expenditures including special allowances, state foundation program support and any special taxes for that purpose. If the amount of revenue exceeds the expenditure, the difference would be deducted from the following year's apportionment. We estimate this proposal would produce a State School Fund savings of approximately \$2 million.

b. *We recommend that the Legislature establish a district contribution to programs operated by the county superintendent of schools at the computation tax rate.* Existing law requires that school districts contribute to programs for the physically handicapped an amount equal to the per pupil amount produced by a tax of \$0.60 per \$100 of assessed valuation at the elementary level and \$0.50 per \$100 at the high school level. This was the computational tax rate prior to the adoption of Chapter 1209, Statutes of 1967. We recommend that this be raised to the existing computational tax rates and that such contribution be required for all special programs operated by the county superintendent of schools for a district for a savings of \$1.8 million.

3. Placement Procedure

a. *We recommend that the Legislature require an annual reevaluation of participants in programs for educable mentally retarded minors and that the Department of Education be required to study and report to the Joint Legislative Budget Committee no later than November 1, 1969, on the participation of minority group students in special programs for the educable mentally retarded and educationally handicapped.* In recent research conducted by the Department of Education it was found that the special education classes conducted in many counties of the state had higher minority group participation than their incidence in the total population of the area. Selected examples appear in Table 7.

General Summary

Education

Summary of State Expenditures for Education—Continued

Table 7

Incidence of Enrollment of Minority Groups in Eight Special Education Classes

	<i>Percent total population</i>	<i>Percent of special education class enrollment</i>
County No. 1		
Spanish surname -----	15.8	30.3
Anglo -----	68.6	39.9
Negro -----	12.6	27.3
County No. 2		
Spanish surname -----	8.8	21.8
Anglo -----	89.1	75.0
Negro -----	.6	1.9
County No. 3		
Spanish surname -----	13.5	15.4
Anglo -----	44.6	28.9
Negro -----	23.3	46.8
County No. 4		
Spanish surname -----	17.11	39.3
Anglo -----	79.5	56.1
Negro -----	1.8	3.7

The counties utilized for this survey were chosen because they exceed 12,000 Spanish surname or Negro enrollees. In all of the 13 counties surveyed the minority group enrollment special education programs exceeded their percentage of the total population.

The results of this study do not indicate the type of special educational programs which enroll the disproportionate numbers of minority group students and therefore it is difficult to draw any conclusions. The study indicates, however, that: "... although this lack of clarity is unfortunate, it has, if anything, been a conservative influence. Most of the children in the special education category are in classes for the mentally retarded and many of those who are not in classes for the mentally retarded are in programs which are less likely to have an ethnic bias, i.e., physically handicapped or which have an ethnic bias over-representing the anglo child, i.e., classes for the gifted."

This information indicates the possibility that minority group students have been placed in programs for pupils with mental handicaps when programs designed for the culturally disadvantaged such as compensatory education might be more appropriate. This possibility has substantial cost implications since special education programs are funded from state General Funds while compensatory education programs are eligible for federal support.

The information available in this area is not sufficient to indicate where modifications can be made in existing special education placement techniques. We believe, however, that one action which should be taken is to require that the placement of pupils in programs for the educable mentally retarded be reviewed annually. Under Administrative Code provisions the placement of participants in the educationally handicapped minors program must be reviewed annually to determine if continued enrollment in the program is appropriate. We

Summary of State Expenditures for Education—Continued

believe that a similar approach to the program for educable mentally retarded minors should be required to insure periodic reevaluation of the placement of pupils in that program.

In addition, we recommend that the Legislature direct the Department of Education to carry out a comprehensive study of the placement of minority group students in special education programs for the educable mentally retarded and educationally handicapped. This study should include a review of the placement procedures of districts in which inordinate numbers of minority group students are enrolled in relation to their total population.

4. Educationally Handicapped

Chapter 2165, Statutes of 1963 (The Waldie Act), authorizes school districts to provide programs for educationally handicapped minors. Students eligible to participate in this program are defined as "minors other than physically handicapped minors or mentally retarded minors who by reason of marked learning or behavioral problems or a combination thereof, cannot receive the reasonable benefit of ordinary education facilities."

When a school district elects to operate a special educational program for the educationally handicapped, the Education Code provides that the following conditions be met: (1) that enrollment not exceed 2 percent of the total district enrollment unless special permission is obtained from Superintendent of Public Instruction; (2) that pupils only be admitted to a program upon the recommendation of a district admission committee made up of a teacher, school nurse or social worker, school psychologist, principal or supervisor and a licensed physician; and (3) that written consent to participate be filed with the governing board of the school district by the child's parent or guardian prior to admittance.

School districts providing special educational programs for educationally handicapped minors are authorized four separate subprograms which may be operated at either the elementary or secondary level.

1. Special classes, for pupils who are unable to function in a regular class.

2. Learning disability groups, for students capable of remaining in the regular class, but who receive individual or small group instruction given by a special teacher.

3. Home and hospital instruction, for pupils who are unable to function in a school setting and do not attend class.

4. Special consultation, provided to teachers, counselors and administrators regarding the disabilities of individual pupils and the educational services they require.

Since the establishment of the educationally handicapped minors program in 1963, participation has increased substantially as new subprograms are created and older subprograms expand. Table 8 reviews the annual reported enrollments for each of the authorized subprograms since the program's establishment.

Summary of State Expenditures for Education—Continued

Table 8

Enrollments in the Educationally Handicapped Minors Program

<i>Year</i>	<i>Special day classes</i>	<i>Learning disability groups</i>	<i>Home and hospital</i>	<i>Total</i>
1963-64	1,390	518	159	2,057
1964-65	3,395	2,454	780	6,629
1965-66	6,381	3,394	727	10,502
1966-67	9,042	6,619	1,578	17,239
1967-68	12,480	10,640	880	24,000

This growth in enrollment and the increases in state support which resulted from the adoption of Chapter 1209, Statutes of 1967, are shown in Table 9.

Table 9

State Expenditures for the Educationally Handicapped Minors Program

<i>Year</i>	<i>Special day classes</i>	<i>Learning disability groups</i>	<i>Home and hospital instruction</i>	<i>Special consultation</i>	<i>Total</i>
1964-65	\$323,032	\$36,941	\$27,282	\$2,050	\$389,315
1965-66	2,031,800	421,897	155,570	12,650	2,621,918
1966-67	4,033,280	983,315	213,018	24,975	5,254,588
1967-68	16,141,689	6,318,425	730,924	84,534	23,275,540

Special Legislative Report. Based on the substantial increase in State School Fund apportionments to the educationally handicapped minors, the Legislature, as part of the Budget Act of 1968, instructed the Department of Education, in cooperation with the Department of Finance and the Legislative Analyst, to prepare a comprehensive analysis of state support to educationally handicapped minors for submission to the Joint Legislative Budget Committee by November 1, 1968. Four specific elements were to be included in the preparation of this report.

(1) A report of the changes to the program occasioned by the adoption of Chapter 1209, Statutes of 1967, including the actual additional state expense which resulted from the following changes to the law.

a. The shift from an excess expense reimbursement system to a flat grant allowance system.

b. The payment of state support on the basis of current participation rather than as a reimbursement for the prior year.

c. The increases in the level of state support for each program element.

d. The establishment of a special day class allotment program.

The department reports that, based on apportionment data, these changes in the law accounted for specific increases in state support as shown in Table 10.

Summary of State Expenditures for Education—Continued

Table 10

Increases in State Support

<i>Purpose</i>	<i>Amount of increase</i>
Flat grant costs	\$956,863
Current participation	5,328,000
Increase in support	7,505,042
Class allotment	3,157,737
Total increase	\$16,947,642

(2) A review of special day class programs comparing the size of programs to the standards authorized by the State Board of Education, including a breakdown of the number, sizes and location of classes receiving a full allotment with less than standard participation.

The department reports that information is not available on an individual class basis. Only the total number of classes and the total average daily attendance are reported. Information from previous studies indicates, however, that the average is approximately nine pupils per class.

(3) An analysis of state level administration and requirements for authorized programs to determine areas where control might be strengthened, including:

a. Criteria for the approval of local programs by the Department of Education.

The department reports that Education Code requirements for the prior approval of programs has been repealed by Chapter 928, Statutes of 1968, but that program quality control could be improved in the following ways: (1) more thorough reporting of information, (2) requirements for housing, equipment and materials, (3) standardized summary reporting of the progress of each participant annually, (4) require that county superintendents of schools to audit or verify the correctness of reports submitted to them, (5) establish a procedure for periodic accreditation of district programs, and (6) establish a program of visitation and reports for district programs by the department and require that the districts receive periodic review.

b. Approaches to state level authorization for expansion of local programs.

The department reports that there is no education code authorization for limiting program expansion within the 2-percent maximum enrollment and that a percentage expansion factor would be inequitable.

c. Requirements for district personnel participation in the program.

The department states that well trained support personnel are necessary in addition to a pupil's teacher, but that these employees often have full-time responsibilities in other district programs. The department has considered minimum staffing requirements and indicates that legislation may be necessary. Further, a uniform system of reporting salaries would provide increased control over the reporting of indirect salary expense of the program.

Summary of State Expenditures for Education—Continued

(4) A projection of the expected growth in the educationally handicapped program to assist in an analysis of the potential enrollments and state expense for a 10-year period.

The department estimates that enrollments will increase from about 24,000 in the current year to 50,000 in 1975. The largest program expansion occurring between 1968-69 and 1972-73 when program growth will average 15.5 percent per year. Based on current program expense we estimate that this would result in an increase demand from \$33.8 million in current year to \$58 million, or \$24.2 million in a three-year period.

a. *We recommend that school districts planning to establish a program for educationally handicapped minors be required to receive the prior approval of the Department of Education.*

Existing law requires school districts to "notify" the Superintendent of Public Instruction of their intention to establish a program for educationally handicapped minors. The original provisions authorizing the program required school districts to receive the approval of the State Department of Education before any allowance would be paid. Chapter 928, Statutes of 1968, as part of numerous technical changes in several sections of the code repealed this requirement. We believe that every district should be required to receive the approval of the Department of Education prior to the initiation of a program in order to permit state level evaluation of the services to be established.

b. *We recommend that school districts be required to receive the approval of the State Department of Education to expand program enrollment beyond 20 percent of the prior years enrollment.*

The only limitation on the enrollment in programs for the educationally handicapped is that no district, without the permission of the Superintendent of Public Instruction, may exceed 2 percent of its enrollment in the program. We believe that state level administration of the program would be improved if the Department of Education were required to review any district program which proposes to expand substantially. The Department of Education anticipates an average annual expansion of 15.5 percent in the next few years. We propose that districts which intend to increase enrollment by 20 percent be required to apply to the Department of Education for approval.

c. *We recommend the local admission committees for the educationally handicapped minors program be required to file with the State Department of Education a placement notice and status report on standard forms for that purpose for each child admitted to the program. Further, we recommend that individual admissions be limited to a one-year period to insure annual reporting on participants.*

In response to legislative inquiry regarding state control over local programs, the Department of Education points out that Title V, Section 226, of the Administrative Code, requires an annual examination of the school adjustment of each child in the program. Those provisions, however, authorize the administrative head of the district to specify the personnel and methods to be used. The department states that "such

Summary of State Expenditures for Education—Continued

provision might be amended to include a standard form for reporting and require districts to include a summary report of such adjustment and progress annually to the department.”

We believe that such an approach would be an improvement in state and administration of the program and propose that admission to the program be on an annual basis and each local admission committee be required to file a summary report with the Department of Education for each pupil admitted to the program on standard forms provided for that purpose. For pupils to be readmitted the department could request additional information regarding the progress which has been achieved.

d. *We recommend that the Legislature redefine the system of support to special day classes to account for particular costs in certain districts such as salaries of teachers aids, transportation of pupils and the lease of portable facilities.*

The existing system of support to special day classes for educationally handicapped minors authorizes a class allowance of \$13,680 for each class where minimum attendance levels are maintained. This allowance is based on the statewide average cost of such classes. Actual district expenditures, however, vary substantially among districts, depending on the services provided. Variable factors in the costs of the program include the use of teacher's aids, provision of special transportation and the lease of portable facilities. These expenses are, in part, included in the overall state average upon which financing is present.

We believe that special day class allowances should be based on the costs experienced by all districts conducting the program such as teachers' salary, overhead and maintenance. A system of special allowances should be established to support the program costs which are not experienced by all districts.

e. *We recommend that the allowance to participants in Home and Hospital Instruction be reduced from \$1,590 to \$1,300.*

A special allowance of \$1,590 per unit of average daily attendance is provided for children who are unable to attend school. This is comparable to the program of individual instruction provided to physically handicapped which is supported at \$1,300 per ADA. In addition, the statewide average cost per unit of average daily attendance included in the most recent report of district expense is \$1,317. We, therefore, recommend that support for this program be reduced to \$1,300 per unit of average daily attendance.

SIGNIFICANT INCREASES IN STATE SUPPORT FOR THE PUBLIC SCHOOLS

During the period 1961-62 to 1968-69 state support for the public schools expanded from approximately \$730 million to over \$1.3 billion. This large increase has been caused by several factors including a 136-percent increase in enrollment, legislative increases in the foundation programs for each level, and new categorical aid programs in the areas of reading, mathematics, compensatory education and preschool education.

Table 11
Significant Increases in State Support for Education 1961-62 through 1967-68
(In Millions)

								Increase 1961-62 to 1968-69	
								Amount	Percent
	1961-62	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69		
A. Regular Program—State School Fund									
ADA reported in prior year -----	3.6	4.0	4.2	4.4	4.6	4.7	4.9	1.3	136%
Total amount of state support -----	\$724	\$832	\$928	\$991	\$1,045	\$1,260	\$1,272	\$558	175
Increase over preceding year shown in table -----		108	96	63	54	225	12		
Growth -----		80	42	40	35	25	12		
Unit rate increase -----		28	54	23	19	200	-	234	324
B. Categorical Aid Programs Specific Curriculum									
Pilot Program in Compensatory Education -----	-	\$0.3	\$0.3	-	-	-	-		
Unruh Preschool Act -----	-	-	-	\$2.0	\$4.0	\$4.0	\$4.0		
Children's centers -----	\$4.9	5.8	6.4	7.3	7.8	11.6	13.4		
Development centers for handicapped minors -----	-	-	0.01	0.5	0.9	2.9	3.0		
Chapter 106, 1966 Statutes -----	-	-	-	-	10.7	7.8	9.5		
Educational television -----	-	-	0.01	0.4	0.6	0.6	0.8		
Cooperative Improvement Program ---	-	-	-	-	-	0.3	0.3		
Miller-Unruh Basic Reading Act -----	-	-	-	-	3.0	7.6	-16.0		
Mathematics Improvement Program --	-	-	-	-	-	0.3	-0.9		
McAteer Act: Compensatory Education Programs -----	-	-	-	1.0	1.0	1.5	1.5		
High school work experience -----	-	-	-	-	-	0.05	0.3		

Summary of State Expenditures for Education—Continued

Table 11 illustrates the increases in state support between 1961–62 and 1968–69. The table is divided into two parts. Part A illustrates increases in state support caused by enrollment growth and increases in the unit rate authorized by Chapter 1209, 1967 Statutes. Part B illustrates the increases resulting from the establishment of new categorical aid programs such as the Unruh Preschool Act, the McAteer Act and the Miller-Unruh Basic Reading Program. The figures indicate that of the \$730 million increase in support a sum of \$234 million was caused by enrollment growth and a sum of \$324 million represents legislative increases in the regular programs financed through the State School Fund. An additional sum of \$49.7 million represents the amounts authorized for the new state categorical aid programs.

A PLAN TO IMPROVE SCHOOL FINANCE BY SPLITTING THE ASSESSMENT ROLE

The present system of state and local support for the public schools fails to promote efficient use of our limited tax resources and in fact, serves to perpetuate inequities among school districts in the amount of local tax effort that is required to support an educational program. The two elements which cause this situation are (1) the constitutional guarantee that basic aid be distributed to each district regardless of its ability (assessed valuation per unit of average daily attendance) and (2) the wide variation of ability that exists among school districts.

In the *Analysis of the Budget 1968–69* we suggested a proposal designed to reduce the variations in school district wealth by splitting the assessment roll between residential and nonresidential property, with the application of a uniform statewide tax upon the nonresidential property in order to equalize both tax effort and revenues from that portion of the roll.

A key element of our proposal would be a division of the total property tax base into two major classes: residential property and business property (nonresidential property). Residential property would include *single-family and multiple dwellings*. The business property category would include *farms, vacant lots, commercial and industrial property, railroads and public utilities*. The state would levy a uniform statewide tax on business property for school purposes, grades K-14, which would be based on the *average* tax rate currently levied against business property. Local school districts would be required to finance all educational services costing in excess of the guaranteed program from taxes levied on residential property.

The major advantages of the proposal are that it would (1) eliminate the effect of variations in wealth with respect to that portion of the tax rolls which exhibits the greatest assessment variation (nonresidential), (2) insure certainty for business that it would pay public school taxes at a uniform rate, regardless of the location of plants or offices, and (3) place upon the home owner the burden of education expenditures above the guaranteed level, thus giving more meaning to the concept of local options.

Table 12 illustrates graphically the mechanics of the proposal. A statewide business property tax of \$3.88/\$100 of assessed valuation is

General Summary

Education

Summary of State Expenditures for Education—Continued

applied to the statewide business roll of \$23.7 billion. (This tax rate was developed by dividing the total amount of money believed to be contributed currently by businesses for support of the public schools by the statewide business roll of \$23.7 billion.) The revenue raised by this statewide tax, \$919 million, would be added to the current money in the State School Fund, approximately \$1 billion, and in effect would be used to increase state equalization aid. This sum would be combined with a statewide measure of local effort and ability that is necessary for the equitable apportionment of equalization aid. A \$1.80 computational tax rate levied on the residential roll. (The proceeds of this tax remain in individual school districts; they *do not* get into the State School Fund.) The resultant sum of \$2.3 billion would be sufficient to support a guaranteed program of \$517/ADA (combined program for elementary and secondary levels).

Table 12

Division of Total Roll	Business roll	Residential roll	Total
Amount -----	\$23,663,664,480	\$21,843,382,070	\$45,507,047,550
Percent -----	52%	48%	100%
Per ADA -----	\$5,255	\$4,851	\$10,106

Computation of Guaranteed Program			
A. Proceeds of statewide business tax @ \$3.88--	\$919,000,000	-	\$919,000,000
B. Money in State School Fund			
1. Basic Aid -----	-	-	567,817,929
2. Equalization Aid ---	-	-	446,881,643
C. Computational Tax on residential property @ \$1.80 -----	-	\$393,230,891	393,230,891
Total -----			\$2,326,930,463
Per ADA -----			\$517 ¹

¹ Total of \$2.3 billion divided by 4.5 million ADA.

It is assumed that under the proposal all school districts would become eligible for state equalization aid. This means that each school district in the state which levies a tax rate of \$1.80 on the residential roll would have a guaranteed program of financial support of \$517/ADA.

Districts with an amount of assessed valuation per ADA in excess of the statewide average amount of \$5,255/ADA on the *business roll* would contribute more to the statewide business property tax than would be returned to them in guaranteed program support. In general, the contribution to equalization would be highest in those districts which have a *large amount of highly valued business property constituting a high percentage of the total assessment roll*. These districts would be required to increase their tax rate on the residential roll if they wished to continue the level of their existing expenditure program.

Summary of State Expenditures for Education—Continued

Districts having an assessed valuation per ADA *below* the statewide average amount of \$5,255/ADA on the business roll would benefit; that is, they would be able to support the guaranteed program of \$517/ADA at a reduced tax rate on the residential roll or, alternatively, could increase their expenditure programs to higher levels with their existing tax rates. Generally, the districts benefiting most under the proposal would be *high taxing districts with little business wealth which constitutes a relatively low percentage of the total assessment roll.*

The tax rates of business currently in excess of the mandatory statewide business tax would be reduced while the tax levies of businesses currently below the statewide tax would be increased.

Comparison of Proposal to Split Assessment Roll With Proposal to Levy a Statewide Tax on Total Roll

Another frequently discussed proposal also designed to improve equalization is the proposal to levy a statewide property tax for educational purposes on the total assessment roll as opposed to the levy of a statewide tax on the business roll only. Both plans would result in improvement of equalization of local tax effort to support a guaranteed expenditure level from state and local funds. However, the proposals differ in several important aspects.

If the statewide property tax plan were one which was truly statewide and included a uniform tax on all assessed valuation, it would eliminate all problems of equalization. It would also eliminate local options for differential levels of school support.

If alternatively the so-called statewide property tax plan provided for only a partial statewide tax on the entire roll, including both residential and nonresidential property, variations in local ability to support a given level of educational expenditures would still exist although such variations would be reduced. To the extent that such a statewide plan did not provide a uniform tax for all business property, it would lose one of the advantages of the split assessment roll plan.

The degree of equalization afforded under a statewide plan would, of course, depend largely on the level of foundation program which it was designed to support from a uniform state-imposed tax rate on both residential and nonresidential property.

From the standpoint of meaningful local options, a clear argument can be made that if the citizens of a district determine what the level of their school expenditures will be from property taxes levied against their residences (which they will in fact have to pay for out of their personal resources) it is more meaningful than local options based on taxing business properties, the wealth of which may be substantially derived from sales made outside the district. In the latter instance, the added school costs may, in fact, be paid for primarily as a cost of business borne by nonresidents of the district.

A major difference is that under the split assessment plan the effect of variations in local ability would be limited to the residential roll only whereas under a partial statewide tax plan, using the total roll, variations in local ability would continue to be keyed to the districts'

Summary of State Expenditures for Education—Continued

combined residential and business rolls. The reduction in locally taxable valuation under the split assessment plan (approximately 50 percent statewide) would make it difficult for districts which are wealthy in industrial valuation and poor in residential wealth to augment the designated program level of \$517 per ADA by increasing their residential tax rates. This reduction in locally taxable wealth would be particularly harsh for wealthy basic aid school districts that have built up high expenditure programs at relatively low tax rates because of the high value business property per child that is located within their school districts.

A related problem is that the proposal would conceivably have a harsh impact on certain urban school districts which are not wealthy basic aid districts but which have an above average amount of business wealth behind each child. The reduction in the amount of local ability in such districts under the split assessment plan could make it difficult for them to provide necessary educational services costing in excess of the guaranteed program for the large number of disadvantaged pupils located in such districts. This problem could be substantially resolved if the state were to provide additional state support for urban school districts through an increase in state categorical aid programs for compensatory education.

Under the split assessment plan it would be most important that the definition of the current foundation program, or guaranteed level of support, be redefined and set at a level which would *realistically reflect the major educational costs required to provide an adequate but basic education for average pupils* since state support and support of businesses for public school purposes would be limited to the level of the guaranteed program.

If, under a split assessment plan, the guaranteed program were not redefined and set at a high enough level to more accurately reflect basic educational expenditures per pupil, and if the appropriateness of the business tax rate were not periodically reviewed, residential taxpayers might find themselves financing a disproportionate share of the overall costs of basic educational services compared to the average burden on business property. Future inflationary costs related to the maintenance of a basic educational program might increasingly be financed by additional state support and by substantial increases in residential tax rates, thereby providing a substantial windfall to business property which is not the plan's intent.

The foundation program or guaranteed program level for each district would be computed by dividing the district's average enrollment by a specific factor (a pupil-teacher ratio) to determine the number of classroom units authorized the district. The number of classroom units would then be multiplied by the designated allowance.

A major advantage of this plan is that it would promote greater flexibility in the system of state school apportionments. It would be possible to assess periodically the level of the salary component and inflationary pressures and modify the classroom unit allowance accordingly.

Summary of State Expenditures for Education—Continued**Conclusions**

1. The current unequal distribution of taxable wealth, especially business property, among the state's school districts which can be utilized for local educational expenditures results in gross inequities of local tax effort. Many wealthy basic aid districts are able to finance educational programs substantially in excess of the statewide current expense of education at lower than average tax rates simply because they are blessed with or have been contrived to contain a large amount of business assessed valuation. By contrast, other less fortunate districts must levy above average tax rates to finance expenditure programs substantially below the statewide average. This imposes a particularly onerous property tax burden on the homeowners in those districts.

2. Such variations in ability to support educational programs could be substantially reduced by splitting the assessment roll into residential property and business property and by levying a mandatory statewide property tax for educational purposes on the business roll.

3. A major difference between the split assessment plan and a general statewide property tax of equal magnitude on all property is that under the former plan most school districts in the state would have substantially less taxable wealth available (residential roll only) upon which they could levy increased residential taxes to augment the level of the guaranteed program.

4. The equalization elements of the proposal would have the largest impact on basic aid school districts where there is a large amount of taxable business wealth behind each child and which currently support extremely high expenditure levels.

5. A split assessment plan should be structured carefully to prevent the proposal from resulting in a substantial overall shift of educational support from business property to residential property. This could be accomplished by redefining the guaranteed program or foundation program to more accurately reflect the major cost elements connected with providing basic educational services for the average child.

6. We believe that a well-conceived general statewide property tax plan would be the better of the two proposals inasmuch as it could be implemented immediately without a constitutional amendment, and would use a broader base of property for public school support. However, we believe that the split assessment plan represents a viable alternative to a general statewide property tax and affords not only a significant equalization of ability and tax effort but establishes a more meaningful concept of local control.

FEDERAL AID TO EDUCATION

In the 1969-70 budget year it is anticipated that California will receive a total of \$280 million in federal assistance for education for grades K-14 and for adult education. Table 13 outlines the major programs and subprograms of federal assistance and indicates the amount of funds California will receive under each program.

General Summary

Education

Summary of State Expenditures for Education—Continued

Table 13

Federal Aid for Public Schools in California 1969-70

	California's assistance (Estimate)
Elementary and Secondary Education Act.	
Title I Compensatory Education -----	\$78,954,000
Education of Migrant Children -----	6,000,000
Title II School Library Resources -----	4,166,500
Title III Supplemental Educational Centers -----	8,544,780
Title IV Educational Laboratories -----	4,000,000
Title V Department of Education -----	1,808,369
Title VI Special Education -----	1,048,841
Title VIII Dropout Prevention -----	500,000
National Defense Education Act	
Title III Improvement of Instruction -----	5,304,771
Title V Guidance and Counseling -----	1,980,146
Title X Statistical Services -----	50,000
Education Professions Development Act -----	3,000,000
Vocational Education Act -----	13,898,053
Adult Basic Education Act -----	1,400,846
Manpower Development and Training Act -----	11,600,000
Unruh Preschool Program -----	12,000,000
Economic Opportunity Act	
Operation Head Start ¹ -----	20,000,000
Public Law 874 -----	80,000,000
Public Law 815 -----	10,000,000
School Lunch Program -----	6,300,000
Special Milk Program -----	9,300,000
Total Federal Assistance to California -----	\$279,856,306

¹ Administered by the Office of Economic Opportunity.

We recommend that the Legislature encourage the establishment of a broad based working committee composed of appropriate state level control agencies, the Department of Education and school districts that shall be made responsible for developing a consolidated federal application form and for the development of improved procedures for the application for and the disbursement of federal categorical aid funds. We recommend that the committee submit to the 1970 Legislature, on the fifth Legislative day, a detailed proposal which can be implemented during the 1970-71 fiscal year.

Districts wishing to receive federal funds under any of the instructional improvement programs such as Title I of the Elementary and Secondary Education Act are required to submit applications for specific projects or programs to the department. These are subsequently reviewed by the State Board of Education before approval is granted. The application process, or "grantmanship" as it is called by some, is complicated and time consuming for both school districts and the Department of Education. The applications for each program must generally contain a description of the proposed project, a detailed budget, a description of the school district administration responsible for administering the program and assurance that the proposal meets the requirements of the particular law. The complexity of the application process is indicated by the fact that school district administrators are required to have a working familiarity with 450 pages of federal and

Summary of State Expenditures for Education—Continued

state directions and guidelines and over 125 pages of application forms for the programs that are listed in Table 13. In the smaller school districts in the state the variety of applications procedures places a substantial burden on limited staff time while in larger districts the separate application procedure for each program does not encourage effective planning and coordination.

We understand that the United States Office of Education, based on administrative authority granted to it by Title VIII of the Elementary and Secondary Education Act of 1965, is encouraging, on a limited scale, state departments of education to design consolidated program applications for federal funds. The objective of such consolidated applications would be to encourage effective planning and coordination of all federal programs at both the school district and state department level, to streamline federal application procedures and to encourage a more effective evaluation of the impact of such programs on the quality of education.

We believe it is highly desirable that California develop a consolidated federal application form and streamline the existing applications procedures. We also believe that the proposal to develop a consolidated federal application could readily be expanded to develop a consolidated application proposal for state categorical aid programs such as the Miller-Unruh Reading Program and the Mathematics Improvement Program, etc.

VOCATIONAL EDUCATION

In 1967 the United States Congress passed the Vocational Education Act of 1968 (PL 90-576). Many believe that the legislation when fully funded will be the largest federal education bill in the nation's history because of its state and/or local matching requirements. The more significant provisions of the legislation which will have a significant impact on the future development of Vocational Education in California are listed below:

1. The new act increases the nationwide federal authorization for vocational education from the current level of \$225 million to \$865 million in 1973. It is anticipated that California's allotment will increase from the current level of \$17 million to \$70 million when the national authorization is fully funded.

2. The legislation earmarks specific percentages of the state's allocation for vocational education programs for certain types of students 15 percent for the disadvantaged, 15 percent for postsecondary programs and 10 percent for programs for handicapped pupils.

3. The act requires that a state advisory council be established in each state to be appointed by the Governor and to be comprised of representatives of state agencies involved in vocational training. The advisory councils are required to assist in the development of long-range plans, evaluate vocational education programs and submit annual reports to the State Board of Education and the U.S. Commissioner of Education.

Summary of State Expenditures for Education—Continued

4. The act requires that each state develop both a long-range state plan and an annual state plan for vocational education including "statements of funding for specific programs in specific areas."

We believe that this is a critical period for a policy review of vocational education in California because of the increasing interest developing to improve the existing program and because of the new and expanded federal legislation. In 1968 the Arthur D. Little Company submitted to the State Board of Education a report entitled *Vocational Education in California; Yesterday, Today and Tomorrow*, which represents the first phase of a two-year study of vocational education. The report, totaling 319 pages, reviews and evaluates existing programs of vocational education in the state. The major conclusions contained in the report are summarized hereafter and are followed by our comments regarding what we believe to be specific deficiencies within the existing program.

General Conclusions of Arthur D. Little Report

1. The vast majority of the state's 943,665 vocational education enrollments are in older and more traditional programs. Conversely, a relatively small percentage are in growth fields.

2. Statewide program completions are low for technical, crafts and service occupations. A disproportionately small number of persons complete training for higher level blue-collar jobs such as craftsmen and foremen. This reflects organized labor's control over the number of apprentices in training at any one time.

3. High school occupational training programs are particularly weak. Girls outnumber boys by *three to one* in such programs and a large emphasis is being placed on low-level clerical training.

4. To an important degree, existing programs of vocational education serve out-of-school clients. Of the state's total vocational education enrollment 41 percent represents adults, 30 percent represent junior college pupils and 29 percent represent high school students.

5. Special programs for persons with special needs, persons who cannot benefit from regular vocational education programs (primarily disadvantaged pupils), are virtually nonexistent.

6. The dominance of the traditional liberal arts curriculum in our public schools has created a separatism between the curriculum for college-bound pupils and the curriculum for non-college-bound pupils. The existing educational system serves to screen from the academic programs, students who are not able to master the curriculum and, directs them into vocational education. A widely held belief has evolved over the years that educational failure is an individual matter and that students are failures if they cannot master the college preparatory curriculum. This belief diverts attention from the need for basic educational change in the general education curriculum, the college preparatory curriculum and the vocational education curriculum.

7. While the report made only one major recommendation, to end the separatism of vocational education in California and to integrate occupational education with education at all levels, it did indicate many

Summary of State Expenditures for Education—Continued

areas that require improvement such as guidance and counseling, the development of a management information system at the state level to facilitate decisionmaking, improved inservice training programs and general improvement in the quality and the relevancy of occupational training programs at all levels.

Comments of Legislative Analyst

1. Efficiency of Vocational Education Programs . . . Rate of Job Placement. Existing statistics indicate that current programs of vocational education are relatively inefficient as measured by the percentages of enrollees who complete approved programs of vocational education and who subsequently obtain employment in occupations for which they were trained or in training-related occupations. The percentage of job placements averages 31 percent for combined secondary and postsecondary programs but ranges from 20 percent at the secondary level to 44 percent at the postsecondary level.

2. High Cost of Existing Programs. Another characteristic of existing programs of vocational education is that such programs are considerably more expensive than the cost of educating a student not enrolled in such a specialized program. We estimate that the average cost "per program completion" is \$404 statewide and ranges from \$251 at the secondary level to \$591 at the postsecondary level. The magnitude of these costs is apparent when it is noted that these figures generally represent the costs of instructional services which are *in excess* of the regular instructional costs of education for secondary and postsecondary programs, in which the average current expense of education per pupil exceeds \$600 per pupil.

3. Coordination. Currently there is no agency at the regional or local level that is responsible for the coordination of training programs offered by the high schools, regional occupational training centers and the junior colleges. By coordination we mean the development of relevant occupational training programs of defined scope and sequence, the establishment of program and training priorities and the delegation of operational responsibility for specific programs and for specific types of students among the major training agencies.

Another major problem concerns a general lack of coordination of individual training projects with business and industry. Currently, such coordination, when it exists, rests with industry advisory councils which may be established for individual training projects. The Arthur D. Little Company in its progress report No. 5 to the State Board of Education stated "Industry advisory committees meet infrequently, have little or no meaningful contact with students and often do not represent the organizations or even the industry sectors that eventually hire most of the students." In a report released by our office in 1967 regarding vocational education at the community college level it was noted "Programs are not coordinated, at least in part, because they are set by advisory committees to the separate institutions. This leads to discontinuities from junior college to junior college,¹ from program

¹ Now called Community Colleges.

Summary of State Expenditures for Education—Continued

to program, from feeder high schools to junior colleges. . . . Planning, the setting of priorities, and the allocation of resources, are consequently done in ignorance and irrationality."

It appears that this lack of coordination among various training agencies extends to the different occupational training projects which are offered within individual school districts. In 1967 a total in excess of 1,400 separate project proposals (eligible to receive partial federal reimbursement) were approved for 332 separate school districts. Of the total of 1,400 approved project proposals, only seven represented districtwide proposals. We understand that one district submitted separate project proposals, subsequently approved for 40 different training projects.

4. Definition. The current federal definition of vocational education under which the state program is administered is a major obstacle to the development of state-level priorities regarding the content of occupational training programs, the establishment of defined training responsibilities for the major training agencies and the development of an improved allocation formula. Currently vocational education is defined by the federal government and the state plan is as follows:

"The term 'vocational education' means vocational or technical training or retraining which is given in schools or classes (including field or laboratory work and remedial or related academic and technical instruction incident thereto) under public supervision and control or under contract with a State Board or local educational agency and is conducted as part of a program designed to prepare individuals for gainful employment as semiskilled or skilled workers or technicians or subprofessionals in recognized occupations and in new and emerging occupations or to prepare individuals for enrollment in advanced technical education programs but excluding any program to prepare individuals for employment in occupations which the Commissioner determines . . . to be generally considered to be professional or which requires a baccalaureate or higher degree; and such term includes vocational guidance and counseling . . . and . . . instruction necessary for students to benefit from such training."

The definition of vocational education is so general that almost any curricula or components of a curricula (e.g., one semester of home living as part of a nurses aide program) may be defined as vocational and thereby qualify for partial federal support if the training is keyed to an occupation field. The definition promotes a multitude of projects containing instructional components some of which emphasize general education as much as they do vocational training for a specific occupational field.

5. Regional Occupational Training Center. In 1965 the Legislature in recognizing many of the aforementioned deficiencies in vocational education in California authorized the establishment of a regional occupational centers program. The stated objective of the program is to "prepare students for an increasingly technologized society in which generalized training and skills are insufficient to prepare high school

Summary of State Expenditures for Education—Continued

students and graduates, out-of-school youth and adults for the many employment opportunities which require special or technical training and skills." The county superintendent of schools and the governing boards of large school districts (maintaining 50 or more schools) are authorized to establish such centers. Currently there are seven centers in operation involving approximately 4,500 pupils. Although we strongly support the concept of the program, we believe that the training responsibilities of the occupational centers should be more precisely defined. The centers that are currently operational provide instructional programs ranging from continuation education, prevocational and orientation programs, to programs which provide instruction for specific occupations and which incorporate minimum performance criteria. We also believe that the relationship of regional center programs and high school and community college programs should be more precisely defined.

Recommendations

We believe that the Legislature should develop policy guidelines for the administration of vocational education in California and for the allocation of federal vocational education funds. The legislation would be similar in concept to the guidelines established by the McAteer Act for Title I of the Elementary and Secondary Education Act of 1965, and for Title III of this act (AB 1864, 1968 Session and for the Education Professions Development Act (AB 920, 1967 Session). Accordingly we offer the following recommendations:

1. *That the Legislature establish, by statute, the California State Advisory Council called for by the new federal legislation. We believe that the legislation should specify the responsibilities of the council, specify the criteria to be utilized in reviewing, approving and evaluating vocational education expenditures in California and require rigid reporting requirements.*

2. *That the Legislature consider limiting federal reimbursements for the costs of approved vocational education projects to the costs of instruction that are directly related to the attainment of a specific skill which will make the trainee technically equipped to be immediately employable in that skill upon completion of the training program. This could be accomplished by developing a state allocation formula which would limit the allocation of federal support to the costs of vocational education projects which are in excess of the costs of classes in the regular school program.*

3. *That performance criteria be developed to assess the effectiveness of vocational education programs in California. We believe that such criteria should become an integral component of the state level project review procedures and that continuing support for training projects should be limited to the projects which meet the minimum performance level. We believe that the performance criteria should include two factors: (1) the percentage of pupils completing training programs for a specific occupation who are able to demonstrate a minimum level of proficiency in the occupation for which they were trained as meas-*

Summary of State Expenditures for Education—Continued

ured by uniform statewide standards and (2) the percentage of trainees completing specific training programs who obtain employment in the occupation for which they were trained or in a training-related occupation. We recommend that the Department of Education develop this performance criteria within two years and submit it to the 1972 Legislature.

4. *That the existing policy of the Department of Education of approving numerous separate project proposals from an individual school district be terminated. We recommend that henceforth each school district be required to submit comprehensive districtwide proposals.*

5. *That the legislative guidelines require that not less than a certain percentage of money be spent by each approved vocational education project for guidance, counseling and placement.*

6. *That the objective of the regional occupational center program be more narrowly defined in terms of the attainment of a specific skill leading directly to employment in the occupation for which the individual is trained.*

7. *That the training responsibilities of the high schools and community colleges be more precisely defined and that the relationship of the programs offered by these training agencies be more precisely articulated. It is suggested that vocational training in high schools be limited to the occupations which can be most economically performed at this level as, for example, clerical and sales jobs. It is suggested that all other vocational training occur in regional occupational training centers, adult schools, and the community colleges.*

8. *That the newly established State Advisory Council be directed to inventory all occupational training programs offered in the community colleges, analyze them in terms of the cost per student of each training program, the extent to which the curriculum of such programs is articulated with the curricula of feeder high schools, and submit a proposal to the 1971 Legislature regarding the elimination of duplicate and inefficient programs.*

9. *That the guidelines direct the department to develop a comprehensive information and reporting system for vocational education that will facilitate an assessment of the program according to the performance criteria specified in recommendation No. 3.*

10. *That the Legislature request the State Board of Education to develop plans for a pilot project for regional coordination of occupational training programs that are maintained by the community colleges, regional occupational training centers and the high schools in a given region. AB 827 (Crandall), 1968 Session, which was passed by the Legislature but vetoed by the Governor and SB 993 (Miller), 1967 Session, which was not enacted, could be used as models for the pilot project.*

COMPENSATORY EDUCATION

We recommend that the Legislature review the findings of the Office of Compensatory Education regarding effective and ineffective programs, which are discussed elsewhere in this analysis and modify ac-

Summary of State Expenditures for Education—Continued

cordingly the original legislative guidelines established by the 1965 McAteer Act and by Chapter 106, 1966 Statutes, which govern the allocation of federal and state compensatory education funds.

California's program of compensatory education, which is financed by a combination of state and federal funds, is designed to improve the achievement levels of disadvantaged pupils. The program is now in its third year of operation. Although the evidence suggests that some school districts are making substantial progress in closing the achievement gap between disadvantaged and nondisadvantaged, the progress of most school districts, especially urban school districts, has been disappointing. We believe that the Office of Compensatory Education, based on three years experience in administering the program, has a sufficient amount of evaluative data to describe the programs and components of programs which are effective, such as remedial reading specialists who work with small groups of pupils, comprehensive in-service training programs for the staffs of the schools receiving federal funds and certain types of reading laboratories.

Policy Alternative A. A policy alternative would be to amend the appropriate state statutes to require that school districts spend 75 to 80 percent of their state and federal compensatory education allocations for programs in grades K-3. All of the evidence to date suggests that the greatest achievement gains are in programs which emphasize improved instruction for primary grade pupils. Currently only 40 percent of federal Title I funds is expended for programs at this level.

Policy Alternative B. A second alternative would be to amend Chapter 106, 1966 Statutes, which provides state support for the reduction of pupil-teacher ratios in grades K-6, and require that such funds be used to provide "follow through" instructional services for the graduates of preschool programs. The objective of this suggestion is to insure that preschool achievement gains are sustained and reinforced by the primary grade instructional program.

EXPERIMENTAL SCHOOLS

Over the last several years substantial interest has been expressed by our office and by others regarding the establishment of several state experimental schools or a system of such schools which would develop and evaluate new methods of instruction, staffing patterns and administration. One of the major obstacles to the implementation of the concept has been the inherently high costs of most proposals, which have generally provided that such schools be totally financed by either state and/or federal funds. We believe that the following proposal merits consideration as an alternative method by which a system of state experimental schools could be established and financed.

1. The state would solicit requests from a designated number of school districts for the establishment of an experimental school program in one or more existing elementary schools, junior high schools, or high schools within the district.

2. In order to participate in the program the school district would be required to guarantee a block grant of money for the experimental

Summary of State Expenditures for Education—Continued

school which would be equivalent to the total amount of state, federal, and local funds currently being spent for existing educational programs which would be assessed by the proposed experimental school.

3. The individual chosen to administer the experimental school would be jointly selected by the appropriate state control agencies and by the individual school district.

4. The school district would delegate to the school administrator all powers, duties and responsibilities connected with budgetary decisions, staffing and curriculum so that the administrator and his staff would have complete authority to develop the experimental program.

5. The state would, for the purposes of state and federal categorical aid allocations, designate the experimental schools as school districts so that they could apply directly to the state for categorical aid funds to finance elements of the experimental program which could not be financed by the block grant authorized by the school district.

6. State General Fund support would be provided the experimental school for (1) planning the experimental program, (2) administrative costs inherent in the experimental nature of the program and (3) the costs of evaluating the success of the program.

MILLER-UNRUH READING PROGRAM

The Miller-Unruh Basic Reading Act enacted in 1965 authorizes additional state support for school districts to improve the reading ability of pupils in grades 1-3 through the employment of specialist reading teachers for such grades. One of the major provisions of the act is the requirement that pupils completing grades 1, 2, and 3, be administered a standardized reading achievement test which must be reported on a district basis to the Department of Education. The Bureau of Educational Program and Subjects Specialists recently submitted a report to the State Board of Education evaluating the program in this the third year of operation.

The accomplishments of the program are very discouraging in that the test results are inconclusive, primarily because the test scores were submitted by school districts on a district basis, rather than on the basis of the pupils or schools participating in the program. The report recommended that:

1. All participating districts in the Miller-Unruh Reading Program should submit test scores information on a per-school basis from the schools served by the Miller-Unruh Specialist Teacher in Reading and priority for funding should be based on specific schools rather than districts.

2. Funds should be provided for a followup study to be conducted among 48 districts continuing to participate in the program for three years to determine:

a. The impact of the program upon reading performance of middle-grade children served by the program in previous grades.

b. Measurable trends in improved reading behavior that are related to methodology and the use of materials.

Summary of State Expenditures for Education—Continued

c. The relation of community factors to achievement. The report also stated that "... specific and controlled studies are needed for which staff and funds are not now available in the State Department of Education."

Department of Education
EDUCATIONAL COMMISSION OF THE STATES

Item 84 from the General Fund

Requested 1969-70	\$24,100
Estimated 1968-69	24,000
Actual 1967-68	11,834
Requested increase \$100 (0.4 percent)	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

The Educational Commission of the States was organized in 1965 to encourage interstate cooperation and communication among executive, legislative and professional personnel concerning methods of improving public education. California joined the commission on July 1, 1966, with the enactment of Chapter 148, Statutes of 1966. California's representatives on the commission include the Superintendent of Public Instruction, a Member of both the Assembly and the Senate, the Governor, a member of a local school board, and one representative each for public and private institutions of higher education.

ANALYSIS AND RECOMMENDATIONS

We recommend approval of the item as budgeted. The sum of \$24,100 is proposed to finance California's participation in the commission in 1969-70 which represents an increase of \$100 over the current level of support and is to pay an annual membership fee plus travel expenses for California's representatives.

Department of Education
SPECIAL EDUCATION EVALUATION UNIT

Item 85 from the General Fund

Requested 1969-70 (Augmentation)	\$50,000
Total recommended reduction	None

Proposed Program Augmentation

We recommend approval of the request for one program specialist, one stenographer II position and related operating expenses for the proposed special Education Evaluation Unit for an additional General Fund cost of \$50,000.

Special Education Evaluation Unit—Continued

The Department of Education proposes to establish a new unit within the Division of Special Schools and Services entitled Special Education Evaluation Unit. The unit would be comprised of one professional position and one clerical position plus related operating expenses for a General Fund cost of \$50,000. The major objective of the unit will be to evaluate existing programs of special education maintained by the public schools, analyze the costs of such programs, and recommend appropriate changes to improve the state system of special education.

**Department of Education
GENERAL ACTIVITIES**

Item 86 from the General Fund

Requested 1969-70	\$4,994,269
Estimated 1968-69	4,690,465
Actual 1967-68	4,807,929
Requested increase \$303,804 (5.4 percent)	
Total recommended augmentation	\$315,527

SUMMARY OF RECOMMENDED REDUCTIONS

	<i>Amount</i>	<i>Analysis page</i>
Delete 1 consultant, 1 stenographer II and 0.5 clerical position for Cooperative Improvement Program	\$25,584	226

SUMMARY OF RECOMMENDED AUGMENTATIONS

Add 3 programmer II positions for teacher licensing automation project	+28,188 ¹	216
Add 2 programmer 55 positions, 1 data processing technician, 1 manager I, 2 computer operators and 1 senior computer oper- ator for Bureau of Systems and Data Processing	+23,923	216
Provide funds to finance development costs of Program Budget- ing Project	+289,000	224

¹ Financed from credential fee income.

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS**1. Reorganization Proposal for Department of Education**

a. We recommend that the Legislature review at the 1969 Session both the Arthur D. Little plan and the state board plan for reorganizing the Department of Education (Analysis page 216).

b. We recommend that the Legislature request the State Board of Education and the Department of Education to delay funding any proposed positions connected with the state board's plan until the two reorganization proposals and their potential state costs are thoroughly reviewed by the Legislature and by the administration (Analysis page 216).

c. We recommend that the Legislature request the administration to submit this year to the appropriate policy and fiscal committees its

General Activities—Continued

position regarding (1) the merits of each reorganization plan in terms of an improved organizational structure for the department and the cost implications of each and (2) proposed sources of funding for any new positions required to implement a plan approved by the Legislature (Analysis page 217).

2. Drop-out Prevention

We recommend that legislation be enacted that will vest administrative responsibility for the administration of Title VIII Drop-out Prevention Projects authorized by the Elementary and Secondary Education Act of 1965 with the Office of Compensatory Education (Analysis page 227).

GENERAL PROGRAM STATEMENT

The General Activities Budget of the Department of Education provides funds for the state level administration of the public school system, support for the State Board of Education and support for the five residence schools for physically handicapped minors. The department is responsible for the administration of over \$1.3 billion in state subventions which are allocated to local school districts to support educational costs for pupils enrolled in regular programs and pupils enrolled in special education classes for handicapped minors. State support is also provided for special categorical aid programs such as the Miller-Unruh Reading Act and the Mathematics Improvement Program. The department also administers over \$158 million in federal funds available for several categorical aid programs such as compensatory education, vocational education and teacher training programs. Most of the state and federal categorical aid programs are discussed under separate items elsewhere in this analysis.

The scope of the department's administrative responsibilities is depicted in Table 1 which lists the department's major programs (as defined by the department) and the amounts budgeted for each in 1969-70.

Table 1
Summary of Program Budget Format for Education

	<i>Actual 1967-68</i>	<i>Estimated 1968-69</i>	<i>Proposed 1969-70</i>
I. Educational Aid Distribution	\$1,497,270,271	\$1,532,100,390	\$1,536,223,666
II. Services for Improvement of Instruction -----	5,359,894	6,149,686	5,989,635
III. Services for Improvement of School Administration ----	1,351,856	1,666,864	1,578,682
IV. Accreditation, Licensing and Staff Development -----	1,545,033	1,864,875	2,280,589
V. Veterans Institutional Training —Private School Supervision	333,089	370,612	375,699
VI. Department-Operated Facilities, Schools and Services	14,496,321	18,233,783	15,077,457
VII. Program Planning, Development and Evaluation -----	2,121,071	2,909,549	3,079,864

General Activities—Continued

Table 1—Continued
Summary of Program Budget Format for Education

	<i>Actual 1967-68</i>	<i>Estimated 1968-69</i>	<i>Proposed 1969-70</i>
VIII. General Administration (undistributed) -----	1,845,415	2,489,964	2,736,432
TOTALS, PROGRAMS -----	\$1,524,322,950	\$1,565,785,723	\$1,567,342,024
Reimbursements -----	—17,923,146	—23,615,204	—23,321,891
NET TOTALS, PROGRAMS -----	\$1,506,399,804	\$1,542,170,519	\$1,544,020,133
General Fund -----	1,338,043,591	1,373,900,762	1,379,202,691
School Building Aid Fund -----	198,339	212,018	212,214
Surplus Property Revolving Fund -----	2,748,499	3,003,352	3,114,610
State School Fund -----	2,927,311	4,700,000	3,150,000
California Water Fund -----	197,377	174,954	175,000
Federal funds -----	162,284,687	160,179,433	158,165,618
SUMMARY OF PROGRAM AUGMENTATIONS			
I. Educational Aid Distribution --	—	—	\$105,500,000
II. Services for Improvement of Instruction -----	—	—	50,000
VI. Department Operated Facilities, Schools, Services -----	—	—	562,000
Total Augmentations (General Fund) -----	—	—	\$106,112,000
GRAND TOTALS, SUPPORT ---	\$1,506,399,804	\$1,542,170,519	\$1,650,132,133
General Fund -----	1,338,043,591	1,373,900,762	1,485,314,691
School Building Aid Fund -----	198,339	212,018	212,214
Surplus Property Revolving Fund -----	2,748,499	3,003,352	3,114,610
State School Fund -----	2,927,311	4,700,000	3,150,000
California Water Fund -----	197,377	174,954	175,000
Federal funds -----	162,284,687	160,179,433	158,165,618

The department's program budget format for 1969-70 is essentially a line item budget in which existing functions, activities and programs are recategorized under "program" headings. For example, Program I—Educational Aid Distribution is simply a list of all state and federal apportionment programs. Program II—Services for the Improvement of Instruction essentially represents the activities performed by the Division of Instruction. Program III—Services for Improvement of School Administration generally reflects the functions performed by the Division of Public School Administration. Program IV—Accreditation and Licensing, and Program VIII—General Administration reflect the functions presently performed by the Division of Departmental Administration. This in itself may simply indicate that the agency has been previously organized on a functional basis. However, one of the major requirements of a program budget, the establishment of meaningful goals and objectives to which existing functional activities may be related, is noticeably lacking. Therefore, presumably a major objective of the department should be to improve the level of reading achievement in the public schools. Although the budget re-

General Activities—Continued

flects eight programs having components which provide funds for this purpose, the budget does not reflect the sum total of state and federal funds which are allocated for the improvement of reading nor does it reflect any goals or objectives by which the success of the total reading improvement effort may be measured. Inasmuch as we see no significant improvement over the traditional line item approach, we have analyzed the department's 1969-70 budget according to the traditional budget presentation.

ANALYSIS AND RECOMMENDATIONS

The major departmental units of the Department of Education are listed in Table 2 with the proposed expenditures for each in 1969-70.

Table 2

Proposed Support for Department of Education General Activities

	1968-69	1969-70
1. Division of Departmental Administration -----	\$3,703,684	\$4,384,639
2. Division of Public School Administration -----	1,611,259	1,515,670
3. Division of Instruction -----	1,133,647	1,138,060
4. Division of Special Schools and Services -----	759,627	788,891
5. Office of Compensatory Education -----	- ¹	- ¹
Subtotal -----	\$7,298,267	\$7,791,260
Reconciliation with Budget Act and Statutory Appropriations and Proposed General Fund request for 1969-70		
Less teacher credential fees -----	-2,363,465	-2,796,991
(Continuing appropriation by Statutes)		
Discontinued 1968 Legislation		
Chapter 1437 (Smoking and Health) -----	-35,000	-
Chapter 1456 (Program Budgeting) -----	-119,157	-
Total General Funds -----	\$4,690,465	\$4,994,269

¹ Discussed as a separate item elsewhere in the analysis under the Elementary and Secondary Education Act of 1965.

The adjusted line item budget for 1968-69 and the proposed budget for 1969-70 represent a departure from the former practice in handling credential fee revenue. The adjusted budget for 1968-69 and the proposed budget for 1969-70 refer to credential fee income as General Fund revenue whereas formerly such income was called a reimbursement. This modification which is noted for the purpose of clarification was made pursuant to provisions of Chapter 1283, Statutes of 1968, which authorized an increase in the credential fee from \$15 to \$20 and specified that such income be appropriated to the support of the department to be used for the issuance of teachers credentials.

An amount of \$7,791,260 is proposed for the general activities budget in 1969-70, an increase of \$582,993 above the current level. The bulk of the increase results from proposed new positions for the department's teacher licensing operation to alleviate workload increases and to provide support for the teacher licensing automation project. Total General Fund support, excluding credential fee income, is set at \$4,994,269, an increase of \$303,804 above the current level.

General Activities—Continued

The department requests a total of 76.7 new positions for an additional cost of \$589,346. This sum is comprised of \$20,150 in general funds, \$39,950 in federal funds, \$358,712 in credential fee income, \$139,871 in reimbursements from other agencies, \$12,120 in reimbursements from departmental units, and \$18,543 from the Driver Training Penalty Assessment Fund. Table 3 details the positions requested for the continuing activities of each departmental division. The table also indicates the positions established administratively during the current year and shows the source of funding for each.

Table 3

Division and positions		Amount
1. Division of Departmental Administration		
Executive		
0.4	Temporary help -----	\$2,200 ²
Fiscal		
1	Accountant I -----	7,218 ¹³
1	Duplicating machine supervisor -----	6,860 ⁶
1	Stock clerk -----	5,760 ⁶
1	Clerk typist II -----	5,121 ¹³
1	Clerk II -----	6,060 ¹³
0.7	Temporary help -----	3,800 ¹³
Legal		
1	Associate counsel (FF Title III—ESEA) -----	15,096 ¹³
Teacher Education and Certification		
a. Evaluation and Issuance		
3	Certification analyst III -----	23,184 ⁴
1	Supervising clerk I -----	6,852 ⁴
1	Senior typist clerk -----	5,904 ⁴
2	Clerk typist II -----	9,960 ⁴
3	Clerk II -----	14,940 ⁴
10	Temporary help -----	49,000 ⁴
b. EDP Conversion Team		
1	Senior certification analyst -----	14,556 ⁴
5	Certification analyst II -----	62,880 ⁴
2	Senior clerk -----	14,376 ⁴
3	Clerk typist II -----	19,080 ⁴
9	Clerk II -----	54,540 ⁴
c. Microfilming Project		
1	Certification analyst II -----	11,736 ¹⁴
1	Senior clerk -----	6,952 ¹⁴
12	Clerk I-II -----	64,752 ¹⁴
Subtotal	61.1 -----	\$410,327
2. Division of Public School Administration		
School District Budgeting and Accounting		
0.5	Stenographer II -----	3,300 ¹²
Administrative Research and District Organization		
0.3	Temporary help -----	1,500 ²
Subtotal	0.8 -----	\$4,800
3. Division of Instruction		
Audio Visual Education		
0.2	Temporary help -----	1,300 ²
Pupil Personnel Services		
0.2	Temporary help -----	1,300 ²

Education

Item 86

General Activities—Continued

Table 3—Continued

<i>Division and positions</i>		<i>Amount</i>
Driver Education and Training		
1	Consultant	15,660 ^{1*}
0.5	Stenographer II	2,883 ^{1*}
Educational Programs and Subject Specialists		
0.4	Temporary help	2,400 ²
Work Incentive		
7	Consultants in adult education	119,448 ^{1*}
3.5	Stenographer II	20,423 ^{1*}
Subtotal	12.8	\$163,414
Division of Special Schools and Services		
Administrative Unit		
1	Clerk II	5,100 ²
Educationally Handicapped and Mentally Exceptional Children		
0.3	Temporary help	1,800 ²
Clearing House Depository		
0.2	Temporary help	1,250 ²
Subtotal	1.5	\$8,150
Research Projects		
Smoking and Health		
0.5	Stenographer I-II	\$2,655 ³
Total	76.7	\$589,346

Detail

General Funds	\$20,150
Federal Funds	39,950
Credential fee revenues	358,712
Reimbursements from other agencies	139,871
Reimbursements from the departmental units	12,120
Driver Training Penalty Assessment Fund	18,543

¹ Established administratively in 1968-69.

² General funds.

³ Federal funds.

⁴ Credential fee revenues.

⁵ Reimbursements from other agencies.

⁶ Reimbursements from other departmental units.

⁷ Driver Training Penalty Assessment Fund.

Of the 76.7 positions requested, 30.3 positions were established administratively during the current year, 42 positions are requested for the department's teacher licensing function including the conversion of the licensing system from a manual to an automated system, while the remaining 4.4 positions are requested to alleviate workload increases in the various units. The proposed budgets of the four divisions supported by the General Activities Budget are discussed below.

1. Division of Departmental Administration

1968-69	1969-70	Increase	
		Amount	Percent
\$3,703,684	\$4,348,639	\$644,955	17.4%

This unit provides administrative and general housekeeping services for other departmental divisions. In addition, it is responsible for teacher certification and licensing and for the licensing of private

General Activities—Continued

schools. General Fund support for the State Board of Education and for the State Curriculum Commission is also included in this budget. The division contains the following units.

Executive Unit
 Fiscal Office
 Legal Office
 Personnel Office
 Bureau of Publications
 Bureau of Systems and Data Processing
 Bureau of Teacher Education and Certification
 Evaluation and Issuance
 EDP Conversion Team
 Microfilming Project
 Bureau of Readjustment Education

Support for the Division of Departmental Administration is proposed at \$4,348,639, an increase of \$644,955 above the present level. Total General Fund support for the division, adjusted for credential fee revenues, is proposed at \$1,551,648 which represents an increase of \$211,429. Most of the General Fund increase is caused by merit salary raises and by additional operating expenses. A total of 61.1 additional positions are proposed for an additional cost of \$410,327. These positions are listed below:

Executive		
0.4 Temporary help	-----	\$2,200
Fiscal		
1 Accountant	-----	7,218
1 Duplicating machine supervisor	-----	6,360
1 Stock clerk	-----	5,760
1 Clerk typist II	-----	5,121
1 Clerk II	-----	6,060
0.7 Temporary help	-----	3,800
Legal		
1 Associate counsel	-----	15,096
Teacher Education and Certification		
Evaluation and Issuance		
3 Certification analyst III positions	-----	23,184
1 Supervising clerk I	-----	6,852
1 Senior typist clerk	-----	5,904
2 Clerk typist II positions	-----	9,960
3 Clerk II positions	-----	14,940
10 Temporary help positions	-----	49,000
EDP Conversion Team		
1 Senior certification analyst	-----	14,556
5 Certification analyst II positions	-----	62,880
2 Senior clerk positions	-----	14,376
3 Clerk typist II positions	-----	19,080
9 Clerk II positions	-----	54,540
Microfilming Project		
1 Certification analyst II	-----	11,736
1 Senior clerk	-----	6,952
12 Clerk I-II positions	-----	64,752
61.1 Total	-----	\$410,327

General Activities—Continued**Executive**

The executive unit in Sacramento which contains the Office of the Superintendent of Public Instruction requests a 0.4 temporary help position for an additional General Fund cost of \$2,200.

Administrative Unit

The administrative unit headed by the Deputy Superintendent of Public Instruction and Chief, Division of Departmental Administration, is responsible for the daily operations of departmental units. The 1968 Legislature for the second consecutive year deleted the salary of the individual serving as chief deputy superintendent. The reduction was accomplished by deleting the salary of Chief, Division of Higher Education which was being used to finance the salary of the individual whose salary had been deleted by the 1967 Legislature. During the current year the salary for this individual is being financed from funds available for the salary of a vacant position, Associate Superintendent and Chief, Division of Special Schools and Services.

Fiscal Office and Legal Office

The fiscal office and the legal office are both part of the Administrative Unit. During the current year one accountant, one clerk typist II, one clerk II and 0.2 temporary help positions were established administratively in the fiscal office and one associate counsel position was established in the legal office to administer Title III of the Elementary and Secondary Education Act of 1965 which became an administrative responsibility of the department. The department proposes to continue the 4.2 positions administratively established and requests an additional 0.5 temporary help position for the administration of Title III. The cost of the proposed positions would be entirely financed by federal funds made available for the administration of Title III. The department also proposes to establish one duplicating machine supervisor I and one stock clerk for the fiscal office for an additional cost of \$12,120 to alleviate a minor workload increase connected with the duplicating services provided by the fiscal office for other units.

Teacher Education and Certification

a. Evaluation and Issuance. This unit is responsible for licensing all teacher applicants who intend to teach in the public school system. The cost of the system has traditionally been financed from revenues generated by credential fees. Chapter 1674, 1967 Statutes authorized an increase in the credential fee from \$10 to \$15 (subsequently raised to \$20 in 1968) and specified that the additional revenues be used for three purposes: (1) automation of the credential function, (2) completion of a project to microfilm credential files and (3) the establishment of branch certification offices in Los Angeles, San Diego, Fresno and the bay area. The department proposes a total of 20 additional positions for an additional cost of \$109,840 to be financed from credential fee revenues to alleviate a workload increase connected with manual teacher licensing process and to improve the level of service.

General Activities—Continued

b. EDP Conversion Team. The department proposes to establish in the budget year an EDP (Electronic Data Processing) conversion team which is an integral part of the project to automate the teacher licensing process. This team, comprised of 21 people, would develop basic informational files regarding the nation's teacher training institutions, major categories of courses offered by the institutions and the coding utilized by them to differentiate between upper and lower division courses. The objective of the operation is to develop documents which will assist the individual credential analysts in performing an evaluation of an applicant's qualification once the automated system is operational. The cost of the additional positions in the amount of \$165,432 would be financed from credential fee income. The proposal corresponds to the workload estimate recently submitted to us by the contractor who is developing the new system.

c. Microfilming Project. During the current year 14 positions were established administratively to continue microfilming credential files as authorized by Chapter 1674, 1967 Statutes. The department proposes to continue the positions during the budget year for an additional cost of \$83,440 to be financed from credential fee revenues.

The 1968 Legislature, on our recommendation, directed the State Board of Education to review the specificity of the current rules and regulations governing the issuance of teaching credentials with particular emphasis on the current precise semester-hour requirements for majors and minors. The Legislature also requested the University of California, the California State Colleges and The Coordinating Council for Higher Education to review and report on "... the similarities and dissimilarities between their requirements ... and the current rules of the State Board of Education with particular emphasis on the board's precise semester-hour requirements for majors and minors." The agencies were directed to submit reports to the Joint Legislative Budget Committee by November 1, 1968. We have received all of the aforementioned reports and have transmitted copies of each to the Joint Committee on Teacher Credentialing Practices.

In general the reports submitted by the California State Colleges and by the University of California substantiated our criticism of the specificity of the existing credential requirements. In the words of the state college report, there are "... two basic issues inherent in the numerous detailed regulations adopted by the State Board of Education. First, board regulations are narrowly prescriptive in terms of specific courses and units, they lack flexibility in establishing equivalencies. Second, board regulations prescribe minima—not optima or desirable maxima, and thereby encourage different standards of teacher preparation. A well-designed institutional program will obviously differ from mere unit gathering."

The report submitted by the Department of Education suggested that existing Title V credential requirements could be substantially simplified if the state were to adopt "an approved programs" approach whereby the state would grant teaching credentials to individuals graduating from approved programs of teacher education offered by insti-

General Activities—Continued

tutions in other states as opposed to the current practice of reviewing each applicant's individual qualifications.

Proposed Augmentation—Bureau of Systems and Data Processing

1. *We recommend the establishment of three programmer II positions in the Bureau of Systems and Data Processing for an additional cost of \$28,188 to be financed by credential fee income.* During the budget year the contractor responsible for designing and implementing the automated teacher licensing system intends to program the system on the third-generation computer recently acquired by the department. The department originally requested a total of three programmer positions for this purpose. However, we understand that the positions were inadvertently deleted from the 1969-70 budget by the Department of Finance because the Department of Education requested them on the basis of an improved level of service as opposed to a workload increase. The actual programming component of the automation project must be performed during the budget year to insure that the automated system may become operational during the spring of 1970.

2. *We recommend the establishment of two programmer II positions, one data processing technician, one manager I, two computer operators and one senior computer operator for the Bureau of Systems and Data Processing for an additional cost of \$59,808 to be financed by \$23,923 from the General Fund and \$35,885 in federal funds.* The positions would be in addition to the ones recommended in the preceding augmentation. In prior discussion it was noted that a third generation computer was recently acquired by the Department of Education for the automated teacher licensing system that is currently being developed. Although the new computer was acquired with the approval of the appropriate state control agencies, the 1969-70 budget does not contain the additional positions although the department asked for them in its preliminary request. The positions are required to operate the machine and to reprogram existing systems so that they may be processed on the new machine. Although we have expressed dissatisfaction in the past with some of the department's data processing activities, we believe that sufficient support should be provided the Bureau of Systems and Data Processing so that it may improve as rapidly as possible the level of service provided other departmental units and the Legislature. It is estimated that the General Fund cost of the proposed positions will total \$23,923 and that reimbursements from other units in the amount of \$35,885, from federal funds will account for the balance.

Reorganization of Department of Education

1. *We recommend that the Legislature review at the 1969 session both the Arthur D. Little plan and the State Board Plan for reorganizing the Department of Education.*

2. *Because of the substantial state fiscal implications of the state board's reorganization plan, we recommend that the Legislature request the State Board of Education and the Department of Education to delay funding any proposed positions connected with the state board's*

General Activities—Continued

plan until the two reorganization proposals and their potential state costs are thoroughly reviewed by the Legislature and by the administration.

3. *We recommend that the Legislature request the administration to submit this year to the appropriate policy and fiscal committees its position regarding (1) the merits of each reorganization proposal in terms of an improved organizational structure for the department and the cost implications of each plan, and (2) proposed sources of funding for new positions required to implement a plan approved by the Legislature.*

In 1967 the Arthur D. Little Company, a management consultant firm, presented to the State Board of Education a report titled *A New Organizational System for State Level Administration*. Although we summarized the more significant conclusions in the *Analysis of the Budget, 1968-69* we believe they should be repeated in view of a departmental reorganization plan recently approved by the State Board of Education.

Recommendations of the Arthur C. Little Company

1. "Divisionalitis" within the department should be reduced. The use of multidisciplinary teams and the use of qualified professional personnel from outside the department should be encouraged.

2. Existing confusion and inefficiency in planning new programs should be reduced, particularly in programs which (a) are funded from federal or multiple sources, (b) require the use of a variety of professional skills and those from more than one division and (c) serve population segments which traditionally have been targets for other divisional programs and services.

3. Long-range comprehensive planning of educational programs should be improved.

4. The state level administration should insure the design of appropriate evaluation techniques and make comprehensive efforts to appraise the results of programs.

The report recommended numerous changes in the organization of the department which need not be discussed in detail. However, we are including three charts reproduced from the report to illustrate the significant changes recommended for the division level and above. Chart 1 illustrates the current organizational structure of the department. Chart 2 indicates the reorganization proposal of the Arthur D. Little Company. For the purpose of discussion the important part of the chart is the reorganization plan for the deputy superintendent level and below as opposed to the relationship between the Superintendent of Public Instruction and the State Board of Education. The critical element of the proposal is that responsibility for all of the department's existing functions and programs would be placed with two individuals, a Deputy Superintendent for Major Programs and a Deputy Superintendent for Administration. Chart 3 indicates the flexible internal organizational system proposed by Arthur D. Little, that is designed to improve the coordination of existing state

CHART 1

**EXISTING ORGANIZATION OF THE
CALIFORNIA STATE DEPARTMENT OF EDUCATION
December 12, 1968**

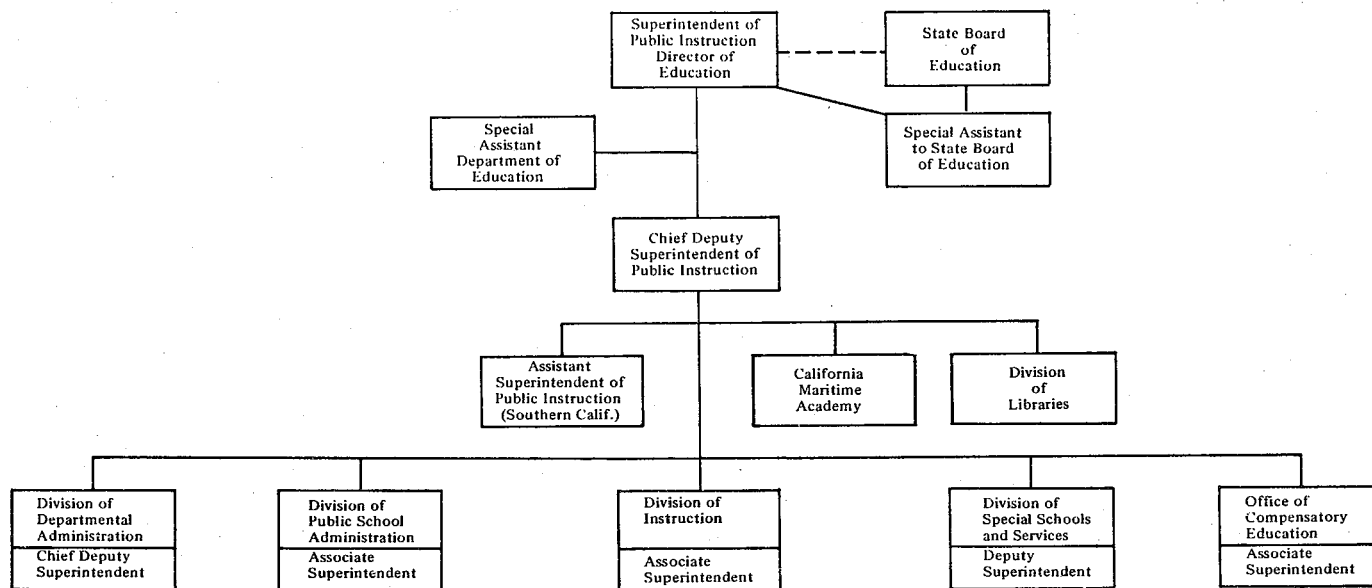
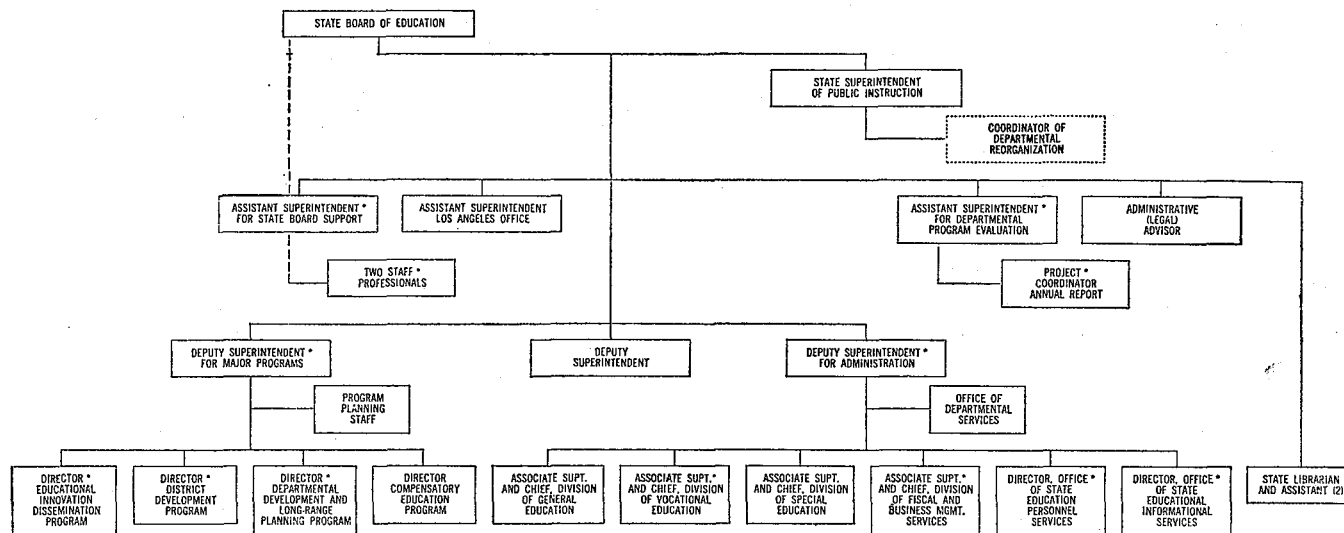


CHART 2
RECOMMENDED ORGANIZATION FOR STATE-LEVEL EDUCATIONAL
ADMINISTRATION IN CALIFORNIA
 (Arthur D. Little, Inc.)



* New positions, elevated positions on new programs.

(2) Indicates division chief and assistant division chief positions.

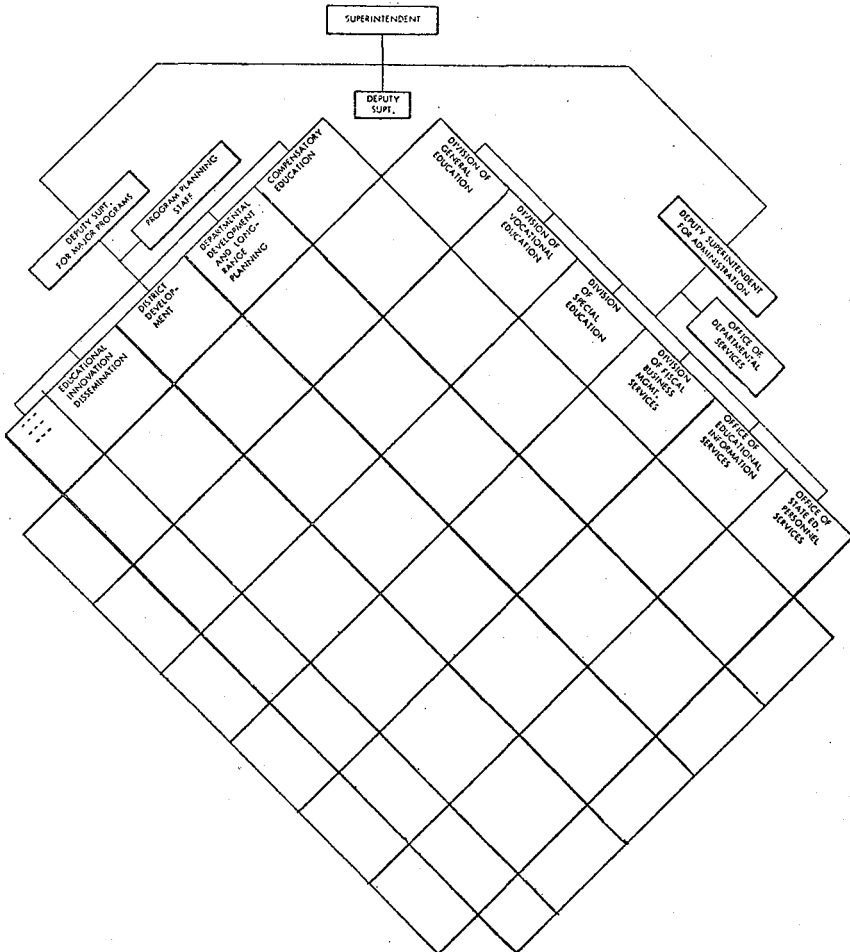
General Activities—Continued

and federal programs and to reduce "divisionalitis." This would be accomplished by providing the two proposed deputy superintendents with sufficient authority so they could impose upon the various independent divisions policies designed to promote cooperation and coordination.

Reorganization Plan of State Board of Education

As a result of the reorganization plan submitted by the Arthur D. Little firm the State Board of Education established a committee on departmental reorganization in February 1968 to review the proposal

CHART 3
RECOMMENDED ORGANIC ORGANIZATIONAL STRUCTURE
FOR THE STATE DEPARTMENT OF EDUCATION
(Arthur D. Little, Inc.)



General Activities—Continued

and also to review recommendations contained in the *Governor's Survey on Efficiency and Cost Control*. On December 12, 1968, the State Board of Education adopted a substantially modified reorganization plan for the department. This plan is described in detail in a document titled *The Recommended Reorganization of the California State Department of Education* and Chart 4 illustrates the essence of it.

In contrast to the Arthur D. Little plan which vests responsibility for the administration of the department's activities in two deputy superintendent positions (Chart 2), the State Board plan simply establishes three new divisions. These are: a Division of Adult and Vocational Education, a division headed by a deputy superintendent and controller and a division headed by a Deputy Superintendent of Special Programs and Legislation. Under this plan each of the seven division chiefs would have equal line authority and would report directly to the State Board of Education through the chief deputy superintendent and the superintendent.

Although the state board's proposal gives lip service to the organic organizational system recommended by the Arthur D. Little Company the proposal in effect rejects it (see Chart 5), inasmuch as the two new deputy superintendents proposed by the state board to coordinate departmental programs would lack any administrative responsibility for the department's major programs. Their authority would be equal to, rather than greater than, the authority of the other division chiefs as opposed to the Arthur D. Little proposal which would provide the deputy superintendents with substantial line authority.

Current Status of State Board Reorganization Proposal

Although the proposed reorganization of the Department of Education has been studied, discussed and "committed" for almost five years, and although the State Board of Education has finalized its own proposal, the 1969-70 budget does not include any proposed positions for the implementation of any reorganization proposal. We understand that the department has requested a total of 55 positions costing in excess of \$900,000 for the implementation of the state board plan but that the Department of Finance has not yet granted approval for the positions nor is it actively supporting the state board's proposal.

We also understand that the department may establish some of the positions and finance them with federal funds available under the provisions of Title V of the Elementary and Secondary Education Act of 1965. In our opinion no move of this sort should be made by the department until the fiscal and policy implications of each proposal be thoroughly reviewed by the Legislature.

2. Division of Public School Administration

1968-69	1969-70	Decrease	
		Amount	Percent
\$1,611,259	\$1,515,670	\$95,589	5.9%

CHART 4

**PROPOSED ORGANIZATION OF THE
CALIFORNIA STATE DEPARTMENT OF EDUCATION
December 12, 1968**

ADOPTED BY THE
STATE BOARD OF EDUCATION
December 12, 1968

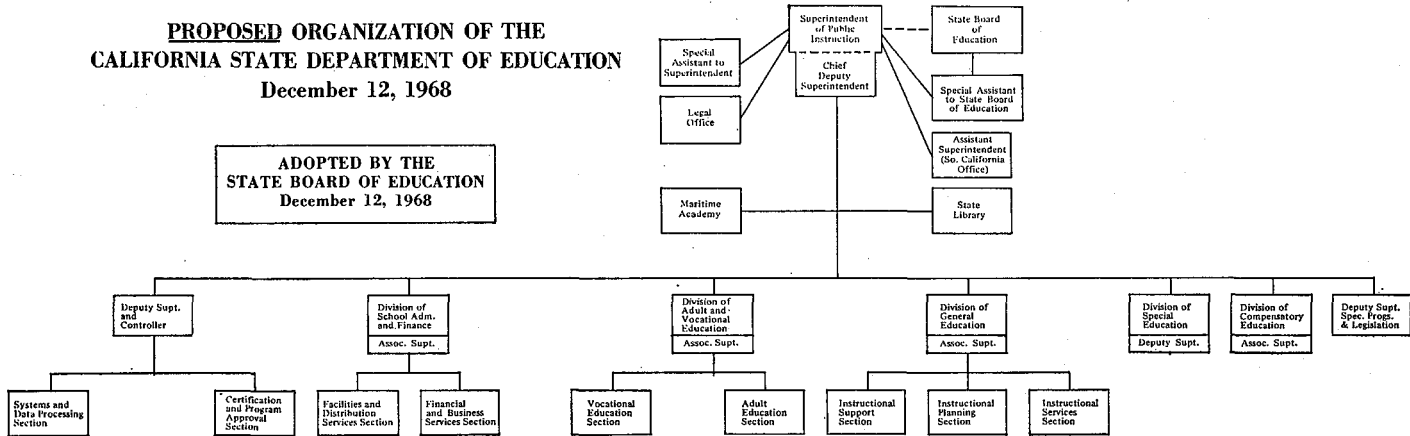
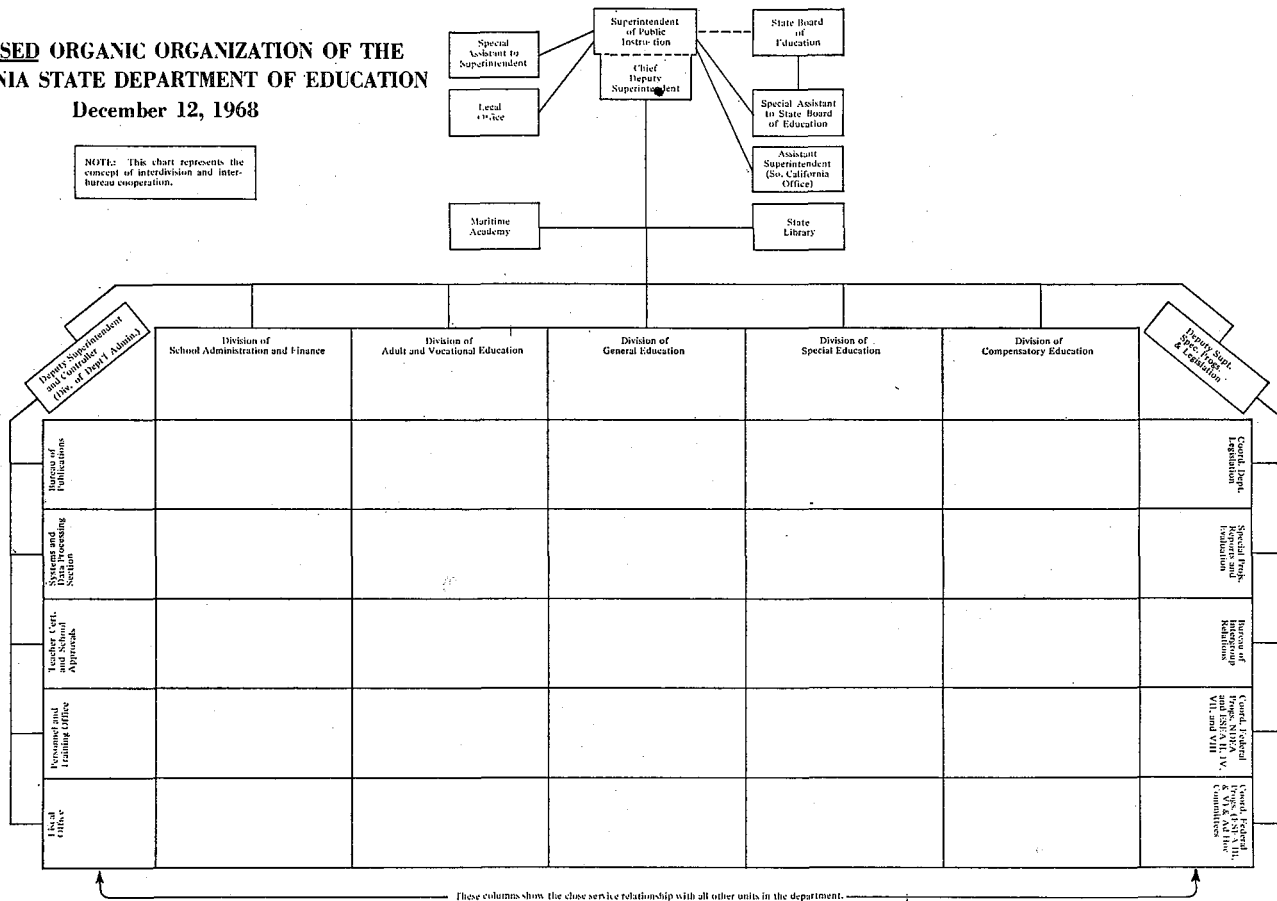


CHART 5

PROPOSED ORGANIC ORGANIZATION OF THE CALIFORNIA STATE DEPARTMENT OF EDUCATION

December 12, 1968

NOTE: This chart represents the concept of interdivision and inter-bureau cooperation.



General Activities—Continued

The Division of Public School Administration is responsible for various administrative functions in supervising the public school system. It contains the following units.

Bureau of Textbooks and Publications Distribution

Bureau of School Planning

Surplus Property Administration

School Lunch Program

Bureau of School Apportionments and Reports

Bureau of Administrative Services

Bureau of Administrative Research and District Organization

General Fund support for the division is proposed at \$1,515,670 which represents a decrease of \$95,589 below the current level. The major part of the decrease is caused by a proposed reduction in consultant services connected with a special project, School District Budgeting and Accounting. The division proposes to establish a 0.5 stenographer position and a 0.3 temporary help position.

Proposed Augmentation—School District Budgeting and Accounting

We recommend that operating expenses for the Division of Public School Administration be augmented by a sum of \$289,000 to finance the costs of developing program budgeting for the public schools.

Chapter 1573, 1967 Statutes, established a State Advisory Commission on School District Accounting and Program Budgeting to assist school districts in developing a program budgeting system for the public schools. Chapter 1456, 1968 Statutes, appropriated a sum of \$119,157 to the department to finance the expenses of the development effort. In June 1968, the Advisory Commission presented to the State Board of Education a four-year plan subsequently approved for the research, design and implementation of the system in four phases.

Phase I—Program budget design to be developed in six pilot school districts (1968-69).

Phase II—Operational testing of design formats in 15 pilot school districts (1969-70).

Phase III—Drafting an instructional guide to detail the adopted program budgeting system (1970).

Phase IV—Implementing the adopted program budgeting system, including legislation, regulations and training (1970-72).

Phase I, which will be completed on June 30, 1969, is subdivided into four steps: (1) investigation, (2) conceptual design, including the development of a users manual, (3) testing and (4) evaluation. In 1969-70 it is estimated that the operational costs connected with the testing of the design formats in 15 pilot school districts will total approximately \$304,000 excluding amounts for the state level administration of the project. The sum of \$304,000 is comprised of \$157,000 required for outside consultant services being provided the project by Peat, Marwick, Mitchell and Company, a sum of \$132,000 to partially finance the developmental costs of the six pilot school districts participating in the program plus \$15,000 included in the budget for these functions.

General Activities—Continued

Although the budget of the Division of Public School Administration includes funds for the state level administration of the program, it excludes the sum of \$289,000 which will be required to finance the developmental costs connected with Phase II of the project. We have seen no documentation from either the Department of Education or from the administration which would lead us to believe that the developmental effort is not proceeding satisfactorily and should be terminated. On the contrary, we strongly support the development of program budgeting techniques for the public schools and believe that State General Fund support for the costs of the developmental effort are completely justified and should be continued.

3. Division of Instruction

			<i>Increase</i>	
1968-69	1969-70	Amount		Percent
\$1,133,697	\$1,138,060	\$4,363		Negligible

The Division of Instruction is responsible for providing consultant services to the state's school districts. The division administers the Miller-Unruh Basic Reading Act program, vocational education programs and the programs financed under the provisions of Title IIIa and Title IIIb of the National Defense Education Act. The division contains two sections and three bureaus as follows:

- Vocational Education Section
- Supplemental Education Services Section
 - Bureau of Reference Services
 - Bureau of Audio-Visual Education and School Library Service
 - Bureau of Pupil Personnel Services
 - Bureau of Health Education, Physical Education and Recreation
- Bureau of Educational Programs and Subject Specialist
- Bureau of Adult Education
- Bureau of National Defense Act Administration

Although both the Vocational Education Section and the Bureau of National Defense Act Administration are located in this division, they are discussed in separate programs elsewhere in the analysis.

General Fund support for the Division of Instruction is proposed at \$1,138,060, an increase of \$4,363 above the current level. The department proposes to establish a total of 0.8 temporary help positions to be divided among three bureaus, the bureaus of Audio-Visual Education, Pupil Personnel Services and Educational Programs and Subject Specialists. During the current year one consultant position and a 0.5 clerical position were established administratively pursuant to the provisions of Chapter 1633, 1967 Statutes which established a unit on driver education and training.

Work Incentive Program

The department proposes to continue in the budget year a total of seven professional positions and 3.5 clerical positions which were established administratively during the current year to administer a newly established Work Incentive Program (WIN) which is designed to assist welfare recipients to obtain productive employment. A fuller discussion of this program is contained in the section of the analysis dealing with

General Activities—Continued

the Department of Employment. The cost of the positions in the amount of \$139,871 will be financed in the budget year by a contract with the Department of Employment.

Cooperative Improvement Programs

We recommend that the amount budgeted under subventions for the Cooperative Improvement Program be deleted for a General Fund savings of \$275,000 (see Item 323). We also recommend the deletion of one consultant, one stenographer II and a 0.5 clerical position connected with the administration of the program for a General Fund savings of \$25,584.

Chapter 1413, 1968 Statutes, established a new categorical aid program titled Cooperative Improvement Programs. The intent of that statute is “. . . to encourage local school districts to improve their educational systems and to enrich their educational offerings by utilizing whenever possible and appropriate, resources which exist in the community. Such resources may include, but not be limited to, business, industry, institutions of higher learning, private consulting firms, other school districts, the University of California, or the State of California itself. In the implementation of this chapter particular emphasis is to be placed upon programs oriented toward agriculture, science, business and commerce, vocational education, teacher training, and, with reference to school district administration, development of modern budgetary techniques, such as program planning and budgeting.”

The statute authorizes a system of planning grants to local school districts upon approval of the projects by the State Board of Education. The grants to any district may not exceed \$15,000 each in any biennium. The 1968 Legislature appropriated a sum of \$275,000 for support of planning grants during the current year. An identical sum of \$275,000 is proposed for the budget year and may be found under the subventions section of the analysis. In 1968–69 one consultant, a stenographer II and a 0.5 clerical position were established pursuant to Chapter 1413 to administer the provisions of the legislation. The department proposes to continue the consultant position and the 0.5 clerical position in the budget year for an additional General Fund cost of \$18,543.

We believe that state General Fund support for the newly authorized Cooperative Improvement Program is unjustified because of the substantial sums of both state and federal funds already available which can be spent for the type of planning activities authorized by this legislation. Some of the more significant sources of funds are:

<i>Federal funds</i>	<i>Amount</i>
Title I ESEA (Compensatory Education) -----	\$85 million
Title III ESEA (Supplemental Educational Centers/Services) -----	13 million
Education Professions Development Act (Teacher Training) -----	3 million
Vocational Education Act of 1963 and of 1968 -----	17 million

State programs

Chapter 106, 1966 Statutes (Experimental reading/math programs) --	3 million
The McAteer Act (Research and Teacher Training Programs) -----	1.5 million

General Activities—Continued

All of these programs provide funds for planning. All of the programs authorize contractual arrangements between school districts, business and industry and institutions of higher education for the development and implementation of experimental programs, subject to approval by the State Board of Education. The Cooperative Improvement Act emphasizes programs oriented toward vocational education. However, it is noted that under the provision of the Vocational Education Act of 1968, California's federal entitlement for vocational education may quadruple over the next few years when the act is fully funded. We believe that the existing availability of such substantial amounts of funds for the same purposes set forth in Chapter 1413 raises serious question regarding the necessity for state funding.

We are also concerned that the Cooperative Improvement Program provides funds to assist districts to develop modern budget techniques such as program budgeting. The development of a program budgeting system for California's school districts is already proceeding pursuant to Chapter 1573, 1967 Statutes, which established a State Advisory Commission on School District Budgeting and Accounting to assist schools to develop program budgeting techniques. We believe that the emphasis of the Cooperative Improvement Program is potentially duplicative of the work of the State Advisory Commission and is therefore unjustified. Finally, we believe that an objective of the Cooperative Improvement Program to assist districts to utilize community resources could be accomplished at no increase in state cost by modifying existing state guidelines governing the allocation of funds for the various state and federal programs mentioned previously. For these reasons we believe that state support for the Cooperative Improvement Program is unjustified.

Dropout Prevention—Title VIII of the Elementary and Secondary Education Act of 1965

We recommend that legislation be enacted that will vest responsibility for the administration of Title VIII "Dropout Prevention" in the Office of Compensatory Education.

During the current year it is estimated that California will receive approximately \$500,000 for special projects designed to prevent school dropouts. The budget document does not reflect this new program. The program is authorized under the provisions of Title VIII of the Elementary and Secondary Education Act of 1965, and has only recently been funded by Congress. Eligible applicants include local education agencies in urban and rural areas which have (1) a high percentage of children from families having an annual income not exceeding \$3,000 or receiving payments from an aid program under Title IV of the Social Security Act, and (2) have a high percentage of children who do not complete their elementary or secondary education. No state plan is required.

Currently, the program is administered by the Division of Instruction. We believe that the program should be administered by the Office of Compensatory Education for the following reasons. We are not con-

General Activities—Continued

vinced that the Division of Instruction will administer the new program in such a way as to maximize its effectiveness. In the past we have expressed criticism of another federal program administered by the Department of Education, Title V of the National Defense Education Act which provides approximately \$2 million for improved guidance and counseling. In the *Analysis of the Budget, 1967-68*, we noted that only 16 percent of Title V funds were allocated for dropout prevention projects. We have not seen any evidence that the Title V program administered by the Division of Instruction is currently coordinated with the Compensatory Education Programs administered by the Office of Compensatory Education, and for this reason do not believe that the new dropout prevention program will be coordinated with the state and federal compensatory education programs as we believe it should be. We believe that administrative responsibility for the new program should be vested with the Office of Compensatory Education inasmuch as this unit is responsible for administering and coordinating all special programs for disadvantaged pupils which the new program is designed to serve.

Finally, the Office of Compensatory Education is one of the few units within the Department of Education which annually publishes a comprehensive report regarding the accomplishments of the programs for which it is responsible.

4. Division of Special Schools and Services

1968-69	1969-70	Amount	Percent
\$759,627	\$788,891	\$29,264	3.8

The Division of Special Schools and Services is responsible for the state level administration of special education programs maintained by school districts for physically handicapped and mentally retarded children. The division also administers the state residential schools for deaf, blind and neurologically handicapped children discussed elsewhere in the analysis. The division contains the following units:

- Bureau of Special Education—Educationally Handicapped and Mentally Exceptional Children
- Bureau of Special Education—Physically Exceptional Children
- Special Schools for Deaf, Blind, Neurologically Handicapped
- Bureau of Program Development and Evaluation

General Fund support for the division is set at \$788,891 in 1969-70, an increase of \$29,264 above the current level. The division proposes one clerical position and temporary help funds in the amount of \$3,050 to alleviate a minor workload increase.

Research Projects

Most of the research projects supervised by the Department of Education are financed by federal funds authorized by Titles III and V of the Elementary and Secondary Education Act of 1965 and by state funds authorized by Chapter 106, 1966 Statutes. These projects are discussed under the budget item for the Elementary and Secondary Education Act of 1965.

General Activities—Continued

During the current year a 0.5 clerical position was established administratively for a project titled Smoking and Health which is designed to analyze the department's role in a statewide program. It is proposed that the position be continued in the budget year.

Department of Education

SCHOOL BUILDING AID PROGRAM

Item 87 from the State School Building Aid Fund

Requested 1969-70	\$195,800
Estimated 1968-69	195,800
Actual 1967-68	190,700
Requested increase—None	
Total recommended reduction	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

1. Enrollment Projection Procedures

We recommend that the Bureau of School Planning be directed to submit to the 1969 Legislature no later than May 1, 1969, a completed report on revisions in the enrollment projection procedure (Analysis page 229).

GENERAL PROGRAM STATEMENT

Education Code, Section 15302, requires that the Department of Education's Bureau of School Planning review plans for school construction where the cost of a project exceeds \$5,000 in school districts not governed by a city board of education and where the project involves state or federal moneys, including all construction financed from the State School Building Aid Fund. A fee of one-twentieth of 1 percent of the total anticipated cost of the project as estimated by the Office of Architecture and Construction is charged to the district for this review. The bureau is also required to provide its professional services and advice to any school district which is not governed by a city board of education. When such services are rendered, the bureau must collect a fee from the district equal to the actual costs incurred by the bureau, exclusive of the salaries of the participating state employees.

ANALYSIS AND RECOMMENDATIONS

Enrollment Projection Procedures

We recommend that the Bureau of School Planning be directed to submit to the 1969 Legislature no later than May 1, 1969, a completed report on revisions in the enrollment projection procedure which districts must follow in order to justify loans for new school construction from the State School Building Aid Fund. The State School Building Aid Program is undergoing review by the State Allocation Board. One aspect of this review deals with the inadequacy of the current enrollment projection procedure. The Bureau of School Planning acts in an

School Building Aid Program—Continued

advisory capacity to the board. The bureau also has the legal responsibility to establish and administer the regulations for projecting school enrollments as well as to approve the actual enrollment projections. The bureau has undertaken a study of this procedure at the request of the board and has hired an outside consultant to spearhead the study.

All evidence gathered to date indicates that the current enrollment projection procedure is inadequate to meet the needs of the State School Building Aid Program. At this preliminary stage of the bureau's study, it appears that one of the most acceptable methods of projection may be one which considers the individual population peculiarities of the districts. If this is the conclusion and if districts are to be made responsible for their own projections, these must be based on criteria established by the bureau. However, such criteria have yet to be defined by the bureau after months of investigation.

The State Allocation Board has postponed action on a number of applications from school districts which have historically failed to reach their projected enrollments, pending receipt of a final report on the enrollment projection procedure from the bureau. It is a matter of concern to the Legislature that the bureau define and implement its policy changes with regard to the established enrollment projection procedure because further delay may result in forcing the affected school districts to a double session of their classrooms.

Appropriation from the State School Building Aid Fund

We recommend approval of the \$195,800 appropriation from the State School Building Aid Fund as budgeted. In the budget year the Bureau of School Planning's total budget request is \$424,001, of which an estimated \$75,000 will be reimbursed by local districts, resulting in a net total expense of \$349,001. The bureau requests \$195,800 from the State School Building Aid Fund, or 56 percent of the net total expenditure. This is the same amount as was appropriated for the current year.

**Department of Education
NATIONAL DEFENSE EDUCATION ACT**

The National Defense Education Act 1958, provides financial assistance to local educational institutions to promote educational programs which meet the defense requirements of the United States. The 1968 Congress extended the act for three years through 1971. The Bureau of National Defense Education within the Department of Education administers Title IIIa and IIIb of the act which are designed to improve instruction in specific subject matter areas, while the Bureau of Pupil Personnel Services within the department administers Title V of the act which is concerned with guidance and counseling. Title X (Improvement of Statistical Services) is administered by the Bureau of Administrative Research and School District Organization. The titles of the act and their main purposes are listed below:

Title II. Authorizes loans to pupils in institutions of higher education. General Fund support totals 10 percent of the total cost of the

National Defense Education Act—Continued

program, with federal funds meeting the balance. The program is administered by the Trustees of the California State Colleges and the 1969-70 budget request for the item is discussed elsewhere in the analysis.

Title III. Provides federal assistance for the improvement of instruction of mathematics, science and modern foreign languages, history, English, reading, geography, economics and civics. Title IIIa provides federal funds matched by local sources for the purchase of equipment and materials useful for instruction and for minor remodeling of laboratories or other space for equipment. Title IIIa subventions are reported in the local assistance portion of the budget. Title IIIb provides grants for the expansion of supervisory services in the public schools for the above subjects. The title also provides support for state level administration of Title IIIa.

State and federal funds for Title IIIb are expended for the following purposes:

1. Evaluation processing and approval of federal funds.
2. Studies, reports and dissemination of NDEA project information.
3. Consultant services within the department and to local school districts.

Title IV. Provides funds for graduate study fellowships. The fellowships are not connected with the loans available under Title II nor does the state administer them. The program is administered by the U.S. Commissioner of Education.

Title V. Provides federal support for the establishment and maintenance of testing, guidance and counseling programs. The existing level of state and local expenditures presently satisfies the federal matching requirements. Federal subventions for this title are found in the subventions portion of the budget. Title V funds are used in California to identify able students and counsel pupils at the elementary, secondary and junior college levels. The title also authorizes the U.S. Commissioner of Education to establish guidance and training institutions with local institutions of higher education. In California the program is administered jointly by the Bureaus of National Defense Education and Pupil Personnel Services. Federal fund allotments for Title V in California are expected to amount to \$1,980,146 in 1969-70 which represents a minor decrease below the present level.

Title VI. Authorizes the U.S. Commissioner of Education to arrange with institutions of higher education for the establishment of modern languages instructional centers and instructional centers in related subjects including geography, political history, economics, etc. In California both public and private institutions of higher education participate in the program.

Title VII. Authorizes the U.S. 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 title was replaced by Title III of the Vocational Education Act of 1963. The program provides federal assistance for area vocational education in California and is discussed in the section devoted to vocational education.

Table 1.

National Defense Education Act Expenditures for Titles III, V and X

	1967-68 (actual)			1968-69 (estimated)			1969-70 (proposed)		
	Federal	State	Local	Federal	State	Local	Federal	State	Local
TITLE III									
A. Local projects -----	\$5,253,458	--	\$5,253,458	\$5,304,771	--	\$5,304,771	\$5,304,771	--	\$5,304,771
B. State level administration	338,276	\$297,104	--	351,275	\$345,708	--	386,290	\$345,708	--
TITLE V									
Guidance									
State level -----	119,977	-- ¹	119,977 ²	219,309	-- ¹	219,309 ²	226,707	-- ¹	226,707 ²
Subventions -----	2,186,835	-- ¹	--	2,138,367	-- ¹	--	1,980,146	-- ¹	-- ²
TITLE X									
Statistical reporting -----	25,850	28,826	--	45,000	45,000	--	45,000	45,000	--
Total -----	\$7,924,394	\$325,930	\$5,373,430	\$8,058,922	\$390,708	\$5,524,080	\$7,942,914	\$390,708	\$5,531,478
Grand Total, all sources -----	\$13,623,754			\$13,973,710			\$13,865,100		

¹ No state funds required.² Local school district funds at or above matching requirements.

National Defense Education Act—Continued

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

Title X. In California this title provides federal funds matched by state funds for the improvement of statistical services of the Bureau of Administrative Research within the Department of Education.

Title XI. Provides funds for institutions (Training Institutes) to improve the instruction of foreign languages and English taught as a second language, along with English, reading, history, geography, disadvantaged youth, school library personnel, and educational media specialists.

Table 1, based on the budget document illustrates the program administered by the department. It shows the total federal, state and local expenditures for Titles III, V and X for the last completed fiscal year and includes estimated expenditures for 1968-69 and 1969-70. Although the local expenditure column for Titles III and V shows only the districts' matching requirements, in actuality district expenses incurred in these programs exceed the matching requirements.

Department of Education**NATIONAL DEFENSE EDUCATION ACT TITLE IIIb****Item 88 from the General Fund**

Requested 1969-70	-----	\$345,708
Estimated 1968-69	-----	345,708
Actual 1967-68	-----	297,104
Total recommended reduction	-----	None

GENERAL PROGRAM STATEMENT

Title III, Improvement of Instruction, contains two parts, Title IIIa and Title IIIb.

Title IIIa provides federal funds to the Department of Education for reimbursements to school districts for the purchase of equipment and for minor remodeling expenses connected with the installation of new equipment. The purpose of the program is to improve instruction in a variety of fields such as English, reading, science and mathematics. It is estimated that California will receive approximately \$5.2 million for Title IIIa in 1969-70.

Title IIIb provides funds for the state level administration of Title IIIa and it provides federal assistance for the expansion of supervisory services to improved instruction in the aforementioned subject matter areas, and for the production of instructional materials at the local level. Presently both Title IIIa and Title IIIb are administered by the Bureau of National Defense Education within the Department of Education.

National Defense Education Act—Continued

ANALYSIS AND RECOMMENDATIONS

We recommend approval as budgeted. General Fund support for Title IIIb is proposed at \$345,708 which is identical to the current level. Federal support for the program, which is reflected in the budget is set at \$386,290, an increase of \$35,015 over the current level.

Prior to 1967 there existed a separate federal appropriation for support of Title IIIa, Title IIIb and for Title X. The 1967 Congress modified the funding arrangement by requiring that funding for the administration and program supervision activities of Title III be charged to both the National Defense Education Act and Title V of the Elementary and Secondary Education Act, and required that federal funding for Title X be charged to Title V of the Elementary and Secondary Education Act.

For the last several years we have noted that little objective data is available, based on pupil achievement scores, to document the contention that Title III funds have resulted in improved instructional programs. The Bureau of National Defense Education, noting our concern, submitted to us during the 1968-69 interim two reports regarding the evaluation of Title III programs. The first report concluded that it is extremely difficult to assess individual Title III projects on the basis of uniform achievement tests because of the generally small size of such projects. It was pointed out that even if all funds were limited to a single subject area such as reading and a single instructional level, such as grades 1, 2, and 3 the effect of the additional resources would be insufficient to be detected by the tests in use today thereby preventing the general conclusion that Title III expenditures have improved achievement. The second report sought to answer the question, "What has been achieved under Title III, NDEA," by providing specific examples of encouraging projects which have been partially financed by Title III. Some examples follow:

The San Mateo Union High School District utilized NDEA funds to partially finance a reading program at the Capuchino High School which brings 88 percent of the students to grade level or higher on standardized achievement tests.

The school board and administration of the Hughson High School District, disturbed by the implications of a three-year accreditation in 1959, used NDEA funds to assist them to establish their model of the Nova School of Fort Lauderdale, Florida.

The Enterprise School District has utilized NDEA Title III funds to assist in the development of diagnostic and criterion-performance measures for the five basic instructional areas of the elementary school program.

These and other examples contained in the report indicate that Title IIIa and IIIb are stimulating the development of encouraging instructional programs.

Department of Education
NATIONAL DEFENSE EDUCATION TITLE X

Item 89 from the General Fund

Requested 1969-70	\$45,000
Estimated 1968-69	45,000
Actual 1967-68	28,826
Requested increase	None
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

Title X, Improvement of Statistical Services, provides federal assistance to improve the statistical services of the Bureau of Administrative Research and School District Organization within the Department of Education. The funds are used to augment existing departmental expenditures for improving the collection of educational data and to support the development of accounting and reporting manuals.

ANALYSIS AND RECOMMENDATIONS

We recommend approval as budgeted. A sum of \$45,000 in General Funds is budgeted for the Title X program in 1969-70. Federal support for Title X in the amount of \$45,000 will be financed by the appropriation for Title V of the Elementary and Secondary Education Act of 1965.

Department of Education
ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965

The Department of Education administers several federal and state programs designed to improve the instructional quality of the public schools for both the economically disadvantaged pupil and the non-disadvantaged pupil. The following analysis of the Elementary and Secondary Education Act of 1965 and the Office of Compensatory Education contains a discussion of the major state compensatory education programs which are related to the federal program. Many of the state programs discussed, such as the McAteer Act and the Unruh Preschool Program, do not appear under this budget item but appear in the local assistance portion of the budget.

The Elementary and Secondary Education Act of 1965 (PL 89-10) provides federal financial assistance to improve the overall quality of education in the public schools, with particular emphasis on disadvantaged pupils. Based on the 1968-69 allocation California will receive approximately \$105 million in 1969-70 for support of eight programs financed by the act. Table 1 identifies the eight titles of the act and shows California's estimated authorization for each in 1969-70.

National Defense Education Act—Continued

Table 1

Elementary and Secondary Education Act of 1965

Program		California's 1969-70 allocation (millions)
Title I	Aid to Children of Low-Income Families School district programs (includes programs for delinquent and neglected youth in local institutions) -----	\$79.95
	Children of Migratory farm workers -----	6.50
Title II	School Library Resources -----	4.10
Title III	Supplementary Educational Centers and Services -----	8.55
Title IV	Educational Research and Training -----	—
Title V	Strengthening State Departments of Education -----	1.80
Title VI	Education of Handicapped Children -----	1.05
Title VII	Bilingual Education Programs -----	3.00
Title VIII	Dropout Prevention -----	.50
		<hr/> \$105.45

A brief description of the purposes of each title follow.

Title I. Provides federal grants to school districts and other public agencies for the establishment of compensatory education programs for disadvantaged children of low income families. Private school pupils may participate in the program through shared services arrangements with the public schools.

Administration: State Board of Education through Office of Compensatory Education.

Title II. Provides federal grants to school districts for the purchase of library materials and audiovisual equipment. Shared services arrangements with public schools are authorized for private school children.

Administration: State Board of Education through Bureau of National Defense Education and Bureau of Audio-Visual and School Library Education.

Title III. Provides federal grants to county offices of schools and school districts for regional planning activities, for the establishment of supplementary educational centers, and for the implementation and dissemination of innovative educational programs. Title III supplement provides funds for adult basic education programs formerly supported by Title IIb of the Economic Opportunity Act.

Administration: Bureau of Program Planning within Department of Education.

Title IV. Authorizes grants for construction of regional educational research facilities and supports programs of basic educational research.

Administration: No state level administration; program is directly administered by U.S. Office of Education.

Title V. Provides funds to Departments of Education for research projects, state level planning and the augmentation of departmental staff for the improvement of educational services offered the public schools.

Administration: State Board of Education.

National Defense Education Act—Continued

Title VI. Provides federal grants to school districts for handicapped children, including mentally retarded, hard of hearing, deaf, speech-impaired, visually handicapped, emotionally disturbed, crippled and other health-impaired pupils.

Administration: Division of Special Schools and Services within Department of Education.

Title VII. Bilingual Education Programs authorizes federal grants for programs for children having limited English-speaking ability.

Administration: Not yet determined.

Title VIII. Dropout Prevention Projects. New program recently funded by Congress.

Administration: Division of Instruction within Department of Education.

Department of Education
OFFICE OF COMPENSATORY EDUCATION

Item 90 from the General Fund

Requested 1969-70	-----	\$295,855
Estimated 1968-69	-----	280,816
Actual 1967-68	-----	126,039
Requested increase \$15,039 (5.3 percent)		
Total recommended reduction	-----	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS**1. Need for Evaluation of Preschool**

We recommend that the Legislature direct the Office of Compensatory Education to finance the development costs of a preschool follow-through research design in the amount of \$64,000 from funds proposed for McAteer Act, research and teacher training projects (Analysis page 243).

2. Reduction in Subvention Item

We recommend that the subvention item for McAteer Act Research and Teacher training projects be reduced from \$1.5 million to \$1 million for a General Fund savings of \$500,000 (Analysis page 245).

3. Legislative Guidelines

We recommend that the Legislature establish guidelines for the allocation of the balance of the McAteer Act funds in order to improve the effectiveness of this program (Analysis page 245).

4. Need for Evaluation of Title V

We recommend that legislation be passed requiring that the Educational Innovation Advisory Commission established by Chapter 1442, 1968 Statutes, perform an annual evaluation of the projects financed by Title V of the Elementary and Secondary Education Act (Analysis page 251).

Office of Compensatory Education—Continued
GENERAL PROGRAM STATEMENT

COMPENSATORY EDUCATION PROGRAMS ADMINISTERED BY
THE OFFICE OF COMPENSATORY EDUCATION

The Office of Compensatory Education is currently responsible for administering five federal and state programs of compensatory education. These are shown in Table 2 with proposed expenditures for 1969-70.

Table 2

Compensatory Education Programs

<i>Federal Programs</i>	<i>State (millions)</i>	<i>Federal (millions)</i>	<i>Total (millions)</i>
1. Title I			
Compensatory education	--	\$79.95	\$79.95
Children of migratory farm workers	--	6.50	6.50
2. Education Professions Development Act	--	3.00	3.00
<i>State Programs</i>			
3. Senate Bill 28 (Chapter 106, 1966 Statutes)			
Class size reduction in poverty schools	\$6.50	--	6.50
Mathematics and reading projects for grades 7-9	3.00	--	3.00
4. McAteer Act			
Research and teacher training	1.50	--	1.50
5. Unruh Preschool Program	4.00	12.00	16.00
Total	\$15.00	\$101.45	\$116.45

As indicated by Table 2, federal compensatory education support, which is administered by the Office of Compensatory Education, is composed of three parts: (1) Title I of the Elementary and Secondary Education Act, (2) the Education Professions Development Act, and (3) the federal share of the costs of the Unruh Preschool Program. State Support for Compensatory Education includes funds for: (1) the reduction of class sizes in poverty schools and special programs in reading and mathematics, (2) research and teacher training projects, and (3) the state's share of the costs of the Unruh Preschool Program.

A. Compensatory Education Programs Maintained by School Districts
Measuring the Benefits—School District Programs Utilizing Title I and Senate
Bill No. 28 Funds

During 1967-68 a total of 281,865 students participated in compensatory education programs. Of this total, 265,208 pupils or 94 percent were enrolled in public schools while 16,357 pupils or 6 percent were enrolled in private schools. Table 3 indicates the amounts expended by school and by purpose for compensatory education in 1967-68.

Table 3

Compensatory Education Programs (1967-68)

<i>Federal—Title I Funds</i>	<i>Expenditures</i>
School District Programs	\$78,000,000
Children of Migrant Agricultural Workers	6,100,000
Handicapped Children in State Hospitals	883,294
Delinquent Youth in State Institutions	894,795
Delinquent Youth and Neglected Youth in Local Institutions	859,820
State—SB 28 Funds for Reduction of Class Size	5,043,814
	\$91,781,723

Office of Compensatory Education—Continued

The major objective of compensatory education in programs is to break the cycle of poverty by raising the achievement levels of disadvantaged pupils so that they may become productive members of society. The success of compensatory education programs may be measured by the extent to which they succeed in raising the achievement levels of disadvantaged pupils. Because of the critical importance of Title I and the related state program, the class size reduction component of Senate Bill 28, we are summarizing hereafter a report entitled *Evaluation of ESEA Projects in California Schools—Annual Report 1967-68*. The report states that the most frequent objectives of local projects were (1) to improve student performance as measured by standardized achievement tests, (2) improve performance in reading beyond usual expectations, (3) improve verbal functioning of children and (4) raise the students' occupational or educational levels of aspiration.

Table 4 illustrates the rate of achievement growth which occurred in 833 projects which excluded the 10 largest big city school districts. Table 5 indicates the rate of achievement growth that occurred in all projects including the 10 big city districts. A ranking of substantial improvement means that achievement growth was equal or greater than 1.5 months for each month of instruction. In other words, such projects were very successful in narrowing the achievement gap between disadvantaged and nondisadvantaged pupils.

Table 4
Ratings of Title I Projects for 1967-68—Big Cities not Included

Rating	Number of projects	Percent of projects	Number of students in project	Percent of students in project
Substantial improvement -----	88	10.5	19,500	13.9
Moderate improvement -----	310	37.2	44,500	31.8
Little or no improvement -----	262	31.4	47,000	33.8
Irregular data -----	173	20.8	29,000	20.7

Table 5
Ratings of Title I Projects for 1967-68—Big Cities Included

Rating	Number of projects	Percent of projects	Number of students in project	Percent of students in project
Substantial improvement -----	89	9.5	23,600	9.6
Moderate improvement -----	353	37.8	88,200	35.8
Little or no improvement -----	319	34.2	105,300	42.8
Irregular data -----	173	18.5	29,000	11.8

A ranking of moderate improvement means that achievement growth was equal or greater than one month for each one month of instruction compared to the precompensatory education norm of 0.7 month of achievement for one month of instruction. A ranking of little or no improvement indicates that achievement growth was less than one month for each month of instruction.

The tables indicate that in both the total state sample and the sample without the big cities about 45 percent of the students were in projects

Office of Compensatory Education—Continued

where the average growth was one year or more. A comparison of the tables also indicates that the big city projects did not result in the same amount of growth either in the numbers of students, or amount of growth as did projects outside the inner city areas.

More detailed analysis of projects located in four types of populations areas, the 10 big cities, medium sized urban areas, suburban areas and rural areas also indicated that the programs in the big cities were of only limited success. The analysis showed that the greatest achievement gains occurred in the medium sized urban areas and in the suburban areas where the average achievement growth exceeded one year. The smallest gains were recorded in the small rural areas and in the big city school districts, where the average growth was less than one month for each month of instruction. The report contained several conclusions regarding the relatively low performance of the big city school districts which are listed below.

1. "... there appears to be a general dilution of the program with districts attempting to reach all children in target area schools regardless of their educational deprivation. There is a need to identify and to concentrate programs on particular children who show evidence of educational deprivation. The ability levels of the children who are served by the Title I program should be identified and reported with respect to achievement gains."

2. The achievement gain in remedial reading across grade levels for the big city schools were approximately 7 months for 10 months of instruction. "These gains reflect the prior Title I norm and show evidence that as Title I programs become parts of the regular school district programs the services lose some of the impetus in affecting educationally disadvantaged children."

3. "School districts have the responsibility to involve district advisory committees more intricately in developing priorities for target area schools."

4. In order that the effectiveness of preschool programs can be maintained it is necessary for school districts to adjust kindergarten and primary grade programs.

5. There is a need for more meaningful and appropriate inservice training programs involving the professional staff and other personnel working directly or indirectly with the children.

6. A major conclusion of the report was that the most successful compensatory education programs were those which concentrated their educational services on a limited number of objectives with a limited number of specifically identified children. "These projects focused on two or three activities adequately funded. Title I projects with expenditures of less than \$250 per student generally failed to produce substantial results."

7. For the second year the Office of Compensatory Education noted that the most successful reading projects were those in which students received reading instruction from a reading specialist. "These were the 'pull-out programs' in which the specialist worked with small groups of children away from the regular classroom on a regular basis."

Office of Compensatory Education—Continued

B. Unruh Preschool Program

Objectives of the Program

There are four major programs which provide state and/or federal support for preschool programs for children of low income families to prepare such children for the primary grades. These are: (1) the Unruh Preschool Act (Chapter 1248, 1965 Statutes), (2) Title I of the Elementary and Secondary Education Act of 1965; (3) Operation Headstart, financed by the Economic Opportunity Act of 1964, and (4) the state funded Children's Center Program. Table 6 illustrates the number of children enrolled in these programs in 1969-70 and indicates the source of funding for each.

Table 6
Preschool Programs

Program	1969-70 Number of pupils	Sources of support		
		State	Federal	Local
Unruh Preschool	16,000	\$4,000,000	\$12,000,000	--
ESEA Title I	4,000	--	3,600,000	--
Operation Headstart	20,000	--	20,000,000	\$4,000,000
Children's Centers	9,000	5,500,000	--	2,200,000 ¹
Totals	49,000	\$9,500,000	\$35,600,000	\$6,200,000

¹ Does not include parent fees.

The Unruh Preschool Act provides educational services to children aged three to five who are from families receiving Aid to Families with Dependent Children and to children from "potential recipient families," families who either received assistance during the last year or who are likely to receive it during the next five years. The program is administered jointly by the Departments of Education and Social Welfare under the terms of a contractual agreement between the two agencies. Both public and private nonprofit agencies are eligible to participate in the program.

Measuring the Benefits

In the Analysis of the Budget Bill 1967-68 we recommended that the Bureau of Preschool Programs perform an annual evaluation of compensatory education preschool programs using a standardized test. During October and May of the 1967-68 fiscal year the Peabody Picture Vocabulary Test was administered to a random sample of the pupils participating in the Unruh Preschool Program. The sample was equivalent to 15 percent of the operating preschool programs and contained approximately 10 percent of the student population equivalent to 1,550 children. The results of the program are encouraging.

"Each project group tested showed a gain in mental age equivalence. The gain ranging from a low of two months for one project to a high of 18 months. The mean growth of all 16 agencies combined was 14 months. It should be noted that this is twice the growth expected in the average population. Because of the variability in the size of the groups tested, weighted averages were obtained which yielded the following results: at pretest the population had a mean mental age of

Office of Compensatory Education—Continued

45 months (3 yrs., 9 mos.) and a mean chronological age of 51 months (4 yrs., 3 mos.). The mean I.Q. was 88. The posttest statistics show that after a period of seven months in the program the mean mental age score was now 61 months, or 5 years, 1 month, and the mean I.Q. 105. From these scores it can be seen from the weighted growth of mental age of the children attending a compensatory preschool program was 16 months in a 5-month period. The growth in I.Q. equivalence for the same period was 17 months."

The 1968 Legislature, on our recommendation, directed the Office of Compensatory Education to analyze and submit a report on the cost elements which affect the existing high cost and low cost preschool programs. Pursuant to this directive the Office of Compensatory Education recently submitted a detailed cost analysis of existing preschool programs. The report concluded that numerous factors affect high cost programs including (1) salaries for credentialed teachers as opposed to salaries for teachers with children's center permits, (2) the employment of supervisors for projects involving large numbers of children, (3) the employment of full-time nurses and nurses aides, etc. The report concluded that low cost programs are the result of (1) the utilization of large numbers of volunteers to staff the project, (2) low salaries, (3) the donated services provided by local agencies such as "Welfare, Health Departments, Clinics, state colleges, etc.). . . ." The report of the Office of Compensatory Education included several recommendations which are listed below.

1. Health services should only be funded when the local health department certifies that such services are not available.
2. Private, nonprofit agencies should be required to advertise for in accord with Education Code Sections 16975-76, when contracting for services for transportation.
3. When preschool educational programs are paying for the entire amount of a lease-purchase or a rental of a facility, agencies should be required to provide documentation that said facilities are for the exclusive use of a preschool program. If not, the agency should reduce costs pro rata.
4. We recommend that a study be made to investigate a hypothesis "that if applicant agencies were allowed a 10 (or 5) percent 'Reserve for Contingencies' allotment, that the trend to overestimate budgets would be minimized."
5. There should be a three-year study made between agencies which require teachers to have degrees and non-degree requiring programs to see if there is a difference in achievement levels of children.
6. Since agencies that serve small numbers of children appear to be lower in cost than agencies that serve large numbers of children, a study should be made to determine whether this is due to absorption of costs in small programs through local funds or whether, in fact, there is greater efficiency in operating small programs. Included in

Office of Compensatory Education—Continued

the study should be a comparison between achievements in programs which serve large numbers and small numbers of children.

7. Since a common factor in all high cost programs is the need to lease or lease-purchase facilities, it is recommended that provision be made for State purchase of facilities and subsequent payments to the State by the agencies in order to eliminate the high interest rates that are typical of lease-purchase contracts, and that these costs not be computed in the child cost per hour.

Need for Evaluation of Preschool

We recommend that the Office of Compensatory Education be directed to implement its follow-through research design. We recommend that the office be directed to finance the cost of the project in the amount of \$64,000 from the proposed \$1.5 million authorization for research and teacher training projects authorized by the McAteer Act.

Last year the Office of Compensatory Education was directed to submit to the 1970 Legislature a cost estimate of a "Preschool Follow-Through Research Design." The purpose of the proposal is to develop an evaluation tool for children of preschool age and to determine the extent to which follow-through instructional programs in the primary grades: "(1) complement preschool training and (2) affect the continuity in the efforts to raise the level of educational attainment and potential of disadvantaged children." The research design would be cooperatively developed by representatives of the Office of Compensatory Education, representatives of local school districts and representatives of selected institutions of higher education. The office estimates that the two-year cost of the proposal would total approximately \$64,000 comprised of \$40,000 for professional salaries, \$13,000 for non-professional salaries, and the balance of \$11,000 for contractual services and operating expenses.

**C. Demonstration Projects in Reading and Mathematics Financed by
Chapter 106, 1966 Statutes (Senate Bill 28)**

Objectives of the Program

The major objective of this program is to develop and implement experimental projects in reading and mathematics in grades 7-9 which will improve the achievement levels of pupils in these subjects. Of the total of 27 projects that are currently financed by this program, nine projects emphasize reading, six emphasize mathematics and 12 projects maintain combination experiments involving both reading and mathematics. State support for this program in the amount of \$3 million plus state support for the class size reduction provisions of Chapter 106, 1966 Statutes, in the amount of \$6.5 million is due to be terminated after the 91st day following adjournment of the 1969 session. However, the subvention item covering these items shows a program augmentation for Chapter 106 in the amount of \$9.5 million which would in effect continue the current level of expenditures.

**Office of Compensatory Education—Continued
Measuring the Benefits**

The success of this experimental program may be measured by the extent to which the projects succeed in raising the achievement levels of pupils participating in the demonstration projects and the extent to which successful projects may be integrated with the regular school program. We have examined a preliminary draft of an evaluation report which will be published by the Office of Compensatory Education. The evaluation of the program is most encouraging. Of the 27 projects financed by the state, a total of 18 projects reported substantial achievement gains in the pupils participating in the program.

A total of 5 of the 18 projects were designated by the Office of Compensatory Education as superior. The achievement gains in some projects, documented by an experimental control group design and by pretesting and post testing, were dramatic. In some cases the pupils in the experimental groups experienced twice the rate of achievement compared to the pupils in the control group. Instructional components common to all of the superior projects included: (1) diagnosis of the learning problem, (2) extensive in-service training of staff, (3) flexible staffing patterns and flexible groupings of pupils, (4) heavy emphasis on a manipulative approach to learning, including the use of balances, calculators, and audio visual equipment, and (5) the involvement of pupils in planning the project.

It is interesting to note that 12 projects involved industry in their experimental programs. The largest industry involvement occurred in the San Jose combined Reading and Mathematics Project. In this project, the Lockheed Missiles and Space Corporation developed curriculum materials and assisted in the development of an instructional plan while the Rand Corporation evaluated the success of the project.

**D. State Financed McAteer Act Projects in Research
and Teacher Education****Objectives of the Program**

The McAteer Act enacted by the 1965 Legislature authorizes state support for research projects in compensatory education and for demonstration projects involving preservice and in-service training teachers for teachers. The purpose of such projects is to improve the overall quality of compensatory education programs with particular emphasis on the quality of prospective teachers of disadvantaged children that are produced by the state's teacher training institutions. A sum of \$1.5 million is budgeted in the subventions section of the budget for 1969-70. This is equal to the amount estimated to be expended during the current year.

Measuring the Benefits

During the last three years, 1965-66 through 1967-68, a total of \$3,206,269 in state general funds have been allocated in support of this program. Table 7 indicates the agencies participating in the program during this period and the amount of state funds each has received.

Item 90

Education

Office of Compensatory Education—Continued

Table 7

Amounts Expended by McAteer Act Projects, 1965-66 through 1967-68

<i>California State Colleges</i>	<i>Amount</i>
San Francisco	\$876,500
Los Angeles	106,626
San Diego	146,370
Fresno and Stanislaus	15,000
San Fernando Valley	323,876
Dominquez Hills	24,500
Subtotal	\$1,492,872
University of California	
Berkeley	187,312
Riverside	641,979
Los Angeles	257,927
Subtotal	\$1,087,218
Private Agency	
Mental Research Institute Palo Alto	\$35,082
School Districts	
Pasadena	561,210
Enterprise	29,887
Subtotal	\$591,097
TOTAL	\$3,206,269

Table 8 indicates the major purposes for which the funds have been expended, the amounts and the percentage of the total funds approved for each purpose.

Table 8

Detail of McAteer Act Expenditures, 1965-66 through 1967-68

<i>Purpose</i>	<i>Amount</i>	<i>Percent</i>
Improve teacher education curriculum	\$1,262,896	39.4
Research and consultative work projects	859,589	26.8
Examples:		
Effects of three types of preschool curricula		
Effects of patterns of parent involvement		
Attitudes expressed about inner city schools by school personnel		
Research and development	809,989	25.3
Projects designed to increase teacher techniques and skills	273,795	8.5
	\$3,206,269	100

Recommendations to Restructure Research and Teacher Education

1. We recommend the subventions item for this program in the amount of \$1.5 million be reduced by an amount of \$500,000. We recommend that the Office of Compensatory Education be directed to review the programs that are currently in operation in terms of their costs and relevancy in order to effect this reduction. (Actual reduction is in Item 328.)

2. We recommend that the Legislature establish guidelines for the allocation of the balance of the subvention item.

In the Analysis of the Budget 1968-69 we noted that it was difficult to assess the accomplishments of the McAteer Act program of Research

Office of Compensatory Education—Continued

and Teacher Education due to a lack of organized evaluative information. This problem still exists. We believe that the program has serious deficiencies in terms of its state level administration, the costs of some projects and evaluation. These deficiencies follow.

1. We are particularly concerned about the success of the program in improving the quality and the relevancy of the curricula of the teacher training institutions which prepare teachers for work in disadvantaged schools. (a) There is no evidence that the education departments of the teacher training institutions participating in the pre-service and in-service training projects have modified their overall curricula as a result of their participation in the program. (b) It appears that the participation of teacher candidates is limited to a relatively small percentage of the students processed by the education departments participating in the projects, thereby negating the impact of the "demonstration" approach.

2. There is no evidence that the education departments participating in the pilot projects think highly enough of their success to assume some of the major cost components of such projects by either rearranging the allocation of their budgeted staff resources or by requesting an augmentation for the support of continued participation.

3. There is no evidence that teacher training institutions not involved in the demonstration projects have been sufficiently impressed by the success of such projects to duplicate the programs in their own institutions.

4. Although there exists little comprehensive cost data regarding the experimental teacher training projects, the costs in many cases appear to be excessive. We have visited one project where the cost per trainee exceeded \$5,000 per year because of the project's extensive staff superstructure. Such high costs have several bad effects. They prevent the state from establishing a larger number of demonstration projects to improve the quality of the teacher training curricula in more institutions and for more students, and they tend to discriminate against teacher training institutions which would like to establish experimental programs. We believe that continued state support for the operational expenses of high cost projects is questionable.

5. Another major deficiency is that only 8.5 percent of the state funds which were allocated during the last three years were allocated for projects designed to improve teacher techniques and skills, and only 18 percent of the funds were allocated for projects performed by school districts. All of the available evidence to date indicates that the in-service training of teachers by school districts should be dramatically improved. The 1968 Legislature in recognition of this problem passed Chapter 1414, 1968 statutes (AB 920), which establishes comprehensive guidelines for the allocation of federal funds for in-service training programs.

6. We have not seen any evidence that the \$1.6 million that has been spent for research and consultative work projects and for research and development has justified this expenditure.

Office of Compensatory Education—Continued

In summary, we believe that the accomplishments of the program to date have been unsatisfactory, and we believe that it requires substantial legislative direction. We believe that such guidelines might be modeled after Chapter 1442, 1968 Statutes, which establishes allocation criteria for Title III of the Elementary and Secondary Education Act. Such criteria should require a comprehensive annual report regarding projects supported by state general funds, and should include an analysis of the cost components of each project and the relevancy of such costs. We believe that it would also be a good idea to limit state support for an individual project to a period not to exceed three years.

E. Education Professions Development Act

Objectives of the Program

The Education Professions Development (PL 90-35) is a new federal program that is designed to "attract and qualify teachers to meet critical teacher shortages and to improve the training opportunities for personnel serving in programs of education other than higher education."

The 1968 Legislature passed Chapter 1414, AB 920, which contains policy guidelines for the establishment, maintenance and evaluation of both preservice and in-service programs of teacher training. This legislation authorizes the establishment of a system of "Professional Development and Program Improvement Centers" to provide preservice and in-service training and specifies that such centers shall provide training for teachers serving in schools having a high percentage of under-achieving pupils. The legislation also established within the Office of Compensatory Education a Unit of Professional Development and Program Improvement to administer the program. In 1969-70 it is estimated that California will receive an amount of \$3 million under the federal program comprised of \$1 million for the recruitment of teachers and \$2 million for the establishment of preservice and in-service teacher training programs.

Measuring the Benefits

Inasmuch as this is a new program which began this year, it is impossible at this time to measure its accomplishments.

ANALYSIS AND RECOMMENDATIONS

OFFICE OF COMPENSATORY EDUCATION

We recommend approval of the request for two consultants in preschool education programs and one clerical position for an additional General Fund cost of \$8,830.

The Office of Compensatory Education which is responsible for the administration of all of the aforementioned programs is composed of seven units which are listed below.

Program Development Unit
Program Evaluation Unit
Administration and Finance Unit
Community Services Unit

Preschool Education
State Programs for Disadvantaged
Children
Intergroup Relations

Office of Compensatory Education—Continued

The General Fund budget for the office is proposed at \$295,855 in 1969-70. An increase of \$15,039 above the current level. Federal funds support is set at \$999,593 which represents an increase of \$44,368. The department requests a total of three new positions in the budget year for the Bureau of Preschool Programs, comprised of two consultant positions and one stenographer for an additional cost of \$35,322. The cost would be financed by an increase in General Fund support totaling \$8,830 and an increase in federal support totaling \$26,492. The additional positions are requested on the basis of an anticipated increase in the unit's workload that will result from an expansion of the Unruh Preschool Program in 1969-70. It is estimated that the Unruh Preschool Program will grow from a level of \$15 million to a level of \$16 million. We believe that the request for the additional positions is justified.

Title I—Education of Migrant Children

We recommend approval of the request for 5.7 positions for the administration of Title I—Education of Migrant Children for an additional federal fund cost of \$64,434. The Bureau of Community Services in the Office of Compensatory Education administers the pilot projects, and special programs for the children of migrant farmworkers that are authorized under Title I. This program grew rapidly during the 1968-69 fiscal year from a level originally anticipated to be \$2.7 million to over \$5 million. In 1969-70 it is anticipated that California will receive approximately \$6 million for the education of migrant children.

The support budget for this program which is financed by federal funds is set at \$652,904 in 1969-70, an increase of \$236,343 above the current level. The department requests 5.7 additional positions for the administration of the program in the budget year for an additional federal fund cost of \$64,434. Of the 5.7 additional positions 3.5 were established administratively during the current year to handle the workload increase connected with the expansion of the program.

**ELEMENTARY AND SECONDARY ACT PROGRAMS ADMINISTERED
BY OTHER UNITS IN DEPARTMENT OF EDUCATION**

A. Title II—School Library Services**Objectives of the Program**

The objective of Title II is to improve the library resources of school districts by providing federal support for the purchase of library materials and audiovisual equipment. The administration of the program is governed by a state plan which limits school district purchases to books, documents, periodicals and audiovisual equipment but excluding textbooks. Approximately 80 percent of the state's entitlement of \$4,166,500 in 1969-70 will be distributed to school districts according to an equalization aid formula on the basis of the a.d.a. in the public school districts and the private school a.d.a. located in the districts. The balance of Title II grants, equivalent to 20 percent of the total, will be distributed to districts for special projects for supplemental pro-

Elementary and Secondary Act Programs—Continued

grams. The state plan requires that not less than 75 percent of the districts' entitlements be spent for books and other materials nor more than 25 percent be spent for audiovisual equipment.

In California the Title II program is administered by the Bureau of National Defense Education and the Bureau of Audiovisual and School Library Services. Federal support for the administration of the program is proposed at \$236,669 in 1969-70, an increase of \$16,511 over the current level.

Measuring the Benefits

In 1968-69 approximately \$4 million in Title II funds was allocated to school districts to improve library services. This was comprised of \$2.9 million for regular grants and \$1.1 million for special projects.

B. Title III—Supplementary Educational Centers and Services**Objectives of the Program**

The Title III program called PACE (Projects to Advance Creativity in Education), is designed to develop imaginative solutions to educational problems and to effectively utilize research findings. The primary objectives are to translate the latest knowledge about teaching and learning into widespread educational practice and to create an awareness of new programs and services of high quality which can be incorporated into school programs.

The 1967 Congress substantially amended Title III to make state educational agencies responsible for its administration. The amendments provide that commencing in the current year, 75 percent of each state's allotment be administered by the state educational agencies upon approval of a state plan. It is anticipated that by 1972-73, 100 percent of California allotment will be administered by the department. The 1968 Legislature, distressed at a lack of program evaluation of Title III projects in California, enacted Chapter 1442, 1968 Statutes. The legislation established an Educational Innovation Advisory Commission comprised of Legislative representation, the Superintendent of Public Instruction and 11 members appointed by the State Board of Education. The commission is authorized to initiate or review, or both and recommend to the State Board of Education for its approval all Title III projects which will operate in the state. The legislation also establishes policy guidelines regarding the allocation of Title III funds, specifies the types of projects which shall be emphasized and establishes evaluation and reporting requirements. In 1969-70 it is estimated that California will receive approximately \$8.5 million in federal funds for support of the program.

Measuring the Benefits

We are not able at this time to accurately assess the benefits of the Title III program in California because of a lack of objective evaluative data regarding the projects financed to date. We hope that the evaluation and reporting requirements of Chapter 1442, 1968 Statutes, will facilitate an annual evaluation of the program in the future.

Elementary and Secondary Act Programs—Continued

The Bureau of Program Planning in the department is responsible for administering the Title III program. During the current year a total of 35 positions were established administratively for this purpose. The cost of these positions in the amount of \$407,990 was and is currently being financed from a special federal administrative grant for Title III.

The Title III program is administered by the unit of Program Planning in the Department of Education. Federal fund support for its administration is set at \$1,006,214 in 1969-70, an increase of \$41,229 above the current level. During the current year a total of 16.8 positions in the Program Planning Unit were transferred from the Title V budget to the Title III budget when the department became directly responsible for the program. An additional 35 positions were established administratively. The department proposes that these 35 positions established administratively in 1968-69 be continued in the budget year.

C. Title V—Strengthening State Departments of Education

Objectives of the Program

Title V of the Elementary and Secondary Education Act provides 100 percent federal financed grants to state departments of education for the employment of additional staff and for research projects designed to improve instructional quality in the public schools. In 1969-70 California will receive \$1,808,369 under this program which is equal to the current level. The State Board of Education initiates, reviews and approves projects which are financed under this title. Thus far the bulk of California's Title V funds have been allocated for the support of research projects in the areas of curriculum development and innovative educational programs.

Projects Approved for 1968-69

Table 9 lists the individual projects and the amounts of funds estimated to be expended for each in 1968-69.

Table 9
ESEA Title V Projects

<i>Projects</i>	<i>Estimated expenditures for 1968-69</i>
1. Advanced Placement	\$ 40,000
2. English Framework	100,000
3. Social Sciences Framework	50,000
4. Sciences Framework	50,000
5. School Bus Administration Workshops	31,990
6. Transportation Supervision	27,160
7. School Planning	83,800
8. Data Processing Education Information System	158,983
9. Innovation Exchange	8,500
10. Mexican-American Children	101,137
11. Instructional TV	37,500
12. Arts and Humanities	50,000
13. Staff In-service Training	100,000
14. Study of Desegregation	27,100
15. Economics Education	25,000
16. Adult Spanish Surnames	33,922

Elementary and Secondary Education Act—Continued

Table 9

ESEA Title V Projects

<i>Projects</i>	<i>Estimated expenditures for 1968-69</i>
17. Conservation Education	30,000
18. Strengthening Administrative Services	106,906
19. State Board Clerical Assistance	25,000
20. NDEA III Strengthening Critical Subjects	178,535
21. NDEA X Improving Statistical Services	45,000
22. Departmental Reorganization	63,864
23. Accreditation Workshop	3,100
24. Adult Education Advisory Committee	45,342
25. Continuation Education Workshops	32,000
26. Curriculum Abstracts	19,660
27. Education Professions Development Act Administration	23,622
28. Physical Education Framework	17,355
29. Distribution to LEA'S	200,000
	\$1,715,476

Measuring the Benefits

Despite the fact that this program has been operational for four years, the Department of Education has not yet developed any procedure to evaluate the impact of the program, either in terms of improved achievement levels or in terms of the improved usage of curriculum guidelines developed by some of the projects.

Need for Evaluation of Title V

We recommend that legislation be enacted requiring that the Educational Innovation Advisory Commission (Chapter 1442, 1968 Statutes) perform an annual evaluation of the specific accomplishments of the Title V program and submit an annual report regarding its findings to the State Board of Education and to the Legislatures on each fifth annual legislative day. Because of the limited state and federal funds which are available for experimental research and development projects in California, we believe that it is essential that such expenditures be evaluated annually. We believe that the newly established Educational Innovation Advisory Commission, which is responsible for evaluating the effectiveness of Title III of the Elementary and Secondary Education Act, is particularly well suited to perform a comprehensive annual evaluation of Title V.

Department of Education

OFFICE OF COMPENSATORY EDUCATION

Item 91 from the State School Building Aid Fund

Requested 1969-70	\$16,414
Estimated 1968-69	16,218
Actual 1967-68	7,639
Requested increase \$196	
Total recommended reduction	None

Office of Compensatory Education—Continued
GENERAL PROGRAM STATEMENT

From proceeds of bonds sold under the State School Building Aid Bond Act of 1966, \$1 million is specifically designated for the acquisition of portable school facilities to assist districts which experience large temporary increases in enrollment as the result of an influx of seasonally employed agricultural workers. The State Allocation Board, acting on the advice of the Director of the Office of Compensatory Education, will lease, lend, sell or grant these portable facilities to districts on the basis of individual need. Applicants under this program are not required to meet the eligibility requirements set for the regular State School Building Aid program.

Districts must apply for assistance under this program directly to the Director of the Office of Compensatory Education. He will review the application, make any modifications deemed appropriate, and transmit it to the State Allocation Board with his recommendations. The administrative expense involved in this review is reimbursed by an annual legislative transfer of funds from the State School Building Aid Fund to the Office of Compensatory Education.

ANALYSIS AND RECOMMENDATIONS

We recommend approval of this item as budgeted. For the budget year the Department of Education, Office of Compensatory Education, is requesting \$16,414 from the State School Building Aid Fund to finance the costs of reviewing district applications. This is an increase of \$196 above the current level and will provide the same level of service authorized for the current year.

Department of Education
CALIFORNIA SCHOOL FOR THE BLIND

Items 92 and 93 from the General Fund

Requested 1969-70	\$1,245,592
Estimated 1968-69	1,021,445
Actual 1967-68	876,879
Requested increase \$224,147 (21.9 percent)	
Increase to improve level of service \$224,147	
Total recommended reduction	\$63,456

SUMMARY OF RECOMMENDED REDUCTIONS

	Amount	Analysis page
Delete program of reader services	\$36,500	258
Delete vocational advisor	12,756	259
Delete director of advanced studies	13,200	260
Reduce administrative in-state travel	1,000	260

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

1. Admission and Discharge Procedures

We recommend the Department of Education be instructed to expand the functions, authority and membership of the existing Evaluation and

California School for the Blind—Continued

Placement Committee for Visually Handicapped Children. The existing procedures do not provide sufficient information prior to admission to the school. (Analysis page 257).

2. Visiting Teachers

We recommend that the visiting teacher's program be transferred (\$35,459) to the Division of Special Schools and Services of the Department of Education. This program can be more effectively administered under the Bureau of Physically Exceptional Children than the School for the Blind (Analysis page 260).

GENERAL PROGRAM STATEMENT

The California School for the Blind is located in Berkeley a short distance from the University of California. The school traces its founding to 1860 when a group of interested individuals in San Francisco established the "Institution for the Deaf, Dumb, and Blind." In 1867 the school was moved to its present location where it was jointly operated with the school for the deaf. In 1922 an administrative reorganization of the Department of Education led to the formal separation of the two schools.

Most of the existing facilities of the school for the blind, including classrooms, residence halls and administrative offices, were constructed in the late 1920's. The design of many of these buildings demonstrate the changes in the nature of educational programs for the blind which have taken place over the last 40 years. For example, in the two-story main administrative and classroom building, constructed in 1927, the floors are connected by ramps on the belief that blind children could not climb stairs. The most recent additions to the school are the Helen Keller Building, a self-contained facility for the education and care of approximately 15 deaf-blind children completed in 1949, and the dining hall with a serving capacity of approximately 170 opened in 1957. The school also has the use of a gymnasium equipped with an indoor swimming pool and bowling alley on the adjacent campus of the California School for the Deaf.

ANALYSIS AND RECOMMENDATIONS**Objectives of the Program**

The objective of the California School for the Blind is to offer comprehensive educational, residential and auxiliary services to blind, deaf-blind and multihandicapped blind children in California for whom no appropriate local services are available.

Structure of the Program

There are three major components to the operation of the California School for the Blind. These are (1) the educational program, (2) the residential program and (3) the auxiliary services.

Educational Program. The school offers classes from kindergarten through the ninth grade. The program is similar to that offered in the public schools to regular students with the addition of special equipment and instructional techniques.

California School for the Blind—Continued

Residential Program. Students enrolled in the educational program and high school students who attend regular day classes in the public schools of Oakland are housed in four dormitories with a capacity of 167 beds. This program includes not only room and board but child guidance, specialized counseling, medical and dental care along with a wide variety of extra-curricular activities.

Auxiliary Services. In addition to the residential and educational programs, statutory and administrative provisions require the school to administer the following three programs of assistance to the blind.

1. *Readers for Blind College Students.* Special funds for readers for blind college and university students are administered by the school.

2. *Vocational Guidance.* The school employs a vocational counselor who is responsible for advising students on career opportunities and assisting graduates in finding employment.

3. *Visiting Teachers.* This program, based in Los Angeles, provides assistance and instruction to parents of blind children in southern California. In the northern part of the state "The Variety Club Blind Babies Foundation," a private volunteer organization, provides this service.

Change In Program. Prior to 1960 the school offered programs which were primarily designed for the so-called "normal blind" child. These are children of normal intelligence and ability who, because of accident or illness, are blind or seriously visually handicapped. It was the school's objective to prepare its normal blind graduates to compete with sighted persons in college or in employment.

In recent years, however, the makeup of the student body has undergone a substantial change. The number of normal blind students enrolled has decreased markedly because of growth in state supported local school district programs. This decrease in need for a state level program for normal blind students has been offset by an increasing enrollment of students who have handicaps in addition to blindness. The changing composition of the school's enrollment is shown in Table 1.

Table 1
Enrollment Composition

	1964-65	1965-66	1966-67	1967-68	Estimated 1968-69
Normal Blind -----	96	43	43	31	27
Deaf-Blind -----	7	12	15	15	15
Multihandicapped Blind ----	61	101	95	96	93
Total -----	164	156	153	142	137

Decrease in Number of Children Served. The growth in the enrollment of multihandicapped students in the School for the Blind has resulted in a net decrease in the overall student body. As can be seen in Table 1, the total normal blind enrollment decreased by 69 students while the multihandicapped population was increasing by only 40 students. This results in a net decrease in the five-year period of approximately 16 percent in the school's enrollment.

California School for the Blind—Continued

The reduction in the number of students which have been served by the school in recent years might have been greater except for the difficulties experienced in providing programs elsewhere for children with more than one handicapping condition. Table 2 reviews the number of individual handicaps which have been diagnosed in a recent study of enrollees in the educational program.

Table 2
Multihandicapped Enrollment

Blindness only -----	23
Blindness plus 1 handicap -----	46
Blindness plus 2 handicaps -----	10
Blindness plus 3 or more handicaps -----	45
Student body diagnosed -----	124

The multihandicapped student body demonstrates a wide variety of distinct conditions including 17 cases of hearing loss, 108 cases of mental retardation, 78 cases of emotional disturbance along with instances of speech deficiencies, cerebral palsy and epilepsy. It can easily be seen from the foregoing that the objectives of programs for the school's existing enrollment are limited and that the education, care and treatment of these children presents complex problems.

Growing Requirement For Service to Multihandicapped Blind. To determine the extent to which future services will be required for multihandicapped blind residents of California, the Department of Education carried out a survey of a total 1,307 programs for the education of handicapped children to determine the size and location of multihandicapped blind population in the state. The department's findings entitled *Report of Multihandicapped Blind and Deaf-Blind in California* indicate that there are 1,180 multihandicapped blind children in the state composed of 240 deaf-blind and 940 other multihandicapped blind. Table 3 reviews the program placement of these children.

Table 3
Program Placement of California's Multihandicapped Blind Population

	Multihandicapped		Total
	Deaf-Blind	Blind	
State Residential Schools -----	17	104	121
Public School Programs -----	41	433	474
State Hospital Schools -----	18	82	100
Preschool Age -----	129	132	261
School Age Not in a Program -----	35	189	224
Total -----	240	940	1,180

In reviewing the substantial numbers of preschool age deaf-blind and multihandicapped blind children, it was found that over half of their handicaps were the result of rubella (German measles). The report concludes that "any plans for future provision for multihandicapped blind children must be based on the fact that comparatively large numbers of these children will continue to need educational facilities."

California School for the Blind—Continued
Measuring the Benefits

The school's General Fund requests for the budget year total \$1,245,592. This includes the continuance of 10 positions which were authorized only for the current year pending the results of the study of multihandicapped children. These positions include four teachers at \$48,120, five counselors at \$35,760 and one supervising counselor at \$8,520. In addition, the school anticipates federal funds totaling \$27,000 under the Elementary and Secondary Education Act of 1965 and \$41,500 in payments from local school districts under the provisions of Chapter 1423, Statutes of 1965, which requires the district of residence of each child enrolled in the school to reimburse the amount of local tax funds which are expended by the district to educate a normal child.

The budget also contains a total of \$146,150 to increase the size of the existing deaf-blind unit from 15 to 30 students. Additional personnel include one supervising teacher at \$11,000, five teachers at \$41,050, 10 counselors at \$53,000 and one janitor at \$5,100 plus related staff benefits. In addition the school requests \$36,000 for the rental, installation and furnishing of three portable classrooms to house the program.

In Table 4, the General Fund expenditures and cost-per-student data are presented for the budget year and the prior four years.

Table 4
Expenditures and Cost-per-Student Data

	Actual 1965-66	Actual 1966-67	Actual 1967-68	Estimated 1968-69	Proposed 1969-70
Education Program Only					
Enrollment -----	12	14	7	14	14
Expense -----	\$30,067	\$33,264	\$22,974	\$55,860	\$61,376
Cost per student -----	\$2,506	\$3,026	\$3,282	\$3,990	\$4,384
Residential Program Only					
Enrollment -----	11	7	8	8	9
Expense -----	\$30,494	\$21,182	\$21,936	\$27,496	\$34,821
Cost per student -----	\$2,772	\$3,026	\$2,742	\$3,437	\$3,869
Both Education and Residential Programs					
Enrollment -----	133	132	127	115	129
Expense -----	\$701,977	\$713,029	\$765,166	\$854,074	\$1,064,680
Cost per student -----	\$5,278	\$5,402	\$6,024	\$7,427	\$8,253
Subtotal—Educational and Residential Programs					
Enrollment -----	156	153	142	137	152
Expense -----	\$762,538	\$767,475	\$810,076	\$937,430	\$1,160,377
Cost per student -----	\$4,888	\$5,016	\$5,704	\$6,842	\$7,637
Auxiliary Services					
Readers to blind					
college students ----	\$36,500	\$25,346	\$30,070	\$36,500	\$36,500
Visiting teachers -----	\$26,542	\$22,896	\$24,857	\$34,759	\$35,459
Vocational guidance ----	\$10,424	\$12,540	\$11,876	\$12,756	\$12,756
TOTAL ALL PROGRAMS -----	\$836,004	\$828,257	\$876,879	\$1,021,445	\$1,245,592

In the last analysis we noted that the California School for the Blind and the California School for the Deaf have adjacent campuses and share certain services and facilities. We proposed, based on the simi-

California School for the Blind—Continued

larity of the administrative responsibilities between the schools that the accounting function of the two schools be consolidated under the administration of the California School for the Deaf. Acting on this proposal the Legislature included language in the 1968 Budget Act requesting the Department of Education to consider consolidating the business offices.

The department's review of the subject indicates that a consolidation is possible. The report recommends, however, that if the schools remain at the existing location and a single business service unit is established (1) it should be under the supervision of a person other than the superintendent of either school, (2) a new facility should be constructed to house the business services and (3) the existing procedures for accounting, purchasing, plant maintenance and operation should be streamlined and modern equipment employed. The report states that with the implementation of these recommendations and a review of the existing workload of the two schools, the combination of the two business service units would not result in a state savings.

We agree that if such similar activities as the business services of these two neighboring institutions cannot be merged without the costly preparation envisioned by the department, there are no advantages.

Changes in Student Composition Suggest Alternative Approaches

In the discussions of the structure of the program we pointed out that composition of the school's enrollment and the nature of its programs have changed substantially in recent years and that the existing operation is primarily directed toward the deaf-blind and multihandicapped blind. In addition, it appears that there will be increasing demand for service for such children in the future. We believe, however, that the programs of the school do not fully reflect this new orientation and that the following six functions should be modified on the basis of this new role.

1. *We recommend that the State Department of Education be instructed (a) to expand the functions, authority and membership of the Evaluation and Placement Committee for Visually Handicapped Children of the California School for the Blind, (b) to charge that committee with the development of comprehensive preadmission procedures (c) thereafter, to meet regularly to review applicants and (d) to submit its procedures for admission to the Joint Legislative Budget Committee by November 1, 1969.* When the California School for the Blind operated programs designed for normal blind students, admissibility of any child could be based on the severity of sight loss. As the number of multihandicapped children enrolled in the school increased, the school established an Evaluation and Placement Committee for Visually Handicapped Children composed of the State Department of Education consultant in the education of the blind, plus the school's superintendent and principal. This committee is authorized to review the admission and discharge of individual students. The committee, however, has dealt principally with the problems of discharge and rarely meets more than twice a year.

California School for the Blind—Continued

We believe that the complex combination of physical, mental and emotional disorders of new applicants for placement at the California School for the Blind require a more comprehensive program of pre-admission evaluation. At present the school is almost entirely dependent upon information gathered from teachers, preschool field workers, social workers and any other persons or agencies which might have dealt with the child. Background data can vary substantially from case to case under this procedure.

We would propose that the Legislature instruct the Department of Education to expand the composition of this committee to include greater evaluative expertise in the admission procedure. This can be accomplished through the inclusion of representatives of the school's educational and residential supervisory staff, the physician and surgeon of the staff of the Division of Special Schools and Services and a professional member of the diagnostic staff of the Northern Diagnostic School for Neurologically Handicapped Children. This committee should first be charged with the determination of the nature and extent of preadmission information required. Where such information is not available the school should be required to utilize its existing facilities to provide the necessary medical and educational data.

Further, the existing practice of consulting with school district representatives should be continued and expanded to the end that the committee can determine in each case recommended for admission to the school, that no local program is available for the child and that placement in the school is the most appropriate. We would finally recommend that the committee meet at least quarterly to review applications for admission to the school.

2. We recommend that program reader services appropriation to the California School for the Blind of \$36,500 be deleted and that Item 165, Support for the Department of Vocational Rehabilitation, be increased by \$7,300 to assume this function for an overall General Fund savings of \$29,200.

There are presently two sources through which blind college and university students in California may receive financial aid for the services of a reader to assist them in their studies. The older program (Chapter 379, Statutes of 1913, Section 10651 of the Education Code) provides that "Wherever any blind person with proper educational qualifications regularly matriculates, enters, and works for a degree or for a diploma of graduation in any university, college, or state college, the Director of Education may provide, from funds appropriated for this purpose or appropriated for the support of the California School for the Blind, a reader to assist him in his studies."

The budget appropriates \$36,500 in operating expense for the hourly cost of individual readers. At present a total of 43 students composed of 15 undergraduate and 28 graduate students are receiving assistance through this program.

A second and substantially larger program is operated by the State Department of Vocational Rehabilitation. In fiscal 1967-68, the program served 527 students at a total cost of \$188,469. In the budget year

California School for the Blind—Continued

the program will be financed 80 percent by the federal government and 20 percent by the state.

In the years since the establishment of the program administered by the Department of Rehabilitation the school for the blind program has operated principally for those students who were ineligible for federal funds. The major differences between the two programs were that the federally supported program required that (1) participants meet the provisions of a means test and (2) be a resident of the state for at least one year. These two differences were removed by the Vocational Rehabilitation Act of 1965. The only remaining difference between the two programs is that the Department of Rehabilitation requires those receiving funds for reader services to establish a "vocational objective" or goal through counseling and testing in one of the department's regional offices.

We do not view this requirement that a vocational objective be established as a significant difference between the two programs. In all but the most unusual circumstances an undergraduate student would have a vocational objective as his reason for working toward a college degree. Further, the Department of Rehabilitation provides service to graduate students if they are actively seeking a degree which could advance their professional standing. The only students who might not be eligible under the rehabilitation program therefore are those students who are taking classes at the undergraduate or graduate levels who are admittedly not actively working toward any objective. We would question, however, whether such students would meet the Education Code requirements administered by the School for the Blind.

We conclude that the reader service program administered by the California School for the Blind is a duplication of federally funded services available through the Department of Vocational Rehabilitation and recommend that this item be deleted from the school's budget for a reduction of \$36,500. In order to provide for the continuance of reader service to the participants in the school for the blind program, we propose that \$7,300 of this reduction be transferred to Item 165 of the budget, support to the Department of Vocational Rehabilitation, to provide the 20-percent state matching requirement. This results in an overall General Fund savings of \$29,200.

3. *We recommend that the Legislature modify the requirements for vocational guidance to the graduates of the California School for the Blind for a General Fund savings of \$12,756 plus related staff benefits.* The Education Code, Section 25803, creates the position of field worker at the California School for the Blind and states that this employee "shall visit graduates and former pupils in their homes to advise them regarding the extension and continuance of their education, to assist them in securing remunerative employment, to improve their economic condition in all possible ways, and to provide them with preparatory instruction found necessary for a selected occupation." This position is identified in the budget of the school under *Field Services—Guidance to Graduates* and support is composed of \$11,976 plus related staff

California School for the Blind—Continued

benefits for the position of vocational counselor plus \$600 in operating expenses or a total of \$12,576 from the General Fund.

Since the authorization for this service was established in 1943 the composition of the school's enrollment and the services available for the blind have changed substantially. In 1943 the school had an enrollment of 135 normal blind students, whereas in the budget year there will be 29, of which only nine are at the high school level. Further, the recent report on the multihandicapped blind recommends that as many as possible of the remaining normal blind students be returned to local programs.

We believe that there are sufficient services available to the graduates of the California School for the Blind through the State Department of Vocational Rehabilitation and its regional offices throughout the state to provide vocational counseling and job placement to blind persons. This department is presently providing extensive services to the graduates and enrollees of all the state special schools for the handicapped and could accommodate the limited number of graduates produced each year at the California School for the Blind.

We, therefore, propose that the Legislature delete the appropriation for this program and modify the existing Education Code provisions which require the school to employ a field worker for vocational guidance to its graduates. This would eliminate the position of vocational advisor and result in a General Fund savings of \$12,576, plus related staff benefits.

4. *We recommend that the position of Director of Advanced Studies be deleted for a General Fund savings of \$13,200 plus related staff benefits.* The budget of the school contains \$13,200 plus related staff benefits for a Director of Advanced Studies. The duties of this position include the administration of the program of reader services, supervision of study hall programs for high school students, and some assistance to college and university students.

Based on our recommendation that the reader service program be discontinued and on the decreasing number of normal blind students, we believe that this position is no longer necessary for the effective functioning of the school's program.

5. *We recommend that the administration of the visiting teachers program and the amount of \$35,459 be transferred to the Bureau of Physically Exceptional Children in the Division of Special Schools and Services.* Authorization for the existing program of visiting teachers to parents of blind preschool students is found in Education Code Section 25902 which states:

"The Department of Education in connection with the California School for the Blind shall create the position of visiting teacher to blind children of preschool age. With the consent of the parents of any blind child of preschool age it shall be the duties of such visiting teacher to assist and instruct the parents in the early care and training of said child, to train the child in play, and to do everything which will assure the child's physical, mental, and social adjustment to its environment."

California School for the Blind—Continued

Although the program is administered and funded through the California School for the Blind, the employees are based in Los Angeles and serve only southern California. Table 5 identifies elements of General Fund expense for the visiting teachers program.

Table 5
Visiting Teachers Budget Requests, 1969-70

Personnel Expense	
2 Teacher positions	\$24,330
1 Stenographer II	6,516
Operating Expenses	
General Expense	500
Teaching Expense	125
Travel, in-state	3,000
Rent, building space	988
Total Visiting Teachers Expense	\$35,459

When this program was established in the early 1950's the school operated as the principal service for the education of blind children at the state level. It was, therefore, reasonable to require the school to assume this function. The Department of Education at present has within the Division of Special Schools and Services a Bureau of Physically Handicapped Children whose responsibility includes state level coordination of educational programs for the blind. We believe that this program could be more effectively administered through the Division of Special Schools and Services and its southern California extension rather than under the Superintendent of the School for the Blind who is located in Berkeley over 400 miles away and where primary interest is in the operation of the school.

6. *We recommend that administrative traveling in-state be reduced for a General Fund savings of \$1,000.* The budget of the California School for the Blind reflects a larger expenditure for administrative in-state travel than any of the other special schools for physically handicapped children as the following comparison demonstrates.

	<i>Administrative in-state Travel</i>
California School for the Blind	\$2,175
Diagnostic School for Neurologically Handicapped, Northern	900
Diagnostic School for Neurologically Handicapped, Southern	1,700
California School for Deaf, Berkeley	1,130
California School for Deaf, Riverside	1,850

A substantial portion of this expenditure is associated with the administration of the auxiliary service programs, principally the visiting teachers program based in Los Angeles. We have recommended previously that all of the auxiliary services programs be assumed by other agencies. If this is accomplished we recommend the administrative in-state travel can be reduced to the approximate level of the adjacent California School for the Deaf for a General Fund savings of \$1,000.

Department of Education
DIAGNOSTIC SCHOOL FOR NEUROLOGICALLY HANDICAPPED
CHILDREN—NORTHERN CALIFORNIA

Item 94 from the General Fund

Requested 1969-70	\$709,402
Estimated 1968-69	675,860
Actual 1967-68	606,504
Requested increase \$33,542 (5.0 percent)	
Total recommended reduction	\$35,192

SUMMARY OF RECOMMENDED REDUCTIONS

	<i>Amount</i>	<i>Analysis page</i>
Establish a room and board fee for parents of children in the diagnostic program	\$26,460	265
Utilize students available under the work-study program for two temporary help positions	8,732	266

Department of Education
DIAGNOSTIC SCHOOL FOR NEUROLOGICALLY HANDICAPPED
CHILDREN—SOUTHERN CALIFORNIA

Items 95 and 96 from the General Fund

Requested 1969-70	\$662,566
Estimated 1968-69	616,470
Actual 1967-68	553,349
Requested increase \$52,096 (8.5 percent)	
Increase to improve level of service \$25,000	
Total recommended reduction	\$23,321

SUMMARY OF RECOMMENDED REDUCTIONS

	<i>Amount</i>	<i>Analysis page</i>
Establish a room and board fee for parents of children in the diagnostic program	\$19,440	265
Utilize students available under the work study program for 0.8 temporary help positions	3,881	266

GENERAL PROGRAM STATEMENT

California operates special residential schools in the northern and southern portions of the state for the diagnosis and treatment of children with orthopedic or neurological disorders. The northern school is located a short distance from San Francisco State College while the southern school is adjacent to the campus of California State College at Los Angeles.

The schools were originally established as a result of a joint study conducted by the Department of Education and the Department of Public Health in the early 1940's to determine the number of cerebral palsied children in the state who were in need of special services. Based

Diagnostic School for Neurologically Handicapped Children—Continued

on the report filed by these two agencies, the Legislature in 1945 authorized the establishment of two schools for cerebral palsied children to be administered by the Department of Education. The first programs were conducted in Redwood City and in the convalescent home of the Los Angeles Childrens' Hospital. The northern school operated in its original quarters until 1955 when a permanent school was constructed. The southern school was moved from its original location to leased facilities in Altadena in 1948 and finally located on its present campus in 1964.

Although two schools were originally established to serve the needs of cerebral palsied children, the Legislature, in 1955, expanded the program of the schools to include "other similarly handicapped children." This modification authorized the schools to provide services to children with a wide variety of disorders of the central nervous system. In subsequent years the number of cerebral palsied children enrolled in these programs has steadily decreased to the point where they now represent less than one-third of the enrollment. In 1967 the Legislature, recognizing this shift in emphasis, changed the names of the two institutions from schools for cerebral palsied children to Diagnostic Schools for Neurologically Handicapped Children.

ANALYSIS AND RECOMMENDATIONS**Objectives of the Program**

The objectives of the Diagnostic Schools for Neurologically Handicapped Children are to (1) diagnose individual orthopedic and neurological disorders and prescribe an appropriate educational and medical placement, (2) provide a program of education and treatment to children for whom no local program is available, and (3) serve as a resource facility and demonstration laboratory for the training of teachers, therapists and other professional personnel in the treatment of neurologically handicapped children.

Structure of the Program

Diagnostic Program. At each school an extensive program of medical and educational diagnosis is provided to neurologically handicapped residents of California between the ages of 3 and 21 years. Participants in this program are usually referred to one of the diagnostic schools by their local school district, public health authority or private physician because previous attempts at determining the child's disorders have been inconclusive.

The evaluation procedure usually requires from one to two weeks during which time the parents and child live on the campus of the school. As part of the diagnostic program the child will be examined by a pediatrician, a psychologist, a psychiatric social worker and other professional personnel, who prescribe the educational and medical program which will allow the child to develop to the fullest extent of his capabilities.

Diagnostic School for Neurologically Handicapped Children—Continued

Education and Treatment Program. The schools are equipped to offer a comprehensive educational and treatment program to a limited number of children who cannot receive the services determined appropriate for their condition at the local level. Special facilities and personnel at each location provide occupational, physical and speech therapy which can be individually suited to the needs of a particular child.

Students admitted to the education and treatment program are housed in dormitories with a maximum capacity of 34 and 32 students at the northern and southern schools respectively. Registered nurses and resident attendants are on duty around the clock to provide personal care for those enrolled.

Training and Research Program. Both schools serve as resource and demonstration centers for students, teachers, physicians and other professionals studying the special education of neurologically handicapped children. Classes in special education are conducted by San Francisco State College and Los Angeles State College on the campus of each facility and the schools also receive assistance on a part time basis from students and teachers studying at other nearby colleges and universities.

Measuring the Costs and Services

The budget requests for 1969-70 from the General Fund for the two Diagnostic Schools for Neurologically Handicapped Children total \$709,402 for the northern school and \$662,566 for the southern school. In addition to General Fund requests the schools anticipate federal funds under Title I of the Elementary and Secondary Education Act of 1965 of \$9,000 at the northern school and \$7,500 at the southern school to conduct special studies in the education of neurologically handicapped children. In Table 1 the total and per pupil diagnostic and educationally related expenditures are reviewed for the budget year and the preceding four years.

Table 1
Expenditures and Cost-Per-Student Data

	Actual 1965-66	Actual 1966-67	Actual 1967-68	Estimated 1968-69	Proposed 1969-70
<i>Northern School</i>					
Diagnostic Program					
Children served -----	190	237	245	245	245
Total expense -----	\$148,620	\$173,906	\$193,475	\$213,703	\$218,557
Average cost per diagnosis -----	\$782	\$733	\$790	\$872	\$892
Education and Treatment					
Children served -----	34	40	40	40	40
Total expense -----	\$356,127	\$378,175	\$413,029	\$462,157	\$490,825
Average cost per child --	\$10,474	\$9,454	\$10,325	\$11,553	\$12,270
Total General Fund expense -----	\$504,747	\$552,081	\$606,504	\$675,860	\$709,402

Diagnostic School for Neurologically Handicapped Children—Continued

Table 1

Expenditures and Cost-Per-Student Data—Continued

	<i>Actual</i> 1965-66	<i>Actual</i> 1966-67	<i>Actual</i> 1967-68	<i>Estimated</i> 1968-69	<i>Proposed</i> 1969-70
<i>Southern School</i>					
Diagnostic Program					
Children served -----	137	135	107	130	180
Total expense -----	\$106,004	\$128,315	\$141,104	\$156,139	\$180,752
Average cost per diagnosis -----	\$774	\$950	\$1,319	\$1,201	\$1,004
Education and Treatment					
Children served -----	31	32	32	32	32
Total expense -----	\$390,502	\$374,882	\$412,245	\$454,331	\$481,814
Average cost per child --	\$12,597	\$11,715	\$12,882	\$14,197	\$15,025
Total General Fund expense -----	\$496,506	\$503,197	\$553,349	\$610,470	\$662,566

In the budget year the northern school requests continuance of one psychometrist position established administratively in the current year which is part of a special inservice training program provided in co-operation with San Francisco State College for public school psychologists.

The southern school requests the extension of one senior stenographer administratively established in the current year and the establishment of one senior stenographer, one clerk typist II, one attendant, and one food service assistant I at a total General Fund expense of \$25,000. These positions, plus related increases in operating expense, will permit the school to increase the annual enrollment in the diagnostic program from 130 participants in the current year to 180 in the budget year. This will result, as demonstrated in Table 1, in an overall average reduction in the costs of diagnostic service of \$197 per child to more closely approximate the comparable costs at the northern school.

Proposal to Reduce Diagnostic Costs

We recommend the establishment of room and board reimbursement by parents of children enrolled in the diagnostic program for an estimated General Fund savings of approximately \$26,340 at the Diagnostic School for Neurologically Handicapped Children, Northern California and \$19,440 at the Diagnostic School for Neurologically Handicapped Children, Southern California. The diagnostic program offered to neurologically handicapped children of the state involves not only intensive examination of the participant but substantial counseling with his parents. Parents who do not live in close proximity to one of the schools are provided free room and board on the campus of their regional facility for the duration of the diagnostic process which may last from 3 to 10 days.

We believe that it would be reasonable to request the parents who are provided room and board to reimburse the school for such services. If we assume that the housing and feeding costs of parents receiving counseling through the diagnostic program average \$10 per day per

Diagnostic School for Neurologically Handicapped Children—Continued

person and that the average stay is six days, the cost per family would be \$120 per family (2 parents \times 6 days \times \$10 room and board charge = \$120) which would reduce the average cost per diagnosis by a comparable amount.

Based on the estimated enrollment of the diagnostic program for the budget year, such a reimbursement would produce a total of \$29,400 at the northern school and \$21,600 at the southern school. There are, however, cases in which the institution of such a charge would cause a hardship. We would, therefore, recommend that the anticipated total income in any year be reduced by 10 percent per year and that the superintendent of each school be given the administrative authority to waive the room and board reimbursement in cases where the financial condition of the parents require such action.

The anticipated reimbursement amount, less 10 percent, for the fiscal year would thereby total \$26,460 at the northern school and \$19,440 at the southern school. We do not believe that this proposal will result in a need for increased staff because charges would be a flat daily amount and only simple bookkeeping procedures would be required.

Proposal to Employ College Students

We recommend that the Legislature reduce the authorization for temporary help by \$10,950 (two positions) at the Diagnostic School for Neurologically Handicapped Children, Northern California, and by \$4,687 (0.8 positions) at the Diagnostic School for Neurologically Handicapped Children, Southern California, and that \$2,218 and \$806 in work study matching funds be appropriated to the northern and southern schools respectively for a net General Fund savings of \$8,732 at the northern school and \$3,881 at the southern school.

One of the principal functions of the diagnostic schools for neurologically handicapped is to serve as a resource facility for student training in the field of special education. To fulfill this responsibility the schools participate in a number of special training programs in nearby institutions of higher learning. We believe, however, that further exposure for students could be gained through the establishment of a federal work-study program on each campus.

The work-study program, as established by the Economic Opportunity Act of 1964, Public Law 88-452, authorizes federal payments of up to 75 percent of the cost of students gaining work experience. Students participating in the program are paid \$2.25 per hour and are permitted to work up to 15 hours a week.

We believe that students participating in this program could be effectively utilized to offset a portion of the budget expenditure for temporary help at each school. The budget includes a total of 13.9 authorized temporary help positions, of which 9.7 are at the northern school and 4.2 at the southern school.

Diagnostic School for Neurologically Handicapped Children—Continued

There are duties among the various temporary help positions which would not be filled by work-study students such as substitute teacher, summer school teacher and nurse. We believe, however, that a portion of the clerical and personal care requirements could be adapted to this program. We would propose that modifications be made to the temporary help allowance at each school. Table 2 shows the temporary help budget of each of the schools along with our proposed reductions.

Table 2
Temporary Help Recommendation

	<i>Budget request</i>		<i>Recommended for approval</i>		<i>Recommended for reduction</i>	
	<i>Positions</i>	<i>Amount</i>	<i>Positions</i>	<i>Amount</i>	<i>Positions</i>	<i>Amount</i>
<i>Northern School</i>						
Administration -----	0.3	\$1,203	0.2	\$802	0.1	\$401
Instruction—						
Substitute teacher ----	0.2	2,765	0.2	2,765	-	-
Summer Session -----	1.6	19,577	1.6	19,577	-	-
Medical Care						
Nurse -----	0.6	6,398	0.6	6,398	-	-
Clerical -----	1.0	5,662	0.7	3,963	0.3	1,699
Personal Care						
Feeding -----	0.2	1,129	0.2	1,129	-	-
Care -----	5.1	28,864	3.7	20,941	1.4	7,923
Plant operation -----	0.7	3,240	0.5	2,313	0.2	927
Total -----	9.7	\$68,838	7.7	\$57,888	2.0	\$10,950
<i>Southern School</i>						
Administration -----	0.6	\$4,144	0.4	\$2,762	0.2	\$1,382
Instruction—						
Substitute teacher ----	0.1	815	0.1	815	-	-
Summer Session -----	1.3	15,713	1.3	15,713	-	-
Medical Care						
Clerical -----	0.5	3,436	0.4	2,749	0.1	687
Personal Care						
Feeding -----	0.2	1,068	0.2	1,068	-	-
Care -----	1.2	5,997	0.8	3,999	0.4	1,998
Plant operation -----	0.3	1,160	0.2	1,240	0.1	620
Total -----	4.2	\$33,033	3.4	\$28,346	0.8	\$4,687

The proposal would result in a reduction of 2 positions at the northern school and 0.8 positions at the southern school and a budget reduction of \$10,950 and \$4,687 in temporary help. This savings would be partially offset by a required augmentation of the budget of the two schools to provide the 25-percent state matching requirement. The state portion would be \$22.40 for the equivalent of a full-time position per week. The total General Fund expense would be \$2,218 at the northern school and \$806 at the southern school for a net General Fund savings of \$8,732 and \$3,881 respectively.

**Department of Education
CALIFORNIA SCHOOL FOR THE DEAF, BERKELEY**

Item 97 from the General Fund

Requested 1969-70	\$2,299,880
Estimated 1968-69	2,252,021
Actual 1967-68	2,115,952
Requested increase \$47,859 (2.1 percent)	
Total recommended reduction	\$2,000

SUMMARY OF RECOMMENDED REDUCTIONS		<i>Analysis</i>
	<i>Amount</i>	<i>page</i>
Increase in reimbursements from school districts	-\$2,000	273

**Department of Education
CALIFORNIA SCHOOL FOR THE DEAF, RIVERSIDE**

Items 98 and 99 from the General Fund

Requested 1969-70	\$2,649,396
Estimated 1968-69	2,402,909
Actual 1967-68	2,323,002
Requested increase \$246,487 (10.3 percent)	
Increase to improve level of service \$186,000	
Total recommended reduction	\$101,973

SUMMARY OF RECOMMENDED REDUCTIONS		<i>Analysis</i>
	<i>Amount</i>	<i>page</i>
Reduce multihandicapped deaf unit to 16 pupils	\$88,051	271
Increase in reimbursements from school districts	13,922	273

GENERAL PROGRAM STATEMENT

The State of California operates two special schools which provide educational and residential services to deaf minors. The Berkeley school, serving the northern portion of the state, is the oldest facility of its kind in the country. Its program, along with that of the adjacent school for the blind, was founded in 1860 in San Francisco and moved to its present location in 1867. The Riverside facility, serving the southern portion of the state, was opened in 1953 to relieve the increasing demands on the northern school.

Each school offers an educational program which parallels closely the public schools in both academic and vocational offerings. Special instruction is also provided in speech, lip reading, and finger spelling to meet the particular needs of deaf children.

ANALYSIS AND RECOMMENDATIONS**Objectives of the Program**

The objective of the California Schools for the Deaf is to provide a program of elementary and secondary education with residential care to deaf children for whom no appropriate local services are available.

California School for the Deaf—Continued

Structure of the Program

The operations of the California Schools for the Deaf can generally be divided into two major elements: the educational program and the residential program. In this budget request there is also a proposed new program for the multihandicapped deaf.

Educational Program. Instruction at both schools is organized around the five departments which are outlined below along with the special instructional methods for the deaf at each level.

1. The lower school, ages 5½ through 8, provides assistance in the development of oral communication through the use of group hearing aids.

2. Elementary school, grades 1-4, continues the development of language concepts and introduces finger spelling as a supplement to speech.

3. Junior high school, grades 5-8, used the simultaneous method of instruction exclusively which combines both oral communication and finger spelling techniques. Students at this level who require remedial assistance are scheduled for speech correction and individual tutoring.

4. High school, grades 9-12, where students pursue regular academic studies in preparation for higher education. Special supplementary assistance is provided to both deficient and advanced students.

5. Vocational department provides special instruction for junior high and high school students in preparation for a specific trade. These students are also assisted by a counseling and referral service provided by the Department of Vocational Rehabilitation.

Residential Program. The majority of the students participating in the educational program are housed on campus, although day students are accepted based on age. Each of the dormitories are supervised by counselors who have responsibility for all out-of-school activities. Meals are provided in campus cafeterias under the control of public health dietitians. In addition, a program of medical care is provided through staff physicians and nurses.

Proposed New Program. In fiscal year 1969-70 the Department of Education requests authorization to establish a program for the multihandicapped deaf at the Riverside school. It is proposed that this program include 30 pupils and be carried out through the use of existing facilities and the lease of temporary structures.

This program would be designed to lead to the establishment of a semiautonomous unit on the campus of that school specifically for deaf children with additional handicapping conditions. The proposal is based on a recent survey conducted by the Department of Education with federal funds which identifies a substantial number of multihandicapped deaf children in the state. The Department of Education reports that a total of 984 deaf children under 15 years of age with at least one additional major handicap affecting educational placement were located. Individual additional handicaps included 506 cases of mental retardation, 422 cases of emotional disturbance, 357 cases of visual impairment, 340 cases of muscular disabilities and 238 cases of aphasia. The department's report, however, points out that the actual number of such children is probably larger than the numbers identified since

California School for the Deaf—Continued

(1) all such children would not be known to the reporting agencies and (2) the German measles epidemic of 1964-65 has probably added substantially to the numbers of such children at the preschool level.

Based on this information the department proposes to initiate a special program incorporating 30 multihandicapped deaf at the Riverside school in 1969-70. The school has operated a federally financed pilot project for the seriously emotionally disturbed deaf since 1966 which has involved a total of 21 children, accommodating 16 at any one time. Of the total participants in the program, nine students improved sufficiently to be returned to regular school programs for the deaf. The program proposed for the budget year will be a state-supported function and would be an increase in the number of students and the complexity of their handicaps.

Measuring the Benefits

The budget includes requests from the General Fund for \$2,299,880 for the Berkeley school and \$2,649,396 for Riverside. The requests for the Berkeley school include an increase of one new teaching position to provide driver training (\$7,460) and one-half clerk-typist II position (\$2,550). Riverside requests one teacher position for driver training (\$7,460) and one-half teacher position for horticultural vocational education (\$3,730). In addition, the budget (Item 99) for the Riverside school contains a program augmentation for the expenses related to the proposed multihandicapped deaf unit. The total General Fund expense for this program is \$186,000 composed of \$139,084 in personnel services and \$46,916 in operating expense.

In addition to General Fund requests both schools will receive federal funds under the Elementary and Secondary Education Act of 1965 estimated to be \$136,268 at Berkeley and \$146,002 at Riverside, and the Vocational Education Act of 1963, \$16,500 at Berkeley and \$9,338 at Riverside. Finally, under the provisions of Chapter 1423, Statutes of 1965, which requires the school district of residence of each enrollee to reimburse the schools in the amount of local tax funds which are expended to educate a normal child, the schools will receive \$160,094 and \$138,148 at Berkeley and Riverside respectively.

Table 1 reviews the General Fund expenditures for both the educational and residential programs for recent years and the budget year.

Table 1
Expenditures and Cost-per-Student Data

	1965-66	1966-67	1967-68	1968-69	1969-70
<i>Berkeley</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Estimated</i>	<i>Proposed</i>
Education Program only					
Expense -----	\$157,878	\$166,359	\$203,340	\$190,575	\$204,902
Students enrolled ---	63	69	86	75	75
Cost per student ----	\$2,506	\$2,411	\$2,364	\$2,541	\$2,732
Educational and Residential Program					
Expense -----	\$1,851,130	\$1,823,307	\$1,912,612	\$2,061,450	\$2,094,978
Students enrolled ---	434	436	424	430	430
Cost per student ---	\$4,265	\$4,182	\$4,510	\$4,794	\$4,872

California School for the Deaf—Continued

Table 1
Expenditures and Cost-per-Student Data—Continued

<i>Berkeley</i>	<i>Actual 1965-66</i>	<i>Actual 1966-67</i>	<i>Actual 1967-68</i>	<i>Estimated 1968-69</i>	<i>Proposed 1969-70</i>
All Programs					
Expense -----	\$2,009,008	\$1,989,666	\$2,115,952	\$2,252,025	\$2,299,880
Students enrolled ---	497	505	510	505	505
Cost per student ---	\$4,042	\$3,940	\$4,148	\$4,459	\$4,554
<i>Riverside</i>					
Education Program only					
Expense -----	\$135,378	\$145,348	\$170,520	\$198,198	\$210,288
Students enrolled ---	54	58	70	78	78
Cost per student ---	\$2,507	\$2,506	\$2,436	\$2,541	\$2,696
Educational and Residential Program					
Expense -----	\$1,997,834	\$2,031,109	\$2,152,482	\$2,204,711	\$2,253,108
Students enrolled ---	465	463	464	461	461
Cost per student ---	\$4,296	\$4,386	\$4,638	\$4,782	\$4,887
Multihandicapped Program	---	---	---	---	\$186,000
Students served -----	---	---	---	---	30
Cost per student ---	---	---	---	---	\$6,700
All Programs					
Expense -----	\$2,133,212	\$2,176,457	\$2,323,002	\$2,402,909	\$2,649,396
Students served ---	519	521	534	539	569
Cost per student ---	\$4,110	\$4,061	\$4,350	\$4,458	\$4,329

Alternatives

We recommend that the Legislature authorize an experimental project in the education of multihandicapped deaf children at the California School for the Deaf, Riverside, with an enrollment of 16 such pupils for a General Fund reduction of \$124,516 composed of \$88,051 in Item 99 and \$36,465 in Item 375.¹ Further we recommend that the Department of Education be instructed to report to the Legislature at the 1970 session on information gained from the operation of this experimental program which would have a bearing on the ultimate facility planned and the nature of the program to be offered by the multihandicapped deaf unit at the California School for the Deaf, Riverside.

From 1966 to 1968 the school conducted the federally financed pilot project for the seriously emotionally disturbed deaf described earlier. To accommodate this project part of the school infirmary and an exercise room were converted into dormitory and classroom space. It is proposed that these existing facilities be used for the new multihandicapped unit and that they be supplemented by the lease of three portable buildings (one classroom, one dormitory and one office-clinic) for use by an additional 14 students. Costs directly associated with these facilities include \$32,000 in lease expense, \$3,050 for equipment and \$36,465 (included in the capital outlay budget) for ground preparation and utilities, or a total of \$71,515. This results in an average cost of \$23,838 for the lease, installation and equipment for the

¹ Capital Outlay for the California School for the Deaf, Riverside.

California School for the Deaf—Continued

portable buildings. It is important to note that although the expenditures requested for the lease of these portable buildings do provide space for 14 children, they are temporary and divert General Fund support which could be used for the construction of permanent facilities.

The Department of Education proposes that the ultimate facility established at the California School for the Deaf, Riverside, be a regional resource center for the multihandicapped deaf and that the program, when fully operational, provide for the diagnosis of individual handicaps and the prescription of appropriate educational placement. If, as part of this comprehensive program, it is determined that no local programs are available for the multiple-handicapped child, an educational unit would provide for long-term placement.

In its report entitled *The Multihandicapped Deaf and Blind Child in California* the Department of Education states that, based on the pilot project for the seriously emotionally disturbed deaf, "... It was concluded that this type of program might well be as effective with deaf children who had additional handicapping conditions other than emotional disturbance." It was also found, however, in the survey of California's multihandicapped deaf population under 15 years of age that the identified group of 984 children had a total of 2,847 handicaps reported or an average of 2.9 per child. These handicaps included wide variety of mental, physical and emotional conditions. Based on a review of this information, we would conclude that this group presents substantially more complex problems than the enrollment of the pilot project.

An experimental program for the multihandicapped should include a cross section of the multihandicapped deaf children which the multihandicapped unit will ultimately serve. We believe a project utilizing existing facilities which accommodate 16 children should be designed to obtain information on the nature and operation of a program best suited for such children. This would eliminate the need to utilize temporary facilities and would permit the modifications to the school's budget outlined in Table 2.

Table 2
Recommended Changes in the Riverside Multihandicapped Deaf Unit

	Budget Request		Recommended for approval		Recommended for reduction	
	Positions	Amount	Positions	Amount	Positions	Amount
Personnel services						
Supervising teacher ----	1	\$12,130	1	\$12,130	-	-
Teacher -----	7	52,200	4	29,828	3	\$22,372
Supervising counselor --	1	6,760	1	6,760	-	-
Counselor -----	7	37,100	4	21,200	3	15,900
Clerk-typist II -----	1	5,100	1	5,100	-	-
Food service assistant -	1	3,860	0	-	1	3,860
Janitor -----	1	4,980	0	-	-	4,980
Temporary help -----	0.3	1,500	0.3	1,500	-	-
Subtotal — personnel services -----	19.3	\$123,630	11.3	\$76,518	8	\$47,112

California School for the Deaf—Continued

Table 2
Recommended Changes in the Riverside Multihandicapped
Deaf Unit—Continued

	<i>Budget Request</i> <i>Positions Amount</i>	<i>Recommended</i> <i>for approval</i> <i>Positions Amount</i>	<i>Recommended</i> <i>for reduction</i> <i>Positions Amount</i>
Staff benefits -----	15,454	9,565	5,889
Operating expense and equipment			
Operating expense -----	43,866	11,866	32,000
Equipment -----	3,050	-	3,050
Subtotal—Operating ex- pense and equipment	<u>\$46,916</u>	<u>\$11,866</u>	<u>\$35,050</u>
Subtotal—Operating budget -----	\$186,000	\$97,949	\$88,051
Capital Outlay—Included in Item 375			
Ground preparation and utilities -----	\$36,456	-	\$36,465
Total -----	<u>\$222,456</u>	<u>\$97,949</u>	<u>\$124,516</u>

The proposed modifications would result in a reduction of eight requested positions for a General Fund saving of \$47,112 in personnel services, \$5,889 in related staff benefits, \$32,000 for the lease of temporary buildings, and \$3,050 for additional equipment, or \$88,051 saving in the operating budget plus \$36,465 in the capital outlay budget, or a total General Fund saving of \$124,516.

This approach would permit the staff of the school to obtain experience in the operation of a program for the multihandicapped deaf, which we believe could have a substantial bearing on the ultimate design of the permanent facility as well as the nature of the program offered.

Increase in Reimbursements From School Districts

We recommend that payments by school districts be increased to \$156,094 at the California School for the Deaf, Berkeley, and increased to \$134,478 at the California School for the Deaf, Riverside, for a General Fund savings of \$15,922 (reduction of \$2,000 in Item 97 and \$13,922 in Item 98).

In the *Analysis of the Budget Bill 1968-69* we recommended that the estimated amount of school district reimbursements received under Chapter 1423, Statutes of 1965, be increased to a level comparable to the experience of the last actual year. We proposed that the amount at the Berkeley school be increased from \$140,500 to \$148,032 and from \$129,872 to \$132,928 at Riverside. The Legislature accepted this recommendation, and the estimated reimbursements for 1968-69 are now projected at \$156,094 and \$134,478 respectively. Actual figures for fiscal 1967-68 indicate an annual per-student reimbursement of \$321 for the Berkeley school and \$274 for Riverside. If this reimbursement per student factor is applied to proposed budget year enrollments, including our recommended enrollment of 16 in the multihandicapped unit, reim-

California School for the Deaf—Continued

bursements would equal \$162,105 for Berkeley and \$152,070 for Riverside rather than \$160,094 and \$138,148 as projected in the budget.

We believe that the estimated reimbursements should be increased to at least the actual level of 1967-68 and these amounts should be easily attainable because local expenditures which govern the amount of reimbursement would normally increase over a two-year interval.

Department of Education**STATE EDUCATIONAL AGENCY FOR SURPLUS PROPERTY****Item 100 Surplus Educational Property Revolving Fund**

Requested 1969-70	-----	\$3,114,610
Estimated 1968-69	-----	3,003,352
Actual 1967-68	-----	2,748,499

Requested increase \$111,258 (3.7 percent)

Total recommended reduction-----None

GENERAL PROGRAM STATEMENT

The State Educational Agency for Surplus Property, located within the Division of Public School Administration in the Department of Education, makes available federal surplus property to school districts and other eligible institutions. The costs of handling and processing items for distribution are financed by the agency and recovered from participating agencies by charges which are paid into the Surplus Property Revolving Fund. Approximately \$30 million in surplus property will distributed to schools and other eligible institutions under the program in 1969-70.

ANALYSIS AND RECOMMENDATIONS

We recommend approval of the item as budgeted.

A sum of \$3,114,610 is proposed for expenditure by the State Educational Agency for Surplus Property in 1969-70. Although the department proposes to delete 10 positions which were held vacant during the current year because of a reduction in the unit's workload, there is still an increase of \$111,258 in the item because of increased operating expenses.

**Department of Education
VOCATIONAL EDUCATION**

Item 101 from the General Fund

Requested 1969-70	\$764,274
Estimated 1968-69	825,844
Actual 1967-68	795,584
Requested decrease \$61,570 (7.4 percent)	
Total recommended increase	\$38,965

SUMMARY OF RECOMMENDED REDUCTIONS

	<i>Amount</i>	<i>Analysis page</i>
Experimental Vocational Work-Study Program	+71,000	279
Services of Community Colleges for Peace Officers' Training and transfer to Item 177.		
—64,070 (General Fund share —32,035)	32,035	280

GENERAL PROGRAM STATEMENT

The objectives of vocational education programs in California are not clear. The federal vocational education funds that are administered by the Department of Education support a wide range of instructional activities including prevocational programs which are essentially extensions of general education, programs which orient pupils to the world of work, programs which emphasize familiarizing pupils with occupational categories of employment as opposed to specific training for specific jobs, remedial vocational education programs and programs which train students for immediate employment in a specific occupation. A fuller discussion of vocational education in California is included on page 198 in the section of the analysis titled Summary of State Expenditures for Education.

In California vocational education is supported by federal, state and local funds. Federal funds are authorized by the following acts: (1) the Smith-Hughes Act which provides funds for salary reimbursements, travel expenses and instructional materials, (2) a continuing appropriation from the Vocational Education Act of 1963 (amended into the Vocational Education Act of 1968) which provides federal support for a variety of inschool and nonschool vocational education activities, including programs for persons in high schools, persons out of high school available for full-time study, persons with special needs and for construction, and (3) the Manpower Development and Training Act which provides training for unemployed and under-employed persons in local educational institutions and regional skill centers. Proposed expenditures for state level operations and for reimbursements to school districts are summarized in Table 1.

Vocational Education—Continued

Table 1

Proposed Expenditures for Vocational Education in California in 1969-70

	Proposed expenditures	
State level programs		
I Fire training program		\$149,573
II Administration		573,237
III Supervision and teacher training program		1,815,731
IV Coordinating unit—occupational research		99,268
V Manpower Development and Training Act		475,693
VI Practical nurse training program		18,450
VII Area vocational education		116,042
VIII Instructional materials for apprentices		20,000
IX Work-study program		32,525
Total expenditures, state level		
General Fund	\$764,274	
Federal funds	2,536,245	3,300,519
Reimbursements to school districts		
III Supervision and teacher training program		1,494,368
V Manpower Development and Training Act		11,600,000
VI Practical nurse training program		238,181
VII Area vocational education		649,970
X Vocational Education Act of 1963		13,898,053
XI High school work experience		300,000
Total reimbursements		
General Fund	\$1,330,271	
Federal funds	26,850,301	28,180,572
GRAND TOTAL EXPENDITURES FOR VOCATIONAL EDUCATION		
		\$31,481,091

In 1969-70 California will spend a total of \$31 million in federal and state funds for vocational education and manpower development and training programs. Currently federal funds authorized by the Smith-Hughes Act and the new Vocational Education Act of 1968 require 50 percent state and/or local matching funds. The Manpower Development and Training Program requires that the state finance one-tenth of the cost of the continuing program and one-tenth of the cost of the state level administration with General Funds. Under the allocation procedures for vocational education state administrative costs are first deducted from state and federal contributions and then the remaining balances are distributed to school districts maintaining approved vocational education programs. Table 2 includes a detailed summary of proposed expenditures for state level programs and for reimbursements to school districts in 1969-70.

Vocational Education—Continued

Table 2

Funds for Vocational Education in California 1969-70

I. State-level Operations

<i>Income</i>		<i>Expenditures</i>		
State General Fund	\$764,274	Administration :		
Federal funds ----	2,536,245	General Fund -----	\$47,849	
		Federal funds -----	525,388	\$573,237
		Area vocational education		
		(federal funds) ----		116,042
		Practical nurse training		
		(federal funds) ----		18,450
		Fire training program		
		(General Fund) -----		149,573
		Instructional materials		
		(Federal funds) -----		20,000
		Manpower development and training		
		General Fund -----	47,569	
		federal funds -----	424,124	475,693
		Work study program		
		(federal funds) -----		32,525
		Coordinating unit—Occupational research		
		General Fund -----	4,963	
		federal funds -----	94,305	99,268
		Supervision and teacher training		
		General Fund -----	514,320	
		federal funds -----	1,301,411	1,815,731
		<i>Detail:</i>		
		Supervision and teacher training		
		Agricultural education -----	422,223	
		Business education -----	21,946	
		Distributive education -----	231,248	
		Homemaking education -----	271,710	
		Industrial arts education -----	50,293	
		Employees' retirement and health and welfare -----	103,816	
		Less: Salary savings and reimbursements -----	37,431	
		Subtotal -----	\$1,815,731	
Total income ----	\$3,300,519	Total expenditures --		\$3,300,519

Vocational Education—Continued

Table 2—Continued

Funds for Vocational Education in California 1969-70

II. Reimbursements to School Districts

<i>Income</i>		<i>Expenditures</i>	
State General Fund	\$1,330,271	Agriculture (Federal and General Fund)-----	\$245,407
Federal funds ----	26,850,301	Area vocational education (federal funds)-----	649,970
		Business (Federal and General Fund)-----	98,613
		Homemaking (Federal and General Fund)-----	327,239
		Industrial (Federal and General Fund)-----	823,109
		Practical nursing (Federal and General Fund)-----	238,181
		The Vocational Education Act of 1963-----	13,893,053
		Manpower development (Federal and General Fund)-----	11,600,000
		High school work experience-----	300,000
Total Income ---	\$28,180,572	Total reimbursements-----	\$28,180,572
GRAND TOTAL: Expenditures for Vocational Education in California			
General Fund----	\$2,094,545	State-level operations-----	3,300,519
Federal funds----	29,386,546	Reimbursements to school districts	28,180,572
GRAND TOTAL INCOME -----	\$31,481,091	GRAND TOTAL EXPENDITURES-----	\$31,481,091

ANALYSIS AND RECOMMENDATIONS

Total support for the state level administration of vocational education in 1969-70 is set at \$3,300,519, a decrease of \$145,162 below the current year. General Fund support is proposed at \$764,274, a decrease of \$61,570 while federal support is proposed at \$2,694,276, an increase of \$74,439 above the current level. The reduction in General Fund support reflects the proposed termination of a special summer work study project that operated during the summer of 1968. The proposed increase in federal support reflects minor increases in personnel services and operating expenses for the various programs that comprise this item.

The vocational education budget is composed of nine programs in addition to the state level administration of the overall program. A discussion of these programs, their source of funding and the positions requested follows.

PROGRAMS FINANCED ENTIRELY BY GENERAL FUND

I. Fire Training Program. This program services local fire departments primarily volunteer agencies, by conducting in-service training throughout the state, teaching modern methods of firefighting and fire investigation. Approximately 6,000 pupils per year are enrolled in over 200 firefighting schools which are conducted by the department's seven instructors. General Fund expenditures for the program are estimated at \$149,573 in the budget year which represents a small

Vocational Education—Continued

increase above the sum of \$141,379 expended in 1968-69. No new positions are requested and the level of service is expected to remain unchanged.

PROGRAMS FINANCED BY STATE AND FEDERAL FUNDS

II. Administration. Total support for administration from state and federal sources is set at \$731,268, a decrease of \$72,030 below the current level. General Fund support is proposed at \$47,849 a decrease of \$70,656 while federal support is proposed at \$683,419 a decrease of \$1,374 below the current level. The decrease is caused by the termination of a special summer work study project which is partially offset by an increase in services provided the community colleges.

Experimental Vocational Work Study Program

1. *We recommend an augmentation in the amount of \$71,000 to finance a second experimental vocational work study program during the summer of 1969 similar to the program authorized by the 1968 Legislature.*

2. *We recommend that the Legislature direct the Department of Education to develop and implement a followup study to determine (1) the number of project graduates who subsequently enrolled in technical vocational programs in the regular school year, (2) the impact of the project on the subsequent school attendance of the project graduates, (3) the impact of the project on the subsequent scholastic records of the project graduates and (4) the extent to which the participating schools have extended work experience programs.*

The 1968 Legislature enacted Chapter 1171 (SB 840) which directed the Department of Education to develop and implement in poverty areas an experimental summer vocational education program to include both exploratory occupational education and an opportunity for paid employment. The cost of the program was financed by a combination of federal and state funds including a General Fund augmentation to the vocational education budget totaling \$70,656. No state funds are budgeted for the program in 1969-70.

The department recently issued an evaluation report covering the project. A total of five school districts participated in the experimental program, the Compton, Los Angeles and Long Beach districts in southern California and the Oakland and San Francisco school districts in northern California. A total of 1,111 pupils ranging in age between 15 and 18 years of age participated in the program. Approximately 60 percent were boys. Minority groups accounted for most of the students, 54 percent were black-American and 26 percent were Mexican-American.

The department reports that approximately 90 percent of the students enrolled in the six-week program combined study and "work for pay" on a half-and-half basis. Approximately 25 percent of the students studied office occupations, 16 percent studied home economics and home repair and 11 percent studied auto mechanics. Lesser proportions were reported for other major occupations. Jobs were obtained

Vocational Education—Continued

for approximately 90 percent of the students with the local school district and/or with other governmental agencies. A relatively few students were placed with private business inasmuch as the project funds did not provide for compensation outside public and nonprofit agencies. The types of work included food service, clerical, custodial, nursery school, sales, teaching, tutorial and warehouse work. Each project established a special advisory committee to oversee the program.

The evaluation report concluded that the program was very successful from the point of view of the students, the teachers, and the agencies which employed the pupils. The report made 15 recommendations designed to improve the program which are too numerous to be repeated here. However, it did recommend that the program be continued and that in the future follow-up studies be performed to determine the numbers of project graduates who enter into technical vocational programs as a result of their experience in the program and to determine if high schools have extended the work experience opportunities they offer.

Police Officer Training

1. *We recommend that the operating expenses, Services of Community Colleges, be reduced by a sum of \$64,070 plus related operating expenses for one senior supervisor in Peace Officer Training and for three assistant supervisors in Peace Officer Training currently financed by 50 percent federal funds and 50 percent General Fund for a net General Fund savings of \$32,035.*

2. *We recommend that the four peace officer training positions be transferred to the Peace Officer Education and Training Unit which is administered by the Commission on Peace Officers Standards and Training (under Item 177) in order to reduce duplication and improve efficiency and economy.*

In 1968 when the new Board of Community Colleges was established pursuant to Chapter 1549, 1967 Statutes, positions within the vocational education section of the Department of Education currently performing community college functions were transferred to the new board. The positions transferred included the entire staff of the Police Officer Training unit, comprised of one supervisor in peace officer training and three assistant supervisors. The positions are currently financed by a combination of General Fund and federal funds.

The police officer training staff is funded on a 50-50, state-federal, matching basis and is responsible for the supervision and coordination of Police Officer Training programs that are offered by 417 jurisdictions including police academies, community colleges, and local law enforcement agencies. The staff trains police officer instructors in institutes and workshops, develops training manuals, consults with the staffs of community colleges and law enforcement agencies, and attends meetings of professional law enforcement organizations. This program was last identified by us for review by the Legislature in 1966-67 when we criticized the amount of staff time devoted to the performance of

Vocational Education—Continued

“service calls” to the various agencies offering some form of police officer training. At that time the unit’s ultimate objective was to make an annual visit to 449 local police departments and 56 junior colleges.

The other major state agency that is responsible for improving police officer training programs is the Commission on Peace Officer Standards and Training. The commission’s activities are financed from revenues accruing to the Peace Officer Training Fund estimated in the amount of \$6.25 million in 1969–70 derived from an assessment on criminal and traffic fines (Governor’s Budget page 483). The programs administered by the commission provide state assistance to local law enforcement agencies to assist them to provide basic and advanced police officer training for their peace officers. A Peace Officer Education and Training Unit is responsible for performing liaison activities with the police officers actually receiving training and with over 105 colleges and training schools. A total of 8.3 positions are budgeted for this unit in 1969–70 compared to the four positions which are budgeted for the Police Officer Training Unit maintained by the Board of Governors of the Community Colleges.

Recommended Reorganization

In the interests of efficiency and economy we believe that the staff of the police training unit currently under the jurisdiction of the Board of Governors of the Community Colleges should be transferred to the Police Education and Training Unit of the Commission of Peace Officers Standards and Training. We know of no reason why these units should continue to operate and be administered as separate entities inasmuch as the major activities performed by each are similar, “liaison, consultation visits, attendance at meetings.” We believe that the consolidations of the police training unit into the commission’s Education and Training Unit and a corresponding consolidation of visits to training agencies could effect substantial economies in the operations of both programs. From a policy standpoint the recommended transfer appears appropriate inasmuch as the Legislature has placed administrative responsibility for a vastly expanded peace officer education and training program under the jurisdiction of the Commission on Peace Officers Standards and Training. Finally, the implementation of the proposal would result in a General Fund savings of \$32,035 and would free an identical amount of federal funds which could be allocated to school districts to finance local vocational education programs. The transfer of the positions to the Commission on Peace Officers’ Standards and Training would not result in a reduced level of service inasmuch as the total cost of the police officer training positions would be financed from the Peace Officers’ Training Fund rather than by a combination of state General Fund and federal support.

III. Supervision and Teacher Training Program. This program represents the largest amount of state support for vocational education and finances the costs of four vocational education bureaus within the department which, in turn, provide consultative service to school dis-

Vocational Education—Continued

tricts operating vocational education programs in homemaking, agriculture, industrial arts, industrial education, distributive education and business education.

General Fund support for the Supervision and Teacher Training Program is proposed at \$514,320, the same level as the current year while federal support is proposed at \$1,301,411, an increase of \$40,035 above the current level.

IV. Coordinating Unit-Occupational Research. The functions of this unit are to coordinate, disseminate and encourage the research related to vocational education. The office provides consulting services to school districts and state colleges interested in developing research projects in vocational education and, in addition, maintains an information center having as its major objective the retrieval, storage and dissemination of information regarding the evaluation of vocational education programs. General Fund support for the coordinating unit is set at \$4,963 in 1969-70, a minor increase over the current level while federal support is set at \$94,305 also a minor increase above the current level. No new positions are requested and the level of service is expected to remain unchanged.

V. Manpower Development and Training Act. The main objective of this program is to train the unemployed manpower of the state and to retrain "under-employed" individuals. The Department of Health, Education and Welfare administers the educational aspects of the program while the Department of Labor administers the aspects of the program dealing with employment opportunities, payment of training allowances and job placement. In California the Departments of Employment and Education jointly administer the program. The Department of Employment identifies individuals requiring retraining and pays them training allowances while the Department of Education provides state level supervision of the instructional aspects of local projects.

Since July 1966, the major part of California's MDTA funds has been redirected from several hundred individual projects maintained by local school districts and private schools to five regional skill centers, having as their main objective the provisions of comprehensive occupational training programs. In 1969-70 it is estimated that approximately 8,000 trainees will participate in the program for a total instructional cost of \$11,600,000.

General Fund support for the state level administration of the Manpower Development Program, equivalent to 10 percent of the total administrative cost, is set at \$47,569, while federal support is proposed at \$428,124. Both figures represent minor increases over the current year. No new positions are requested and the level of service is expected to remain unchanged.

PROGRAMS FINANCED ENTIRELY FROM FEDERAL FUNDS

VI. Practical Nurse Training Program. A sum of \$18,450 is budgeted for this program in 1969-70 for the purpose of developing curricula and instructional materials for the field of nursing through contractual arrangements with the University of California.

Vocational Education—Continued

VII. Area Vocational Education. This program provides federal assistance for technical vocational education programs maintained by community colleges. About 80,000 pupils participate annually in this program. Federal support in 1969-70 is estimated at \$116,042, an increase of \$18,134 above the current level.

VIII. Instructional Materials for Apprentices. This program provides instructional materials such as examinations, workbooks and teachers' manuals for use by apprentices in trades where there are a minimum of 100 apprentices. The program is self-supporting from reimbursements with the exception of federal support for trades having fewer than 100 apprentices. Approximately 20,000 students are annually enrolled in the program. An amount of \$97,700 is proposed for the budget year comprised of \$77,700 in reimbursements from bulletin sales and \$20,000 in federal support.

IX. Work Study Program. This program provides financial assistance to vocational education students so that they may complete their education. Under the provisions of the program local school districts and/or other local public agencies which provide employment opportunities for vocational education students are partially reimbursed by the state for wages paid students. Maximum payments of \$60 per month are authorized for pupils between the ages of 15 and 21 years who participate in the program. Presently about 2,200 pupils participate in the program at the secondary level and 1,700 pupils participate at the community college level. In 1969-70, approximately \$1 million in federal funds will be received by California for support of the program.

X. Vocational Education Act of 1963. Although the Vocational Education Act of 1968 replaced this act, federal support for programs during the current year is authorized under a continuing appropriation for the Vocational Education Act of 1963. Inasmuch as Congress has not yet appropriated funds for the new program, California's entitlement under the new act for 1969-70 is unknown at this time. Table 3 summarizes total federal and local expenditures for the program by statutory purpose for the projects financed in 1967-68.

Table 3
Vocational Education Act of 1963
Expenditures of (PL 88-210 funds) by Local Districts
Fiscal Year 1967-68

	<i>Grand total all programs</i>		<i>Vocational Education Act 1963</i>
	<i>Total</i>	<i>Local</i>	
Persons in high school -----	\$14,658,000	\$9,861,000	\$4,797,000
Persons in post high school -----	15,407,000	11,578,000	3,829,000
Persons in labor market -----	4,479,000	3,662,000	817,000
Persons with special needs -----	2,350,000	1,448,000	902,000
Construction of area vocational schools -----	7,577,000	5,565,000	2,012,000
Ancillary services -----	4,274,000	2,315,000	1,959,000
Work-study -----	997,000	251,000	746,000
Totals -----	\$49,742,000	\$34,680,000	\$15,062,000

Vocational Education—Continued

XI. High School Work Experience. Chapter 1371, 1968 Statutes, (AB 867), appropriated a sum of \$50,000 for 1968-69 and a sum of \$300,000 for each of the two following years to assist school districts establish high school work experience programs. However, we understand that the appropriation for 1968-69 has not yet been used due to the unavailability of additional federal funds for such programs.

Department of Education**DIVISION OF LIBRARIES****Item 102 from the General Fund**

Requested 1969-70 -----	\$1,810,922
Estimated 1968-69 -----	1,789,502
Actual 1967-68 -----	1,544,019
Requested increase \$21,420 (1.1 percent)	
Total recommended reduction -----	None

GENERAL PROGRAM STATEMENT

The State Library, headed by the State Librarian, provides general library services to the public, provides basic reference services for the Legislature and the executive branch of the government, and maintains a collection of historical material relating to California. It also administers the state and federal programs for public library development which are intended to extend and improve public library services statewide. In addition to administration, the library is composed of four units which will be discussed as follows:

1. Library Consultant Services
2. Reader Services
3. Law Library
4. Technical Services

1. Library Consultant Services

This unit provides consultative services to the state's 213 public libraries. State library consultants advise local libraries regarding the planning and construction of new facilities and make surveys of local library requirements. The unit is partially responsible for implementing the California Public Library Development Act and for supervising projects authorized under the federal Library Services and Construction Act. These programs are summarized below.

Public Library Development Programs

a. Public Library Services Act. The Public Library Services Act seeks to improve the quality of local library services by encouraging the establishment of cooperative library systems. The program authorizes two types of grants to regional library systems, establishment grants and per capita grants. A sum of \$1.2 million is proposed for

Division of Libraries—Continued

subventions for the program in 1968-69. This is discussed in the subventions portion of this analysis.

b. Library Services and Construction Act. This is a federally financed program authorized by PL 88-269 and designed to improve local library services. The titles of the act are:

Title I (Services). This title provides federal funds to extend and improve library services in areas without local libraries or with substandard services. Funds are used for the purchase of books, materials and for state level administration. In 1969-70 it is estimated that California will receive approximately \$2.5 million for Title I projects.

Title II (Construction). This title provides approximately \$1 million in federal assistance for the construction of library facilities. Presently there are 59 public libraries receiving construction funds under the provisions of this title.

Title III (Interlibrary Cooperation). This title was enacted by the 1966 Congress and seeks to encourage cooperation between local libraries. Presently funds are being used to support a program designed to improve library services for business and industry, to support library workshops and to finance expanded library services.

Title IV, also enacted by the 1966 Congress, and provides federal assistance for two purposes:

Title IVa (Institutional Library Services). This title is presently financing a demonstration project designed to promote cooperation among state institutions to provide improved library services and to provide consultative service to state institutions.

Title IVb (Services for Physically Handicapped). This title is being implemented by improving the State Library's collection of material for the blind and physically handicapped and by establishing a pilot program in a local library to demonstrate the need for adequate library programs for the handicapped.

2. Reader Services

The Reader Services Bureau administers seven public service sections which provide direct library services for patrons and interlibrary loans. Representative of the units in this section are a rare books section, a books for the blind unit, a general circulation section and a legislative reference section.

3. Law Library

This unit maintains legal reference material for use by the Legislature, the bench, the bar, law enforcement agencies, law students and the public.

4. Technical Services

This unit, containing seven sections, is responsible for the acquisition, maintenance and improvement of local library collections. It also administers a processing center initiated by the Library Services and Construction Act which purchases catalogs and classifies books for 23 libraries subscribing to the service.

Division of Libraries—Continued

ANALYSIS AND RECOMMENDATIONS

We recommend approval of this item as budgeted. General Fund support for the State Library in 1969-70 is proposed at \$1,810,922 composed of \$1,746,924 for the administration of the State Library and \$63,998 for the administration of the state-financed library development program. The proposed amount for 1969-70 represents an increase of \$21,420 over the present level. During the current year 3.5 temporary help positions were established administratively to work on a Federal Technical Services project that is designed to widen the distribution of library materials of value to business and industry. One clerk II position was also established to finance a program authorized by Chapter 1355, 1968 Statutes, which provides magnetic books for the blind. The State Library proposes to continue this position in the budget year along with 1.8 temporary help positions connected with the Federal Technical Services project. An additional two clerk-typist positions are requested for the Reader Services Bureau and 0.5 clerical position and 0.5 librarian position are requested for the law library to alleviate minor workload increases.

STATE TEACHERS' RETIREMENT FUND

Items 103 through 106 from the General Fund and Teachers' Retirement Fund

Requested 1969-70	\$2,533,790
Estimated 1968-69	1,843,270
Actual 1967-68	1,107,480
Requested increase \$690,520 (37.4 percent)	
Increase to improve level of service \$535,460	
Total recommended reduction	\$50,000

SUMMARY OF RECOMMENDED REDUCTIONS

	Amount	Analysis page
Eliminate \$50,000 in contractual services for school districts as follows:		
Reduce augmentation Item—General Fund	\$25,500	291
Reduce augmentation Item—Teachers' Retirement Fund	24,500	291

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

1. Backlog positions requested in the support items.

We recommend approval of the requested backlog positions in order to prepare the system for mechanization of monthly district reporting. (Analysis page 289).

2. Request for contractual actuarial services.

We recommend approval of the expenditures proposed for contractual actuarial services. (Analysis page 289).

3. Augmentation request for verification positions.

We recommend approval of the positions requested in augmentation of the budget items for the purpose of accelerated verification of creditable service of members. (Analysis page 290).

State Teachers' Retirement Fund—Continued
GENERAL PROGRAM STATEMENT

The nine-member State Teachers' Retirement Board, in which is vested the authority and responsibility for managing the system, establishes policy and provides guidance and administrative direction through its appointee, the chief executive officer, who administers the system's program and directs its staff of 167.7 authorized positions. The board consists of three ex officio members (the Superintendent of Public Instruction, the Controller and the Director of Finance) and six members with specific qualifications appointed by the Governor to four-year staggered terms. The board derives its authority from Division 10, Chapter 4, Article 1 (Sections 13851-13868) of the Education Code.

Growth of Membership

On June 30, 1968, the system served 290,406 active members and provided retirement benefits to a total of 35,491 retired members or their survivors. By the end of the budget year, it is estimated that these two components will have increased to 325,050 active members and 40,355 annuitants and survivors.

Reorganization

The system's reorganization, as approved by the board in October 1968, has been completed, and has produced desirable results, including the establishment of new accounting procedures and faster clearing of the temporary retirement rolls on which new retirees are initially placed pending verification of their creditable service. This latter function was accomplished in November 1968, five months sooner than in the prior year.

Change in Investment Policies

In August of 1968, the board approved a significant change in the system's investment program for the Teachers' Retirement Fund by allowing investments in the mortgage market. The initial investment, which was made in October, totaled \$15 million with a yield of 7.10 percent. This increased return on that portion of the system's investment portfolio will be beneficial to both the membership and the state.

The services required to execute the investment program as approved by the board are performed by the investment staff of the Public Employees' Retirement System under an interagency agreement. This agreement requires the Teachers' Retirement System to reimburse PERS for 50 percent of the cost of its Bond Investment Section and 20 percent of the cost of its Investments and Mortgage Section.

The board proposes to broaden its investment authority by requesting enactment of legislation to permit it to invest in equities in the same manner and extent as the Public Employees' Retirement System.

ANALYSIS AND RECOMMENDATIONS

(1) *We recommend approval of the basic budget items totaling \$2,184,790, which represents an increase of \$339,120 or 18.4 percent over current estimated expenditures of \$1,843,270. The requested increase is justified on the basis of workload and backlog requirements.*

State Teachers' Retirement Fund—Continued

(2) *We recommend approval of the augmentation items in the reduced amount of \$299,000.*

Funding of Proposed Budget

The total proposed support budget for the Teachers' Retirement System by source of funding is shown in Table 1.

Table 1
Elements Constituting Total Proposed 1969-70 Support Budget
of the State Teachers' Retirement System

Source	Amount
General Fund—Item 105	\$1,037,395
General Fund (Augmentation)—Item 103	175,000
State Teachers' Retirement Fund—Item 106	1,147,395
State Teachers' Retirement Fund (Augmentation)—Item 104	174,000
Total support	\$2,533,790

Beginning in fiscal year 1968-69, the administrative support costs of the State Teachers' Retirement System have been funded from two sources, the General Fund and the Teachers' Retirement Fund, each of which provides 50 percent of the total appropriation. As indicated in Table 1, the requested appropriation from the Teachers' Retirement Fund exceeds the General Fund appropriation by \$110,000. This disparity results from the fact that the Teachers' Retirement Fund, being a special fund, directly pays a share of the general administrative pro rata charges.

The appropriation from the Teachers' Retirement Fund is funded equally from excess interest earned on the deposits of the members' contributions and from a special contribution made by the employing school districts at the maximum rate of \$2 per year per employed teacher.

Electronic Data Processing

Most of the increased expenditures proposed in both the budget and the augmentation item result from an effort to meet a target date of July 1, 1971, for installation of an electronic data processing system under which all portions of the system's program such as verification of service, reporting and projections can be maintained on a current daily basis as recommended in previous studies by consultant, the Auditor General and our office, and supported by Legislative approval of such proposals. The system has presented a time schedule for the conversion of its operations to EDP equipment and states that a major administrative improvement resulting from the use of this equipment will be a change in the school district reporting cycle from a yearly to a monthly basis. Other uses of the data computer are also planned to assist in updating the system's records and improving efficiency.

Verification of Service—A Severe Backlog Problem

The system has a number of serious backlog problems, the most critical of which is the lack of complete records on the creditable service

State Teachers' Retirement Fund—Continued

of its membership. This problem, which is discussed at some length in the program budget document, is the single most important issue that the system must resolve and it must be resolved at the earliest possible date. The system states that the verification backlog cannot be eliminated in less than nine years with the current staff devoted to this function. Meanwhile, some 90,000 active members cannot be advised of their actual service credits on which their retirement allowance may be based and, of more importance, the system cannot realistically project costs of legislation or make an accurate evaluation of the system's indebtedness.

The support budget as presented does not include provision for meeting this issue. However, it is provided for in the augmentation items discussed later in this analysis and we make our recommendations thereunder.

Workload Positions

We recommend approval of the 6.5 workload positions requested.

The system has requested 5.5 new positions in the member services division to maintain its present level of service. Three and one-half of these positions are for the benefits section, one is for the refunds section and one is for the death claims section. In addition, it is requesting one new position in the accounting division for the purpose of maintaining records required by its mortgage investment program. This program was established in October of 1968. The first year salary and wage cost of these positions is \$39,774.

Backlog Positions

We recommend approval of the 27 positions requested for one year (1969-70) to handle backlog problems.

The system has requested 12 limited-term clerical positions in the audits section of the member services division and 15 limited-term clerical positions in the records and statistics division for the purpose of updating the annual reporting cycle by the school districts in preparation for the change to monthly reporting. Authorization for these positions is requested only for the fiscal year 1969-70. Their salary and wage costs are budgeted at \$134,460.

Contractual Services

We recommend approval of \$52,000 to provide the system with contractual actuarial services.

Actuarial services are needed to analyze the available data and information in order to project the costs of proposed legislation, determine contribution rates, project trends and provide management with information upon which to base policies and decisions.

The system has been without an actuary on its staff since January 1965. The actuarial service needed by the system requires a specialized knowledge and familiarity with public retirement systems. The system advises that it is extremely difficult to recruit an individual with the desired degree of experience and expertise in this field, and it therefore

State Teachers' Retirement Fund—Continued

proposes to enter into a contract with an actuarial firm for services in the budget year as follows:

a. Consultation services	\$12,000
b. Annual actuarial evaluation	20,000
c. Investigation (once every four years)	20,000
Total	\$52,000

The Public Employees' Retirement System, which administers a number of different retirement formulas and serves an active membership of 388,061 and 604 contracting agencies, employs an actuarial staff of seven positions having an annual salary cost of \$90,659. While there is little comparability between the actuarial services required by these two systems, the comparison suggests the need and costs attendant to such service.

Additional Positions for Accelerated Verification of Creditable Service

The system is requesting an augmentation totaling \$349,000. This amount consists principally of \$240,794 to fund 46 additional positions for teacher service verification and \$50,000 to reimburse school districts for contractual services. These proposals are discussed in sequence below.

Verification Function Positions

We recommend approval of the 46 additional limited-term positions requested for augmentation of the system's verification of service program.

The verification of service of system members will provide the basic data upon which all other functions of the system depend. As mentioned previously, the system estimates that it would take nine years or until 1977-78 to complete this task with the currently authorized staff of 16.5 positions. The proposed augmentation will reduce this time sequence to three years (completed in the 1971-72 fiscal year) at which time the authority for these positions will terminate. Completion of this work should be given high priority because it is the key portion of the system's effort to improve the manageability of its operations by maintaining records on a current and daily basis.

Until records of all creditable service of the membership are complete and verified, the system cannot provide timely and accurate data on potential costs of proposed legislation, statistics for internal use and prompt and accurate responses to members' inquiries on creditable service and other matters relating to individual accounts. When this information is obtained and fed into electronic data processing equipment, the benefits of the computer services now available to the system can be fully realized.

The 46 requested positions will be phased into the operation as follows: 20 on July 1, 1969; 14 on October 1, 1969; and 12 on January 1, 1970.

**State Teachers' Retirement Fund—Continued
Contractual Services Not Justified**

We recommend deletion of the \$50,000 for contractual services.

Included in the proposed augmentation is the sum of \$50,000 to finance contractual services performed by school districts. These funds are to be used to reimburse school districts on the basis of a contractual agreement for their costs of preparing electronic data processed records of creditable service of teachers currently or previously employed by them.

There is no clear reason why the system should have to pay for this information which the districts now provide without cost on the basis of individual record searches. The individual record search procedure is certainly the most costly manner of providing verification of service both to the districts and the system. It should continue to be the responsibility of the districts to provide this information to the system on their own employee members, former and present, regardless of the method used to secure the data. Because the machine method should be less costly in the long run to the districts and the system, it is to their mutual advantage to accomplish service verification in this manner without additional cost to the state.

HIGHER EDUCATION

SCOPE AND FUNCTION

The public higher education system in California, composed of 110 campuses and colleges serving over 800,000 students, is the largest in the nation. This system is separated into three distinct segments—the University of California, the California State Colleges and the California Community Colleges. To provide a guideline for orderly and sound development of this system, the Master Plan for Higher Education in California 1960–75 was developed and largely incorporated into the Donohoe Higher Education Act of 1960. The purpose of the act was to define the functions and responsibilities of each segment and to establish an economical and coordinated approach to the needs of higher education.

The University of California

In addition to the instruction function which is basic to all segments of higher education, the University of California is designated as the primary state supported agency for research. Instruction is provided to both undergraduate and graduate students in the liberal arts and sciences and in the professions, including the teaching profession. The University has exclusive jurisdiction over instruction in the profession of law and graduate instruction in the professions of medicine, dentistry, veterinary medicine and architecture. It has sole authority for awarding the doctorate degree with the exception that in selected fields, joint doctoral degrees may be awarded in conjunction with the California State Colleges.

Higher Education—Continued**The California State Colleges**

The primary function of the state colleges is to provide instruction to both undergraduate and graduate students in the liberal arts and sciences, in applied fields and in the professions including the teaching profession. The granting of bachelor's degrees and master's degrees is authorized but doctorate degrees may not be granted except under the joint doctoral program noted above. Faculty research is authorized only to the extent that it is consistent with the instruction function.

The California Community Colleges

Instruction in the public community colleges is limited to the lower division level of undergraduate study (freshman and sophomore) in the liberal arts and sciences and in vocational or technical subjects. The granting of the associate in arts or the associate in science degree is authorized.

Governance and Student Eligibility

To govern the University of California the state Constitution grants full power of organization and government to a 24-member Board of Regents with substantial freedom from legislative or executive control. The University system consists of nine campuses, including a separate medical facility at San Francisco, and numerous special research facilities located in all sections of the state. Medical schools are presently located at the San Francisco, Los Angeles, San Diego and Davis campuses while the California College of Medicine, presently located in Los Angeles, is in the process of relocating to the campus at Irvine. Hastings College of Law in San Francisco, although affiliated with the University, operates under a separate statutory board of directors.

The opportunity to attend the University is open to all high school graduates who finished in the upper 12½ percent of their graduating class and to qualified transfer students from other institutions.

The California State Colleges are governed by a statutory 20-member board of trustees created under the Donahoe Act of 1960. Although the board of trustees does not have the constitutional autonomy of the regents, the act did provide for centralization of the policy and administrative functions which are carried out by the Chancellor's Office. The system includes 18 existing campuses with a new California State College at Bakersfield scheduled to open in the fall of 1970. Admission to the state colleges is open to students in the upper one-third of their high school graduating class and to qualified transfer students from other colleges and universities.

A 15-member Board of Governors of the California Community Colleges was created by statute in 1967 to provide leadership and direction to the development of the existing 83 campuses that comprise the system. Effective July 1, 1968, the new board assumed all the administrative and control functions related to the community colleges that were formerly placed in the State Department of Education. Unlike the University and state college systems, community colleges are administered by local boards and derive the primary source of funding from the local tax base. As a result the new board is directed by statute to

Higher Education—Continued

maintain this local autonomy and control as it relates to the administration of the colleges. Admission to the community colleges is open to any high school graduate. Other students may be admitted under special exceptions such as apprentice training, previous military service and educational potential.

The Coordinating Council for Higher Education is an 18-member advisory body created under the Donahoe Act to provide a coordinated review of the higher education system. The council advises the Governor and Legislature as well as the governing boards of the three segments on matters pertaining to state financial support, long-range physical development, new programs and other concerns.

ADMISSION AND ENROLLMENT

The statutes require that any high school graduate be admitted to the public community colleges and additional authorization is granted to admit any person who is over 18 years of age. Requirements for admission at the University of California and the California State Colleges are established by the regents the trustees respectively. Under guidelines established by the master plan, admission standards at the state colleges are intended to restrict the admission of freshmen to those who finished in the top one-third of their high school classes. Transfer students are required to have at least a 2 grade average on a 4-point grade scale while a bachelor's degree is required for admission for graduate work. University admission standards using the master plan guidelines require freshmen to be in the top one-eighth of their high school class. A grade-point average of 2, and in some cases 2.4, is required for transfer students to upper division work depending on whether or not they were eligible as freshmen. For admission to graduate study a student must have a bachelor's degree with a grade-point average of 3.

Both the University and the state colleges were allowed under master plan guidelines to waive 2 percent of their respective admission standards for selected students with academic promise. This has recently been increased to 4 percent to accommodate disadvantaged students. (See page 316 of this Analysis for a discussion of problems in this area.)

Enrollment statistics are the principal indicator used for determining higher education budgetary needs for both support and capital outlay purposes. In the Governor's Budget, the University's enrollment statistics include a distribution of students by level of enrollment through the budget year, but for the state colleges this information is provided on the basis of level of instruction. The community colleges instruct only lower division students but report information on the basis of average daily attendance since they receive state funding on school apportionment basis.

For purposes of comparison with the enrollment statistics in this year's budget, enrollment data for the three segments of public higher education is provided in Table 1 for 1964-65 to 1974-75.

Higher Education—Continued

Table 1

	Annual Enrollments				
	<i>Actual</i> 1964-65 <i>FTE</i>	<i>Actual</i> 1967-68 <i>FTE</i>	<i>Estimated</i> 1968-69 <i>FTE</i>	<i>Proposed</i> 1969-70 <i>FTE</i>	<i>Projected</i> 1973-74 <i>FTE</i>
University of California					
Lower division -----	21,674	28,435	28,857	29,803	33,104
Upper division -----	22,123	32,933	37,312	39,774	45,249
Graduates -----	22,061	27,704	30,282	32,926	49,115
Totals -----	65,858	89,072	96,451	102,503	127,468
California State Colleges					
Lower division -----	56,104	64,460	67,080	71,320	N/A
Upper division -----	48,058	71,487	81,030	93,920	N/A
Graduates -----	4,566	7,680	8,625	9,990	N/A
Totals -----	108,728	143,627	156,735	175,230	--
Community Colleges					
Totals -----	<i>ADA</i> 195,252	<i>ADA</i> 278,510	<i>ADA</i> 308,183	<i>ADA</i> 345,000	<i>ADA</i> 497,000
Grand Totals -----	369,838	511,209	561,369	622,733	624,468

Prior to 1965-66, the University, for enrollment purposes, used the average annual head count obtained by adding all the full-time and all the part-time students registered in each of the two semesters and dividing this sum by two. In the 1966-67 fiscal year, the University changed to the method used by the state college system for determining the full-time equivalent (FTE) count. This method consists of adding all the units carried by all types of students in an academic year and dividing the total by 30 to reflect the number of students carrying an average load of 15 units per semester (the divisor is 45 for schools on the quarter system to reflect an average load of 15 units per quarter). The community colleges count enrollment on the basis of units of average daily attendance (ADA). Many officials concerned with community college administration and finance would like to see these institutions move away from their present system to the method used by the public four-year colleges. We believe such a change would be desirable inasmuch as it would produce greater uniformity in attendance accounting and would more accurately demonstrate the true financial needs of the system.

Attrition and Persistence Rates for Students

Up to now, there has been only limited data regarding attrition and persistence rates for students who enter higher education. Such statistics as do exist do not lend themselves to easy interpretation because many students interrupt their higher education only to return later, sometimes to interrupt it a second, third or fourth time. Also, many community college students will transfer to a four-year institution before they complete the full two years at the community college.

Recently there has been increasing attention to this problem because of the new analytical approaches to budgeting. This results from a developing concern for the need to measure productivity of higher

Higher Education—Continued

education institutions by various forms of output such as degrees granted. This has encouraged a more vigorous search for new methods of collecting and evaluating data on attrition and persistence that may be more reliable in the future.

Senate Resolution 333 of the 1968 regular session requested the Board of Governors of the Community Colleges to study the problem of multiple dropouts. A survey was sent to the various community colleges throughout the state and from the responses, a 10.2 percent random sample showed that 483, or 2.2 percent of this sample had withdrawn two or more times. Termination interviews with 12,301 full-time students over a period of eight years, shows that the preponderant reasons students leave college are to work or are financially related. More information on this subject will be produced by a study being conducted by NORCAL, which is a cooperative research project involving 24 community colleges. This report is scheduled for completion by July of 1970.

EXPENDITURE SUMMARY

Table 2 shows the actual and estimated total and state expenditures for higher education since 1967-68 and, for purposes of comparison, includes the 1964-65 fiscal year. In the support budget there is a \$77.4 million increase over the current year in state funds while total expenditures have increased by \$122.9 million. The state's share of the total cost of higher education will be at a high for the four years at a level of 55.1 percent of the \$1,314.5 million total. The Capital Outlay budget estimates an expenditure of \$335.9 million in the current year and \$219.6 million in the budget year, the state share of which is \$199.4 million and \$125.3 million, respectively. The state share of capital outlay will be 57.0 percent in 1969-70, the lowest for the four years shown. However, it is difficult to make conclusive observations on capital outlay expenditures. Funds listed for 1968-69 and 1969-70 might not be spent in those years and will show up again as capital outlay expenditure items in future budgets. Similarly, the expenditure estimates for these two years include funds authorized but not spent in prior years. The capital outlay figures shown for 1964-65 and 1967-68 are final at \$189.1 million and \$254.8 million respectively. The estimated amount for 1968-69 of \$336.0 million is the amount approved but unexpended up to and including 1968-69. The estimated amount of \$219.6 for 1969-70 includes some carryover funds plus the amount requested in the Budget Bill.

Total proposed expenditures for higher education have risen by 76.2 percent over the 1964-65 level from \$870.5 million to \$1,534.1 million. The 1969-70 proposed budget for the University of \$749.5 million is a 34.8 percent increase over the 1964-65 level. The 1969-70 proposed budget for the state colleges of \$369.5 million is a 113.5 percent increase over the 1964-65 level. The proposed budget for the junior colleges of \$398.4 million is a 96.1 percent increase over the same base year.

Table 2
Expenditure Summary for Higher Education
(in thousands)

	<i>Actual 1964-65</i>			<i>Actual 1967-68</i>			<i>Estimated 1968-69</i>			<i>Proposed 1969-70</i>		
	<i>Support</i>	<i>Capital Outlay</i>	<i>Total</i>	<i>Support</i>	<i>Capital Outlay</i>	<i>Total</i>	<i>Support</i>	<i>Capital Outlay</i>	<i>Total</i>	<i>Support</i>	<i>Capital Outlay</i>	<i>Total</i>
Coordinating Council for Higher Education	\$387 (329)	- -	\$387 (329)	\$908 (513)	- -	\$908 (513)	\$921 (571)	- -	\$921 (571)	\$995 (551)	- -	\$995 (551)
University of California ² -----	359,906 (181,495)	\$128,889 (63,753)	488,795 (245,248)	575,509 (247,052)	\$106,391 (57,962)	681,900 (305,014)	632,290 (291,039)	\$106,671 (61,999)	738,961 (353,038)	670,538 (314,715)	\$79,004 (51,203)	749,542 (365,918)
California State Colleges -----	120,271 (115,594)	52,810 (52,810)	173,081 (168,404)	196,899 (192,690)	99,780 (67,843)	296,679 (260,533)	247,494 (239,378)	191,760 (119,817)	439,254 (359,195)	282,806 (273,555)	86,742 (44,664)	369,548 (318,219)
Community Colleges ³ -	195,917 (59,814)	7,317 (7,317)	203,234 (67,131)	262,400 (91,846)	46,291 (23,986)	308,691 (115,832)	300,000 (105,570)	37,084 (17,235)	337,084 (122,805)	344,857 (120,750)	53,576 (29,159)	398,433 (149,909)
Hastings College of Law ----	400 (400)	- -	400 (400)	712 (665)	2,288 (1,612)	3,000 (2,277)	864 (810)	361 (278)	1,225 (1,088)	1,053 (999)	- -	1,053 (999)
Maritime Academy ---	883 (531)	45 (45)	928 (576)	1,014 (623)	2 (2)	1,016 (625)	1,106 (712)	104 (104)	1,210 (816)	1,224 (804)	269 (269)	1,493 (1,073)
State Scholarship and Loan Commission --	3,702 (3,702)	- -	3,702 (3,702)	5,438 (5,346)	- -	5,438 (5,346)	8,919 (8,840)	- -	8,919 (8,840)	13,018 (12,925)	- -	13,018 (12,925)
Total Expenditures ---	\$681,466	\$189,061	\$870,527	\$1,042,880	\$254,752	\$1,297,632	\$1,191,594	\$335,980	\$1,527,574	\$1,314,491	\$219,591	\$1,534,082
Total State Expenditures -----	(361,865)	(123,925)	(485,790)	(538,735)	(151,405)	(690,140)	(646,920)	(199,433)	(846,353)	(724,299)	(125,295)	(849,594)
State Expenditures as % of Total Expenditures	53.1%	65.5%	55.8%	51.3%	59.4%	52.9%	54.3%	59.4%	55.4%	55.1%	57.0%	55.3%

¹ Figures not in parentheses constitute total expenditures. Those in parentheses signify state expenditures.

² All expenditures included except those for special federal research projects.

³ Junior college support figures are verified only for 1964-65; the other years are estimates.

⁴ Includes unexpended funds from previous fiscal years.

FEDERAL FUNDING FOR CALIFORNIA HIGHER EDUCATION

We recommend that the Coordinating Council for Higher Education be directed to evaluate the feasibility and cost of a coordinated system of (a) reporting current federal program requirements and (b) reporting the volume and use of federal funds in California institutions of higher education. This report should be made to the Joint Legislative Budget Committee by November 1, 1969. The August 1, 1968, report does not accomplish these objectives.

General Program Description

During the past decade the complexion of higher education funding in California has been significantly altered due to federal expenditures in this program area. The Higher Education Facilities Act of 1963 was the first of a series of large federal appropriations to aid higher education by providing construction funds and loans for graduate and undergraduate facilities. In 1965 Congress passed the Higher Education Act of 1955 and several other acts with massive appropriations to a variety of educational programs. The program details and administration of many of these federal programs are discussed in our analysis of the individual segments. However, we feel that a general analysis and a reference breakdown of the various funded programs in California would be of value in this discussion of scope and function of higher education.

The most current full-year total expenditure data on federal funds to California higher education is for the 1965-66 fiscal year (which is somewhat atypical due to the more recent cut-backs in federal expenditures) in which \$385.1 million was allocated in grants and \$68.9 million in loans. These totals exclude special projects such as the Los Alamos project, the Lawrence Radiation Laboratory and the Livermore Jet Propulsion Laboratory.

Federal agencies providing the highest grant funds to California higher education were (1) The Department of Health, Education and Welfare, \$227.7 million (59 percent); (2) The Department of Defense, \$49.6 million (12.8 percent); and (3) The National Science Foundation, \$48.9 million (12.8 percent).

Loan funds were provided by the Department of Housing and Urban Development, \$42.4 million (62 percent) and the Department of Health, Education and Welfare, \$26.5 million (38 percent). The following is a breakdown of these programs.

Education

General Summary

Higher Education—Continued

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Facilities and Equipment

<i>Grants</i>	<i>Reference</i>	<i>(millions)</i>
Graduate facilities -----	Title II, Higher Education Facilities Act of 1963 -----	\$7.5
Research and development laboratories -----	P.L. 83-531 as amended -----	5.1
Special equipment for undergraduate teaching -----	Title IV, Higher Education Act of 1965 -----	1.7
Undergraduate facilities -----	Title I, Higher Education Facilities Act of 1963 -----	40.3
Financial assistance for maintenance and operation of schools in federally affected areas -----	P.L. 874 -----	1.9
Miscellaneous -----		0.9
Total Grants -----		\$57.4
<i>Loans</i>		
Total loans for construction -----	Title III, Higher Education Facilities Act of 1963 -----	\$14.5
Total Loans and Grants -----		\$71.9

Research and Demonstration

<i>Loans</i>	<i>Reference</i>	<i>(millions)</i>
Language development -----	Title IV, NDEA of 1958 -----	\$1.1
Vocational education research -----	Vocational Education Act of 1963 -----	2.1
Miscellaneous -----		0.9
Total Loans -----		\$4.1

Training Programs

<i>Grants</i>	<i>Reference</i>	<i>(millions)</i>
Handicapped children's teachers -----	P.L. 85-96 -----	\$1.1
National Defense Education Act institutes -----	NDEA of 1958 as amended -----	3.4
Vocational Educational Act of 1946 -----	George-Barden Act -----	2.6
Junior colleges and technical institutes -----	Manpower Development and Training Act of 1962 -----	11.8
Miscellaneous -----		3.3
Total Grants -----		\$22.2

Individual Financial Assistance

<i>Grants</i>	<i>Reference</i>	<i>(millions)</i>
Work-study program -----		\$14.3
Educational opportunity grants -----	Title IV, Higher Education Act of 1965 -----	5.1
Fellowships for teachers -----	Title V, Part C, Higher Education Act of 1965 -----	1.3
National defense graduate fellowships -----	Title IV, NDEA of 1958 -----	4.7
Vocational Education Act of 1963 -----		11.8
Miscellaneous -----		0.8
Total Grants -----		\$38.0

General Summary

Education

Higher Education—Continued

<i>Loans</i>	<i>Reference</i>	<i>(millions)</i>
National Defense Student Loan Program -----	National Defense Education Act of 1958 -----	\$11.5
Miscellaneous -----		0.5
Total Loans -----		\$12.0
Total—Office of Education -----		\$148.2

Public Health Service

Facilities and Equipment

Grants

Allied health professions educational facilities -----	Health Professions Personnel Training Act of 1966 -----	
Health professions educational facilities -----	Health Professions Educational Assistance Act of 1963 -----	
Mental retardation facilities -----	Mental Retardation Facilities and Community Health Centers Construction Act of 1963 -----	
Medical libraries construction and equipment -----	Office of Surgeon General -----	
National Institutes of Health -----	Office of Surgeon General -----	
Nursing schools construction -----	Nurses Training Act of 1964 -----	
Total Grants (breakdown is not available) -----		\$15.6

Research and Demonstration

Grants

Hospital and medical facilities research -----	Office of Surgeon General -----	
Accident prevention research -----	Office of Surgeon General -----	
Air pollution -----	Office of Surgeon General -----	
Radiological health -----	Office of Surgeon General -----	
Occupational health -----	Office of Surgeon General -----	
Community health services -----	Office of Surgeon General -----	
National Institutes of Health -----	Office of Surgeon General -----	
Nursing research -----	Office of Surgeon General -----	
Solid waste disposal -----	Office of Surgeon General -----	
Environmental engineering and food protection -----	Office of Surgeon General -----	
Total Grants (breakdown is not available) -----		\$58.6

Individual Financial Assistance

Grants

Allied health professions traineeships -----	Allied Health Professions Personnel Training Act of 1966 -----	
Fellowships and research career program -----	Office of Surgeon General -----	
Health professions student loans -----	Health Professions Educational Assistance Act -----	
Medical library science fellowships -----	Medical Library Assistance Act of 1965 -----	
Nursing student loans -----	Nurse Training Act of 1964 -----	
Nursing student grants -----	Nurse Training Act of 1964 -----	
Professional nurse traineeship program -----	Office of Surgeon General -----	

Education

General Summary

Higher Education—Continued

<i>Grants</i>	<i>Reference</i>	<i>(millions)</i>
Public health traineeships	Office of Surgeon General	
Scholarship grants in the health professions	Office of Surgeon General	
Total Grants (breakdown not available)		\$23.0
Institutional Grants		0.5
Total Grants—Public Health Service		\$97.7

Social Security Administration

<i>Grants</i>		
Individual assistance for study, training or research	Social Security Amendments of 1965	\$2.5
Total—Social Security Administration		\$2.5

Vocational Rehabilitation Administration

	Research	
<i>Grants</i>		
General research and demonstration Research and training centers		\$1.2
Total Research		\$1.2
	Training	
<i>Grants</i>		
Training in the field of rehabilitation		\$2.2
Total—Vocational Rehabilitation Administration		\$3.4
Miscellaneous Programs		\$2.4
Grand Total—Department of Health, Education and Welfare		\$254.2

DEPARTMENT OF DEFENSE

	Research and Demonstration	
<i>Grants</i>		
Basic and applied research related to defense objectives	Department of Defense	\$47.6
Individual financial assistance— ROTC scholarships	Department of Defense	2.0
Total Grants—Department of Defense		\$49.6

NATIONAL SCIENCE FOUNDATION

	Facilities and Equipment	
<i>Grants</i>		
Graduate facilities for research	National Science Foundation	\$1.5
Specialized research facilities where national need is urgent	National Science Foundation	1.6
Total Grants		\$3.1

General Summary

Education

Higher Education—Continued

NATIONAL SCIENCE FOUNDATION—Continued

Research and Demonstration

<i>Grants</i>	<i>Reference</i>	<i>(millions)</i>
Basic research in all sciences -----	National Science Foundation-----	\$24.8
National research programs and centers -----	National Science Foundation-----	6.7
Course centers—studies and devel- opment in mathematics, science and engineering -----	National Science Foundation-----	8.9
Total Grants -----		\$40.4

Training Programs and Individual Assistance

<i>Grants</i>		
Faculty institutes in sciences -----	National Science Foundation-----	\$2.9
Graduate fellowships and under- graduate research participation -----	National Science Foundation-----	2.4
Miscellaneous -----		0.1
Total Grants -----		\$5.4
Total Grants—National Science Foundation -----		\$48.9

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Grants

Grants for facilities and equipment-----	NASA -----	\$2.1
Research grants -----	NASA -----	17.6
Individual financial assistance -----	NASA -----	2.0
Total—National Aeronautics and Space Administration -----		\$21.7

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Loans for facilities and equipment -----	\$42.4
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ALL OTHER PROGRAMS

Departments of Agriculture, Commerce, AEC, Interior, OEO, Peace Corps and Miscellaneous -----	\$37.2
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GRAND TOTAL—ALL HIGHER EDUCATION

Federal Funds to California 1965-66 -----	\$454.0
<i>Grants</i> -----	\$385.1
<i>Loans</i> -----	\$68.9

A summary of all the grants and loans by type of support follows:

Summary of Grant and Loan Support 1965-66

<i>Type of support</i>	<i>Grants</i>		<i>Loans</i>	
	<i>Millions</i>	<i>Percent</i>	<i>Millions</i>	<i>Percent</i>
Research and demonstration	\$194.1	50.4		
Facilities and equipment----	78.8	20.5	\$57.0	82.6
Individual financial assistance -----	73.6	19.2	11.9	17.4
Training -----	36.3	9.4	--	--
Institutional grants -----	2.3	0.5	--	--
Totals -----	\$385.1	100	\$68.9	100

Higher Education—Continued**The 1968 Study of Federal Funding**

The Coordinating Council for Higher Education made a detailed review of the above listed programs in response to a 1965 legislative directive (Assembly HR 646) that it (1) examine the scope and magnitude of all federal programs and funds available to and affecting public and private higher education in California and (2) study and make recommendations regarding any organizational changes required to coordinate such programs. The initial completion date of the report was set for the fifth day of the 1966 legislative session. However, when the council experienced trouble in collecting data because it was not centrally located, not uniformly kept and not readily available, an extension of the completion date was granted. The report was completed in August 1968.

The findings of the report substantiate a situation which we have encountered in that there is little or no coordination between federal agencies involved in higher education programs of a related nature. A research project which is relevant to both the Public Health Service and the Department of Defense may receive funding by each agency at different educational institutions without knowledge or cooperation between the research teams. Because most research involves expensive manpower and equipment, inefficient management can waste vast resources by careless duplication.

The availability of current information about federal programs and their administrative application procedures is not centralized. Data collection depends on each institution's ability to receive information independently, usually by analyzing various newsletters. The council found confusion over conflicting regulations and requirements which leads to time and money consuming mistakes on the part of the institutions. There is no executive agency maintaining a compendium of current federal programs and regulations. Nor is there one receiving systematic reports or even copies of applications for federally funded projects.

The Coordinating Council concludes that the nature of the method of obtaining federal research grants precludes such a coordinated arrangement and the cost would be prohibitive. This conclusion does not appear to follow the findings of the report which do not present a cost estimate although they describe a need to receive more information about federal program expenditures in California. The report states that . . . "The continued fragmentation of programs (federal) of a related nature within and between departments and agencies makes it exceedingly difficult . . . for institutions to be able to effectively and easily participate in many federal programs," and in the introduction emphasis was placed on the difficulty of data collection encountered by the council's staff.

Important to the Legislature has been the lack of dependable knowledge concerning the annual volume of federal funds in California and the nature of the individual projects on which they are being expended. We are unable to determine if there is cooperation or duplication on projects, if the projects are being completed on a timely basis, or if the

Higher Education—Continued

funds have major impact on the need for more research facilities. A coordinated reporting system on federal funds would aid the various institutions in obtaining grants, the various researchers in knowing what others are doing and the state executive and legislative officers in understanding the scope, nature and importance of these programs. It is on this basis that we recommend the followup study mentioned previously.

LONG-RANGE PLANNING FOR HIGHER EDUCATION

Long-range plans affecting programs, especially those that involve all three segments, is of major importance to higher education budgeting. It is realized that if each institution operated autonomous plans there could exist a situation wherein high cost programs with low enrollments would be duplicated on many campuses. It has been argued that each campus should include the widest latitude of offerings so that a student's choice of majors is not restricted. However, in a system such as California's which has 18 state college and nine University campuses, the student has a wide choice of scholastic opportunity even if several campuses did not offer a particular subject matter. The total cost of a large system and the demands of sound business practices dictates that there be control, particularly on high cost programs.

The 1968 Engineering Education Study

Under Section 22703 of the Donahoe Higher Education Act the Coordinating Council for Higher Education (CCHE) is charged with the responsibility of developing plans for the orderly growth of public higher education and the making of recommendations on the need for and location of new facilities and programs. In early 1967 the council decided to study engineering education in California because it appeared to be a proliferated, high cost program. A contract for the study was awarded and an extensive report was rendered in the spring of 1968. Certain recommendations of the report prompted reactions from the segments and they requested that the report not be transmitted to the public until there was adequate time for evaluation and replies. A delay was granted by the council. However, concern as to the length of delay prompted the Assembly to pass House Resolution No. 376 in July of 1968 directing the CCHE to transmit the report to the Legislature and the Governor at the earliest possible date. On October 8, 1968 the council acted on the report and transmitted it.

The report extensively evaluates the overall view of engineering education in the United States, engineering education in California, cost considerations, and important engineering issues. Among the more important findings and recommendations are:

1. The State of California is amply or even excessively provided with tax supported engineering schools. There are 22 California public institutions at which students can obtain a BS degree in engineering, including eight at University level. The state with the next largest number is Texas with nine, after which come Ohio and Louisiana with six each, and New York with five. It is recommended that no more engineering programs be approved until all or nearly all present programs are filled to the minimum desirable level.

Higher Education—Continued

2. It is demonstrated that as undergraduate or graduate engineering programs become small, they become proportionately more expensive and, concurrently, tend to lose in quality and in attractiveness to students. The exact size at which a BS or MS engineering program ceases to be viable is a matter of taste and judgment, and also varies with circumstances (i.e., it is smaller for a program of narrow scope than in programs offering very many specialties). However, programs awarding less than 100 BS degrees per year will usually have significantly higher instructional costs per student than programs with 200 BS degrees per year, and there is a similar relation at the MS degree level.

Fewer than half of the undergraduate engineering programs of the University of California (Berkeley and Los Angeles) and the California State Colleges (Pomona, San Luis Obispo, Long Beach, Los Angeles, and San Jose) are producing the minimum desirable number of engineering graduates necessary to make efficient use of teaching resources and to have sufficient diversity to be attractive to students. The CCHE should keep under observation the existing programs that have little prospect of achieving the minimum objectives and the most recently established engineering programs.

3. Graduate engineering programs in the California State Colleges need greater staffing flexibility, reduced teaching loads for graduate faculty, and greater fiscal flexibility to permit better use of funds for engineering programs.

Increased administrative support is needed at all levels in the state colleges to improve (a) the quality and quantity of the flow of information about engineering education from the state colleges to the coordinating council and (b) liaison of state college engineering programs with local communities, high schools, and community colleges.

4. Adequate data and procedures are needed by the council, in conjunction with plans for an annual educational audit of programs of the University and state colleges, to keep abreast of trends in engineering education and to audit authorized engineering programs.

5. More complete data are needed to determine University targets for (a) research funds from all sources to support planned doctoral programs and (b) state funds for this purpose. Policies may be needed at the University to permit some engineering programs to charge time spent by faculty on sponsored research against sponsored research funds, where such action would be appropriate and practical.

6. The following engineering programs in the University and state colleges include specialties that are possibly marginal as to size and need: (a) naval architecture (UCB), (b) certain programs in mineral technology (UCB), (c) chemical engineering (UCSB, UCD, SJSC, CSC-KV), (d) undergraduate majors in materials science (metallurgy) (UCB, UCLA, SJSC, CSC-SLO), and (e) agriculture and industrial engineering (FSC). The CCHE should encourage institutions to close out such marginal programs.

Certain considerations were raised by the state colleges and the University and after their discussion, the council adopted the principal recommendations of the report on October 8, 1968.

Higher Education—Continued

We feel that efforts such as this in evaluating programs conducted throughout the segments are of particular importance and benefit in assisting the more orderly growth of higher education in California. Proliferation of programs and curriculum is a natural tendency which has had a minimum of centralized review and coordination. In accordance with its authority to perform the necessary review function, we believe that the council should continue studies of this nature particularly in the areas of performing arts, teacher education, and nursing.

FINANCING HIGHER EDUCATION IN CALIFORNIA**Major Sources of Support**

Table 3 summarizes the funding of current expenditures for higher education in California for the last completed fiscal year, 1967-68.

The total expenditure figure for the University of California of \$575.5 million excludes \$247.9 million of federal funds supporting three large federal research projects administered by the University. With these research funds included, the state support of \$247.1 million amounts to 30 percent of the University's budgeted 1967-68 expenditures. An additional 5.2 percent is supported from student fees, 16.6 percent from other sources and the remaining 48.2 percent from federal funds. Without these federal research projects included in the total, the University's support budget is funded 42.9 percent from state sources, 25.9 percent from federal sources, 23.7 percent from other sources and 7.5 percent from student fees.

The California State Colleges' operating budget for 1967-68 totals \$225.2 million and does not include \$17.4 million in federal funds for college research, institutions and special projects. Excluding these funds which are handled through foundations, the state's share of the budget totals 85.6 percent, the federal share totals 5.4 percent and student fees equal 9 percent.

Our estimate for the community colleges is based on projections from 1966-67 data. This is necessitated by the lack of more current information due to the late reporting schedule on official community college data. According to our estimate, 61.3 percent of community college support comes from local funds, 34.7 percent comes from state funds and 4 percent from federal funds and student fees.

Approximately \$1.1 billion was expended for higher education support in 1967-68. Of this amount \$538.7 million (or 50.2 percent) was from state funds, \$162.4 million (or 15.1 percent) was from local support, \$171.3 million (or 16 percent) was from federal support and the remaining amount totaling \$200.9 million (or 18.7 percent) came from student fees and other sources.

Student Charges

California's system of higher education has traditionally followed what is referred to as a "tuition-free" policy regarding legal residents of the state. On the other hand, the University and state colleges have historically charged some fees to resident students.

Table 3
Expenditures for Higher Education Current Expenses by Source of Funds, 1967-68
(In Thousands)

<i>Institutions</i>	<i>State support</i>	<i>Local support</i>	<i>Federal support</i>	<i>Student fees</i>	<i>Other ²</i>	<i>Totals</i>	<i>Percent</i>
University of California -----	\$247,052	--	\$149,308	\$42,864	\$136,285	\$575,509	53.6%
California State Colleges -----	192,690	--	12,334	20,200	--	225,224	21.0
Community Colleges ¹ -----	91,846	\$162,400	9,100	1,500	--	264,846	24.7
Other agencies ³ -----	7,147	--	530	--	--	7,677	0.7
Totals -----	\$538,735	\$162,400	\$171,272	\$64,564	\$136,285	\$1,073,256	100.0%
Percent of Total -----	50.2%	15.1%	16.0%	6.0%	12.7%	100.0%	

¹ Estimated.

² Private gifts and grants, endowments, sales and other earnings, etc.

³ Includes Hasting College of Law, the California Maritime Academy, the Coordinating Council for Higher Education and the State Scholarship and Loan Commission.

Higher Education—Continued

According to the Master Plan for Higher Education, "tuition is defined generally as student charges for teaching expense, whereas fees are charged to students, either collectively or individually, for services not directly related to instruction, such as health, special clinical services, job placement, housing and recreation."

All three segments impose a tuition on students who are not legal residents of California. Foreign students at the University are required to pay the same tuition as other nonresidents but statutes require a separate lower fee at the state colleges. Exceptions to the "tuition-free" policy can be found at the University of California where a small tuition is charged to resident students in selected health sciences fields and at the Maritime Academy.

There are two basic types of fees charged both resident and non-resident students enrolled in the regular academic session of the University and state colleges. The first is the registration fee, or materials and service fee as it is called at the state colleges. These mandatory fees are intended to cover laboratory costs and other instructionally related items, student health services, placement services and other student services incidental to the instructional program. The second type includes auxiliary service fees which are user fees for parking facilities, residence halls and residence dining facilities.

The regents have the constitutional powers to determine the level of tuition and fee charges. Section 23751 of the Education Code authorizes the trustees to establish the level of fees but maximum levels of resident tuition are established by statutes. The Board of Governors of the Community Colleges are required to set the level of nonresident tuition and the local colleges may levy fees to cover parking and/or health services to a maximum of \$10 per year.

Table 4 illustrates the current level of the tuition and fees at the various segments. Where these vary from campus to campus, a range is indicated.

Table 4
Basic Annual Student Charges—1968-69
(Academic Year)

	University of California	California State Colleges	Community Colleges
Registration fee -----	\$300	\$86	0-10 ²
Tuition—residents ¹			
Medicine -----	250	—	—
Dentistry-pharmacy -----	200	—	—
Tuition—nonresident ¹	1,200	890	375
Foreign -----	1,200	255	375
Student organization fees -----	11-33	18-20	—
Student union fees -----	11-24	7.50-20	—
Application fee -----	10	10	—
Auxiliary services fees			
Room and board -----	985-1,060	618-1,260	—
Parking -----	30-50	26-45	0-10 ²

¹ Tuition charges are in addition to other fees.

² Statutory maximum for the community colleges is \$10 for parking or health services or a combination of both.

Education

General Summary

Higher Education—Continued

Registration Fee. In April of 1968 the regents redesignated the incidental fee as the registration fee and increased the student charge from \$219 to \$300 per academic year. About 83 percent of the new revenue produced by this increase was earmarked by the regents for student financial aid and improved administration.

Table 5 reflects these changes by comparing the distribution of fees in 1967-68 with 1968-69. As indicated, expenditures for student aid including administration exceeds \$67 per student resulting in a program level of \$6,670,000. Other increases resulted from the regents' decision to fund activities in the dean of student's office previously funded by the state, normal cost increase in existing activities and reallocations between functions.

Table 5
Distribution of University Registration Fee
(Cost per Student)

	1967-68	1968-69	Increase
Instruction and Research:			
Laboratory fees -----	\$27.00	\$27.00	-
Organized Activities and Auxiliary Enterprises:			
Intercollegiate athletics -----	15.15	15.51	\$0.36
Extension and Public Service:			
Arts and lectures -----	5.34	5.84	0.50
Student Services:			
Dean of students -----	0.10	2.98	2.88
Educational student and alumni placement --	13.00	13.00	-
Public ceremonies and cultural programs ----	4.95	7.85	2.90
Recreation activities -----	9.42	9.20	-22
Health service -----	67.39	69.07	1.68
Student aid administration -----	0.68	2.68	2.00
Counseling -----	11.58	12.56	0.98
Foreign student program -----	0.88	1.83	0.95
Housing service -----	6.12	7.75	1.63
Miscellaneous student services -----	10.58	4.70	-5.88
Student Aid:			
Grants in aid -----	-	64.75	64.75
Provisions for Allocation:			
Capital debt service -----	27.69	30.66	2.97
Unallocated fees -----	19.12	24.62	5.50
Totals -----	\$219.00	\$300.00	\$81.00

The distribution of the state college materials and services fees is shown in Table 6. This fee was increased \$10 in 1968-69 resulting in the existing level of \$86 and is proposed at a level of \$102 in the budget year.

Table 6
Distribution of State College Materials and Service Fee
(Cost per Student)

	1967-68	1968-69	Increase
Administration and teaching -----	\$26	\$26	--
Audiovisual services -----	1	1	--
Student health services -----	19	22	\$3
Student personnel -----	28	34	6
Financial aid -----	2	3	1
Totals -----	\$76	\$86	\$10

Higher Education—Continued

A comparison of Tables 5 and 6 shows the University has gone beyond the state colleges in utilizing the registration fee as a source of income to support services and activities which under present policy could not be supported with state funds. Particularly notable in this regard are University expenditures for recreational activities, special cultural programs, intercollegiate athletics, an extensive student health service and capital outlay for related facilities.

Income from these fees in 1968-69 is estimated to be \$29,489,938 at the University while the estimate for 1969-70 is \$30,905,048. The 1968-69 fee revenue for the state colleges is estimated to be \$15,904,041, increasing to \$20,916,012 in 1969-70.

Tuition. The Master Plan for Higher Education stated that 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 statement can be accepted in terms of the historic principle, but cannot be supported in terms of actual practice. The 1868 Organic Act establishing the University authorized tuition but stated that "... as soon as the income of the University shall permit, admission and tuition shall be free to all residents of the state." After three months of a tuition of \$10 per semester, the regents declared a tuition-free policy for all departments of the University except the medical college. Medical students presently pay a tuition in the amount of \$250 while students of dentistry and pharmacy pay \$200 per year.

At the state colleges tuition has been authorized by statute since 1862. Prior to 1933 various course fees were charged depending upon the individual course taken. From 1933 to 1953 the state colleges openly charged a small tuition which amounted to \$17 per year until 1953 when it was merged with the materials and service fee. Although no "tuition" has been charged since then, statutory authorization still exists. Section 23753 of the Education Code limits the yearly tuition that may be charged to \$25.

Numerous detailed studies have been made evaluating the tuition issue. In our past two analysis of the budget bill we presented the various arguments for and against the imposition of a tuition.

We pointed out the basic argument of the proponents in support of a tuition is the need for additional revenue in the face of rapidly increasing support costs. Other arguments include the concept that individuals who benefit most should pay the most and those with the ability to pay more should pay more. Another important argument for a tuition is based on the use of a portion of any new income realized for student aid, thereby equalizing the financial barriers for all groups of students.

To offset these arguments the opponents note that the gross cost to the student is already too high when considering the living expenses required. In addition, since society as a whole benefits from higher education all of society should share its cost in the same way that elementary and secondary education is tuition free. Although the concept

Higher Education—Continued

of individual income benefit may be correct, these people already pay more through the progressive income tax. It is also claimed that increases in tuition would at the same time increase student financial need, thereby creating additional financial barriers.

Student Financial Aid

Any decision to increase student fees or to impose a tuition must be considered in light of the effect upon the students' access to higher education. If the objective of California's higher education system is to provide equal access to all students, then elimination of the financial barriers for students who are academically qualified is the first priority.

This objective is the foundation of California's "tuition-free" higher education system which is designed to provide access to all high school graduates. Although this in effect represents a "subsidy" for tuition to all resident students, it represents only a portion of the expenses of those attending these institutions. It is estimated that about \$1,700 for an academic year is required for living expenses at the University for undergraduate students while the cost to students at the state colleges would be about \$200 less. Although nonstudents incur these same subsistence expenses, the real cost is the loss of income he would have earned had he not been a student. In addition, recent studies indicate there is presently a substantial amount of unmet financial need among those enrolled at the University and state colleges.

To ease these financial burdens the state provides for a statewide scholarship program for undergraduate students and a fellowship program for graduate students. These awards are available to scholars of high academic ability who have proven financial need. The awards are designed to meet tuition and regular fee costs at public or private institutions for higher education in California. In 1969-70 it is estimated that \$11.3 million will be available for 13,683 new and continuing scholarships for undergraduates while 1,100 graduate fellowships will require approximately \$1.2 million.

Last year the Coordinating Council for Higher Education completed a report on student financial assistance from which we reprinted an inventory of student aid programs in California based on 1966-67 data. No followup of this study has been made and statewide data are not available on a current basis. Table 7 shows student aid data for the University of California and the California State Colleges in 1967-68. The University data does not include assistance provided from funding sources where the University does not control the funds or select the recipients such as the State Scholarship Program. The state college data represents a rough approximation of the 1967-68 level and includes funds not controlled by the colleges in contrast to the University amounts. It should be noted that the state college data varies considerably from that included in the Coordinating Council survey for 1967-68.

Higher Education—Continued

Table 7

1967-68 Student Aid Programs
University of California and California State Colleges

	<i>Scholarships and grants</i>	<i>Loans</i>	<i>College work study</i>	<i>Total</i>
University of California				
Undergraduate -----	\$3,596,783	\$4,052,628	\$2,814,973	\$10,464,384
Graduates -----	12,388,554	4,760,308	1,396,558	18,545,420
Totals -----	\$15,985,337	\$8,812,936	\$4,211,531	\$29,009,804
California State Colleges				
All Students -----	\$4,300,000	\$14,700,000	\$6,800,000	\$25,800,000

The most significant conclusion available from this information is that there is a lack of current and consistent reporting methods at the two segments. In addition, there are no data reported for community colleges or private colleges. To correct this deficiency we have recommended that a survey of student financial aid be performed by the State Scholarship and Loan Commission. Details of this recommendation can be found under the budget item for the commission (page 488 of this Analysis).

Also included in last year's report was an estimate of financial need of students currently attending the various segments. This allowed an evaluation of the level of unmet need for students by comparing this gross need to the student aid programs available. The result was a determination that unmet need at the University was \$3.4 million and at the state colleges it was \$8.6 million in 1966-67. Most of the data is already out of date, particularly at the University, where an expansion of student aid occurred in 1968-69 from increased student fees.

STUDENT PARTICIPATION IN THE GOVERNANCE OF INSTITUTIONS OF HIGHER EDUCATION

We recommend that the general issue of the student's role in the process of governance and the application of that role in the current governing structure of the individual state colleges and University campuses be examined by special task forces in each segment of higher education. We recommend that these task forces (1) be representative of administrators, faculty and students, (2) be convened at the earliest possible date in order to implement their findings and recommendations by fall 1969, and that (3) final reports on the recommendations and their implementation be rendered to the Legislature by the fifth day of the 1970 session so that any financial implications can be adequately considered.

An issue of current importance in higher education is the extent to which the structure of college and University campus governance provides or should provide, for student participation in the decision making process. It includes the issue of how student representation should be structured and carried out. The extraordinary functional failures and associated costs of the past year require in our opinion, that the func-

Higher Education—Continued

tional relationships between student, faculty and administration be critically examined, and the creation of new procedures or institutions for student and faculty governance be considered. Some of the problems of recent years appear to stem from a lack of communication. If so, this is a matter of structure and procedure which must be resolved to assure that each institution is aware of the motivations and intellectual requirements within it.

The Background for Student Governance

The governance systems of private and public institutions of higher education have developed in a pattern unlike the hierarchical frameworks characteristic of most other public and private organizations. Much of the reason for this stems from the historical concept of colleges being "communities of scholars" capable of acting autonomously and with minimal requirements for administrative coordination. Where they were part of a larger system, they were largely responsible and responsive to themselves with faculty departments and committees setting campus policies.

With the rise of many public supported institutions of higher education, administrative responsibilities assumed a role of greater importance. The governance dilemma on the campus was then one of balancing administrative authority with the traditional authority of the faculty. Conflicts were minimized by the general adoption of a campus governance system which recognized a strong role for the Academic Senate in the decision making process.

Until recent years this system of governance did not generally provide for student participation in the resolution of issues affecting the formation of policies and their administration. Decisions against such a role for students are based on several arguments which are briefly summarized hereafter with student counter arguments summarized in parentheses.

1. Students are young and do not have the experience required to participate in issues of governance. (Students counter by stating that on many campuses their average age is over 21 years, over 30 percent are married and nearly two-thirds of the student body is an upper division or graduate student. Lack of experience with some functions is recognized, but it is important that there be communication with student opinions and attitudes when policy issues which concern them are discussed.)

2. There is a lack of student continuity, making their role transitory on issues that take years to resolve and implement. They have no responsibility either for such implementation or living with the results which may not be known for years. (Students counter by stating that they are on a campus for at least two years with a good possibility that individually they will be there from four to six years. Although the same students may not remain, most issues will transcend changes in leadership.)

3. Students have their own government to deal with student affairs which should be a sufficient role for student participation. (Students

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counter that traditional student government is activity oriented without providing any participation in the issues of curriculum development, faculty tenure, budget, quality of teaching and new programs.)

4. Students are apathetic and do not care about governance problems as demonstrated by the poor voter turnout at campus elections. (Students counter that the current system of governance does not give them a viable role. There is no relevance in their participating as voters if their representatives are not treated as full partners in matters of governance. There would be more interest in dealing with the existing structure if they had a greater roll in the legitimate governing bodies.)

In recent years students have gained some entry into the governance of the campuses and some recognition for their arguments. The status of this participation in the state colleges and the University is discussed below.

Student Governance at the California State Colleges

In the past two years there have been individual college efforts to bring students into the governance process by giving them committee assignments, floor rights and voting memberships in the academic senates. As of July 1968, six of the 18 state colleges had students on the president's cabinets, 13 had student representation on the academic senates, nine of which granted floor and voting rights. The size of academic senates vary, the average being 35 members with students granted from zero to three votes. All of the colleges have student representation on operating committees but not all provide membership on policy committees. This structure is designed to grant participation and insure that student issues can be considered by the academic senate.

On the statewide level the students are currently represented by the California State College Student Presidents Association (CSCSPA) which is composed of student body presidents from the 18 colleges with an elected CSCSPA president chosen at the end of the preceding year. This organization has speaking privileges at trustee meetings. Currently, it is funded by student dues paid by each of the colleges.

Many of the student body presidents view rights on the academic senate as merely accommodating a short-run need. In the long run, they would hope to have a bicameral system with a student senate and an academic senate viewed as equal partners and tied together through a joint committee structure or a congress. They feel that the existing governing structure places the student senate in a second class status because it does not guarantee that student government policy statements, bills or resolutions have to be discussed further or acted upon either through veto, amendment or adoption. It is true that most of these issues are reviewed by the academic senate and the college president, but this is a product of custom and not a right granted by the governing system.

Other reasons presented by the student body presidents as evidence of their status as second class participants under the current system of governance is that (a) on some campuses the statement on student rights and responsibility was formulated by the academic senate in-

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stead of by the student senate, (b) the Chancellor's Committee on Delegation of Authority was basically a faculty group with no student members and has published statements such as "the faculty shall play the dominant role in the formation of educational goals, plans and programs," "the college shall submit the budget to faculty review" and "faculty status is primarily a faculty responsibility," (c) the state's General Fund supports the statewide academic senate but not the students' association, and (d) faculty members who are academic senate officers are granted release time from teaching duties but the student government representatives do not receive unit credit for their work and must perform their participation in governance in addition to a normal course load.

The presidents feel that the gaining of units of course credit, a voting role on all the academic senates, more committee assignments, and stipends would make legitimate student participation more meaningful and responsible than it currently is on most campuses.

Student Governance at the University of California

At the University of California student involvement in administrative and academic planning and operation is determined at the campus level, and therefore varies in form and in degree from campus to campus. There are three basic areas of involvement into which all activities may be placed and which are common to all nine campuses of the University. They are (1) administrative committees of the chancellors, (2) departmental and divisional academic senate committees, and (3) the Associated Students.

The administrative committees of the chancellors serve in advisory and functional capacities and generally include students in their membership. Their responsibilities cover a wide range and include such areas as buildings and campus development, foreign students, health and safety, housing, incidental fee use, intercollegiate athletics, parking, placement, public ceremonies, and student conduct. The chancellors, as well as other administrative officers such as the dean of students, appoint student members to these traditional committees as well as to such newly established committees as: (1) the University Policies Commission, (2) the Urban and Research and Development Committee at Los Angeles and (3) the Student Services Advisory Committee at Santa Barbara.

Participation by students in the academic area is still relatively limited but recently there has been some increase in activity. Students serve on such committees of the local division of the academic senate as the Student Affairs Committee at Berkeley, and the Educational Policy Committee at San Francisco and Santa Barbara. Some of the divisions provide for the president of the Associated Students to address their memberships on a regular basis. On the Los Angeles campus, students have been increasingly asked to serve upon departmental committees, and although their participation has generally been on a non-voting basis, a recent development within the Los Angeles School of Law now includes voting students sitting on almost all faculty commit-

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tees within that school. At Berkeley, the Center for Participant Education of the Associated Students while having no formal relationship to the academic senate, does assist students in preparing course proposals for submission to the appropriate committees of that body.

It should be noted that the actual selection of the individual student for service on these committees is generally controlled by the faculty. Most of the students selected are graduate students and many of these hold teaching assistant positions. This situation is not necessarily undesirable because graduate students have established better lines of communication with the faculty and can bring to the committees greater educational experience than the undergraduate student. Regardless, it is still clear that the undergraduate student has almost no representation in this area.

The third area, student government, is the oldest and the largest area in which students have been involved in the planning and operation of various extra-curricular activities of the University. The chancellor on each campus has the authority to establish and to delegate specific duties and responsibilities to local student body associations such as the Associated Students. The older associations have developed many programs upon their own initiative. Intercollegiate athletics and the student store at Berkeley are examples of these programs.

Student participation in this area is determined by election of officers and representatives by the associations' membership. These elections have usually resulted in small voter turnout indicating a general lack of interest in the areas of responsibility. Critics of existing student governments point to the absolute control of the individual chancellors over programs and the lack of meaningful areas of responsibility as the principle reasons for the low interest.

Although formal involvement in actual operation of the University by student governments may be small, the organization officers, as elected representatives of the students, do exert substantial informal influence over many of the operations of the University. Student body presidents have reasonably good lines of communication with campus administrative officers and they regularly attend regents' meetings where they are often allowed to present their views on critical policy issues.

General Conclusions

There have been examples of constructive decisions reached through the involvement of students in the governance of colleges. Prior to 1964 at Chico, the discipline of students was a matter to be handled by the dean of students. The dean delegated this authority to a student court which currently acts on student discipline matters. Results have been favorable to the extent that discipline matters have disappeared at Chico as a major problem for administrators. The major crises at San Fernando Valley in the fall of 1968 appear to be reconciled to the satisfaction of administrators, faculty and students, but only through the direct participation of the students in the decision-making process.

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These examples have occurred primarily on an ad hoc basis outside of the formal governance structure. As stated previously, we believe that functional failures in the formal governance structure must be resolved so that issues do not reach the crises condition before they are addressed and resolved.

Events concerning student problems in recent months clearly indicate that academic officials and faculties of the University and state colleges should objectively assess their procedures for communication and participation with students to the end that both the student interest and the public interest is better served. It may well be that the issues of student participation and governance are symptomatic of other major problems involving the teaching and research roles of the faculty in relation to students, including the whole issue of the governance of the University and state colleges in terms of their responsiveness to student needs and interests. The reports which we recommend in connection with this issue should consider the methods of selecting and preparing faculty, particularly with respect to the teaching role and its place in the academic environment, as well as the academic relationship between student and faculty.

**HIGHER EDUCATION SPECIAL ADMISSIONS
PROGRAMS FOR THE DISADVANTAGED**

We recommend that the support budget of the California State Colleges be augmented to fund special programs for those students admitted as disadvantaged exceptions.¹

We recommend that each segment prepare an annual report on the performance of their Educational Opportunity Programs and the use of funds for these programs. These reports should be made to the Joint Legislative Budget Committee by November 1st of each year. We recommend that the segments be required to coordinate their efforts with each of the other segments in the disadvantaged student program area through the Coordinating Council for Higher Education and any other means necessary to approach the issue within the spirit of the Master Plan.

Composition of Educational Opportunity Programs

Disadvantaged students in California's higher education Educational Opportunity Programs (EOP) are composed of two groups. The first is students who are academically eligible for attendance and are admitted through regular procedures but lack the financial support and social motivation needed to obtain a college education. The second is students who are academically ineligible for admission due to motivational, social or socioeconomic reasons but have been specially admitted into institutions of higher education by proving that they may have the latent intellectual potential needed to succeed in college. Although both groups

¹ Refer to analysis of Item 117 (page 488).

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are included in campus educational opportunity programs, the first group has demonstrated academic ability and is the special focus of financial assistance programs such as the College Opportunity Grants Program and motivation programs such as Talent Search. The major focus of this analysis will be on efforts made to aid the academically ineligible special admittees.

Master Plan Special Admissions Program

The Master Plan for Higher Education established restrictive admission standards for both the state colleges and the University of California (see page 293 of this analysis). In addition, it provided a 2 percent exception rule under which a few disadvantaged students were admitted along with nondisadvantaged students in other categories such as athletics, leadership or special talent.

Special Disadvantaged Admittees as a Major Policy Issue

In 1965 the Coordinating Council for Higher Education (CCHE) raised the disadvantaged student problem as a major policy issue and commissioned a consultant (1) to make a survey, by segment, of current and planned programs designed to increase the abilities of the disadvantaged to enter and remain in higher education institutions, (2) to make a survey of federally sponsored programs in this area, including federal and state funds available for this purpose, and (3) to make recommendations concerning programs requiring statewide coordination. The report was completed in the summer of 1966. Based on its findings, the CCHE recommended a 10-step program aimed primarily at motivating and retaining academically eligible disadvantaged students.

In February 1968, the CCHE published a followup status report on the developing programs for the disadvantaged and on the implementation of its 10 recommendations. Its general findings were that most federal and state programs are more likely to focus on recruitment into higher education and efforts to help the community generally. Special programs and attention paid to the disadvantaged who have entered higher education, though notable in some instances, are not as extensive.

The major federal programs for the disadvantaged have been Upward Bound and Educational Talent Search. During the 1968 session of Congress² these programs were combined with a new special services program. The programs are designed to assist in identifying qualified low-income students, to prepare them for post-secondary education and to provide special services for such students in institutions of higher education. However, the latter program is yet to receive funding.

The state colleges and the University participate in the disadvantaged student programs (generally titled Educational Opportunity Programs) on a multiprogram campus-by-campus approach. The programs are too

² The Higher Education Act of 1965, Title I, Part A, as amended by the higher education amendments of 1968.

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numerous to list in detail but can be grouped into (1) efforts to increase interest in attending college, (2) tutorial programs for high school and elementary students, (3) community development programs, and (4) tutorial programs for enrolled college students. Designed to aid a disadvantaged student once he has entered college, the latter program is the most common and is generally supported by local resources as opposed to federal funds.

Because the number of disadvantaged admitted under the Master Plan's original 2 percent exception rule had been relatively small until the fall of 1968 (see Table 8), the recruiting, counseling and special assistance programs in the state institutions were supported by donated student and staff time, and some reallocated resources from regular programs. From 1966 to 1968 these efforts were sustained even though they were without state funding, because of a general feeling in the academic community that this program area was of significant social importance.

The Additional 2 Percent Special Admittee Group

In the spring of 1968 the CCHE through an ad hoc committee of segmental representatives reviewed the question of the need for additional admissions exceptions and recommended that:

"... the existing 2% exceptions provisions continue to apply for exceptions to admissions standards and that *in addition* the California State Colleges and the University of California be permitted to admit in exception to the rules that number of disadvantaged students which they can accommodate in programs designed to aid these students subject to post-audit review by the Coordinating Council in respect to the success of students within the programs. Furthermore, the California State Colleges, the University of California and the independent colleges and universities working with the junior colleges develop vertical and integrated programs whereby additional disadvantaged students receive initial training in junior colleges and move into the four-year institutions. It is pointed out, as well, that the programs designed for disadvantaged indicated above will be comprehensive and not merely limited to financial aids but will include such elements as tutoring, special counseling, and/or unique curricula."

This recommendation was adopted by the Regents and Trustees by increasing admission exceptions by 2 percent. We now have a total of 4 percent of admissions by exception. The original Master Plan exceptions of leadership, athletic ability, exceptional talent and disadvantaged still apply to the first 2 percent exception group while the terminology of special disadvantaged admissions is applied to the second 2 percent group. Under this situation it is possible that a particular campus could devote all special admissions (4 percent) to the disadvantaged. Table 8 reflects the impact of this new admissions exceptions policy on total EOP enrollments.

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Table 8
Special Disadvantaged Admissions as a Segment of
Total Educational Opportunity Enrollments
(Freshmen and Advanced Standing)

	<i>Fall 1966</i>	<i>Fall 1967</i>	<i>Fall 1968</i>
California State Colleges			
Special disadvantaged admissions -----	86	316	1,707 ³
Total EOP Program ² -----	-- ¹	-- ¹	2,581
University of California			
Special disadvantaged admissions -----	-- ¹	171	750 ³
Total EOP Program -----	472	1,090	1,948
Totals—CSC and UC			
Special disadvantaged admissions -----	86	487	2,457 ³
EOP enrollments -----	472	1,090	4,529

¹ Systemwide data not available.² Includes special and regular admitted disadvantaged.³ 1968 data consolidates disadvantaged students from both first and second special admissions groups.**Legislative Review and Approval of the Special Admittee Policy**

The Legislature reviewed this matter in the 1968 Regular Session and passed Assembly Concurrent Resolution No. 65 (Resolution Chapter No. 157) Assembly Bill No. 765 (Chapter 1410) and Senate Bill No. 125 (vetoed). Resolution Chapter No. 157 expresses legislative intent that the additional 2 percent exception rule should be applied in the public institutions of higher learning "provided that the students so admitted participate in a program established to assist them at a state college or university campus." To aid these special admissions SB 125 would have appropriated \$500,000 from the General Fund to be shared equally by the university and the state colleges for the initiation and development of on-campus educational opportunity programs. This legislation was vetoed on the basis that it duplicated AB 765 which created the "College Opportunity Grant Program,"¹ of 1,000 grants to be funded in the 1969-70 Budget to provide financial assistance for undergraduate study by disadvantaged students who may not be eligible for state scholarships awarded by conventional selection procedures but who evidence potential for successful college study. This is designed as a pilot demonstration program to assist disadvantaged students by using experimental methods and subjective judgments as well as conventional selection methods. California public community colleges are designated as the primary institutions for the additional opportunities for higher education provided by the opportunity grant program.

SB 125 differed from AB 765 in that it provided administrative funds to establish on-campus programs in the university and colleges instead of direct grants to the students. Thus, in light of the veto, this proposal remains unfunded from state sources.

Academic Performance of EOP Students

Educational performance by the specially admitted disadvantaged students and other EOP students can be evaluated not only by grade point average but also by the rate of continuance. University data is included in Table 9.

¹ Discussed in the budget analysis of the Scholarship and Loan Commission.

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Table 9
Performance of Regular Students Compared to EOP¹ Students
(University of California)

Admitted as freshmen	Performance of regular admittees		EOP regular admittees		EOP ¹ special action admittees	
	Number	GPA ²	Number	GPA ²	Number	GPA ²
1966-67 -----	9,537	2.57	166	2.41	75	2.05
1967-68 -----	-	-	306	2.30	143	2.04
Admitted in advanced standing						
1966-67 -----	8,000	2.30	48	2.66	65	2.20
1967-68 -----	8,000	2.30	106	2.48	139	2.32

¹ Economic Opportunity Program.

² Grade Point Average.

Of all university EOP students in 1967-68, 89 percent of the freshmen and 91 percent of the transfers returned in the fall of 1968. The state colleges have not presented comprehensive data on their EOP students. Individually the institutions at San Diego and Fresno have reported that of the 104 EOP students at San Diego in 1967 all survived, although 30 are on probation and of the 17 EOP students at Fresno in 1967, 11 survive. These results support the conclusion that the programs are performing well.

Failure to Fund Program Assistance Is Shortsighted

The impact of these developments is that the state is in the position of adopting policies and admission procedures which aid ineligible disadvantaged students to enroll in institutions of higher education. However, it has not provided the institutions with program funds needed to deal with the special problems these students bring with them. These programs generally require a full-time coordinator, clerical support and funds to hire tutors. In the short run there have been temporary reallocations of facilities and services from regular program operations. In the long run we believe that this is poor management because it either undercuts other authorized programs or if not so funded, risks failure of this program, which the state can ill afford.

We feel that there is a primary need at the state colleges to provide state funding for programs to aid the students admitted under the exception rule, but that state program funding should not necessarily be provided to cover the costs of the EOP programs which are allocated to helping students who are academically eligible. If institutions want to enrich their programs to cover the latter group, they may do so from other sources. Instead of appropriating a fixed amount of funds to each institution it would be reasonable to appropriate a total amount to the chancellor's office of the state colleges for allocation within each segment under the policies they specify. This will allow for more centralized control and reporting than under the existing situation and will allow flexibility to cover individual college and campus problems. (See Item 117, page 440.)

There is also a responsibility for all the segments to plan and develop integrated programs whereby additional disadvantaged students receive initial college instruction and orientation in community colleges

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and then move into the four-year institutions. This approach follows the guidelines of separation of function established in the master plan and the concept of institutional cooperation on mutually similar programs. To date we are not aware of any formal joint segmental plans along these lines.

Thus, there should be a plan wherein the community colleges are the primary higher education intake units for students in these programs with staff assistance coming from neighboring state colleges and university campuses. We believe that if each segment continues to operate independently, there will not only be program and administrative duplications but each segment will independently face additional pressures to increase exceptions and to increase programs. This situation cannot be responded to rationally unless an overall plan exists.

It is for these reasons that we have made the specific recommendation for augmentation and supporting recommendations which appear at the beginning of this discussion.

YEAR-ROUND OPERATION

*We recommend that planning funds for year-round operation be included in the budget of the California State Colleges in order to continue the conversion to year-round operations on schedule at Chico, Fullerton, San Fernando Valley and San Jose.*¹

Background

Year-round operation in higher education is the operation of an institution for either four quarters or three semesters in an effort to achieve the maximum utilization of all existing facilities before making the decision to build new campuses or colleges. In California the problem of rapidly increasing enrollments and the need for facilities caused the idea of year-round operation to be advanced as early as 1955 in the *Restudy of the Needs of California Higher Education* by T. R. McConnell, T. C. Holy and H. H. Semans.

This proposal was given further support in the *Master Plan for Higher Education in California* which recommended that all public and private institutions of higher education offer summer programs equivalent to one quarter of a year and that "The coordinating agency study during 1960 the relative merits of trimester and four-quarter plans for year-round use of the physical plants of both public and private institutions, and on the basis of that study recommend a calendar for higher education in California."

In 1962, the University of California decided to begin planning for conversion to year-round operation. This action and the master plan recommendation caused the Coordinating Council for Higher Education in 1963 to (a) undertake a study of the entire concept of year-round use of facilities in all segments of higher education, and (b) place itself on record in favor of "... the greater utilization of all higher education facilities and personnel..." The study was completed in February 1964, and resulted in a reaffirmation of support for the

¹ Refer to analysis of Item 117 (page 464).

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general concept of year-round operation and a specific endorsement of the quarter system as soon as adequate planning and funding could be obtained. This recommendation coincided with similar opinions received by the segments through their own preliminary studies. The Legislature endorsed year-round operation in Senate Concurrent Resolution No. 24 during the 1964 General Session, and based on the Governor's request, responded to the need for planning funds by appropriating \$350,000 for the University and \$233,873 for the state colleges for the 1964-65 fiscal year and \$125,000 and \$117,616, respectively, in 1965-66. These funds were used for systemwide planning and the establishment of conversion procedures at the individual campuses.

YRO Savings

The financial estimates on year-round operation conclude that while there will be short-run increases in operating expenses, they will be more than offset by long-run decreases in capital expenditures. The first such estimate was offered in February 1964, by the Coordinating Council for Higher Education which concluded that under a year-round schedule at the University and state colleges. The operating costs between 1967 and 1975 would increase by \$109.7 million based on 1963 constant dollars but that capital outlay savings in the same period would amount to \$177.2 million for a net savings of \$67.5 million.

Year-round programs are currently operating at the Berkeley and Los Angeles campuses of the University and the Hayward, Kellogg-Voorhis, San Luis Obispo and Los Angeles State Colleges. During the calendar year 1969 the Santa Barbara campus of the University and Humboldt State College were scheduled to operate a summer quarter for the first time, but funds have not been included in the 1969-70 budget for this purpose. Table 10 illustrates the present conversion schedule for both segments.

Governor's Opposition

The Governor's Budget for 1968-69 did not include planning funds for the continuance of year-round operation at the state colleges on the basis that higher operating expenses would prevent long-run savings. The Legislature amended \$396,241 into the budget to provide planning funds at San Fernando Valley, Chico, San Jose and Fullerton but the Governor vetoed this augmentation on grounds that the Coordinating Council was studying year-round operation and funds should be withheld pending completion of the study. Funds for this purpose are not included in the proposed 1969-70 budget.

We cannot support the omission of planning funds because no data has been presented which demonstrates that year-round operation costs more than it saves through reducing the need for additional facilities. Using preliminary data in last year's analysis we offset the capital outlay savings against (a) the costs of a lower summer quarter student faculty ratio, (b) of cycling from two semesters to three quarters and (c) of planning and conversion. Our analysis produced a net higher education savings of \$43.4 million by 1975-76 which, although tenta-

Table 10
Schedule for Conversion to Year-Round Operation

	64-65	65-66	66-67	67-68	68-69	69-70	70-71	71-72	72-73	73-74	74-75	75-76
<i>University of California</i>												
Berkeley -----			Q	X								
Los Angeles -----			Q		X							
Santa Barbara -----			Q				X					
Riverside -----			Q					X				
Davis -----			Q					X				
San Diego -----			Q					X				
Irvine -----		Q					X					
Santa Cruz -----		Q						X				
Systemwide -----	S	S										
<i>California State Colleges</i>												
Hayward (A) -----	SX											
Cal Poly SLO (A) -----			X									
Cal Poly K-V (A) -----			X									
Los Angeles -----	S			QX								
Humboldt -----			S	Q		X						
San Francisco -----			S					QX				
San Fernando -----						S		QX				
Fullerton -----						S		QX				
Chico -----						S		QX				
San Jose -----						S		QX				
Dominquez Hills (A) -----								SX				
Long Beach -----							S		QX			
San Bernardino (A) -----									S	QX		
Stanislaus -----		Q							S	X		
Fresno -----									S		QX	
Sonoma -----									S		QX	
Sacramento -----										S		QX
San Diego -----										S		QX
Bakersfield (Undetermined) --												QX
Systemwide -----	S	S	S	S								QX

Explanation of symbols:

(A) Converted prior to 1964-65 or began initial operation under quarter system.

S Funds allowed for conversion planning.

Q Campus converts to quarter system for three quarters only.

X Campus initiates fourth quarter and year-round use.

Table 11

Cost Comparison of the YRO¹ and Non-YRO² Alternatives as Determined by the Coordinating Council for Higher Education's Restudy Reported in October 1968

Year University of California	Summer quarter enrollment (annual FTES) ³	Incremental FTES for new facilities	Non-YRO		YRO	
			Capital outlay required	Total cost of non-YRO alternative (bond payments)	Total cost of YRO alternative	Cumulative savings of YRO
1—1967-68 -----	2,380	1,785	\$23,205 ⁴	\$1,740 ⁴	\$1,495 ⁴	\$245 ⁴
2—1968-69 -----	7,055	4,675	60,775	6,266	960	5,551
3—1969-70 -----	9,114	2,059	26,767	8,155	1,063	12,643
4—1970-71 -----	11,066	1,952	25,376	9,903	607	21,939
5—1971-72 -----	12,240	1,174	15,262	10,857	607	32,189
6—1972-73 -----	13,637	1,397	18,161	12,007	607	43,589
7—1973-74 -----	14,569	932	12,116	12,678	(122)	56,389
8—1974-75 -----	15,536	967	12,571	13,367	(170)	69,926
9—1975-76 -----	16,128	592	7,696	13,673	(1,006)	84,605
<hr/>						
Year California State Colleges						
1—1967-68 -----	3,417	2,563	\$17,428	\$1,307	\$3,100	(\$1,793)
2—1968-69 -----	4,110	693	4,712	1,636	2,839	(2,996)
3—1969-70 -----	4,680	570	3,876	1,895	3,203	(4,304)
4—1970-71 -----	8,310	3,630	24,684	3,710	3,879	(4,473)
5—1971-72 -----	13,880	5,570	37,876	6,479	5,143	(3,137)
6—1972-73 -----	15,820	1,940	7,372	6,908	5,240	(1,469)
7—1973-74 -----	19,840	4,020	27,336	8,824	6,043	1,312
8—1974-75 -----	23,740	3,900	26,520	10,641	6,378	5,575
9—1975-76 -----	30,150	6,410	43,588	13,700	7,339	11,936

¹ YRO, year-round operation.

² Non-year-round operation, operating under the semester system with a summer session.

³ Full-time equivalent students.

⁴ In thousands of dollars.

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tive, was not disproved. For further evidence we recommended that the Coordinating Council for Higher Education study this matter and report to the Joint Legislative Budget Committee prior to November 1, 1968.

1968 Restudy Confirms Substantial Savings

The council contracted with a private management consulting firm in early 1968 to reevaluate the concept of year-round operation in both segments. The report was rendered in October of 1968 and found that the decision to initiate year-round operation will produce significant savings to the state. As shown in Table 11 it is estimated that the University and the state colleges will save \$85 million and \$12 million respectively through 1975-76.

The capital outlay cost per incremental student at the University was assumed to be \$13,000 funded by a 25-year bond retired in equal annual installments plus $3\frac{1}{2}$ percent interest. At the state colleges it was assumed to be \$6,800 funded in the same manner. It is important to note that state college operating expenses are higher than the University's principally because of lower than average student-faculty ratios which result from the policy of offering a full scope and breadth of courses instead of a limited scope as at the University which has a higher student-faculty ratio than the state colleges have in summer quarters.

The council transmitted the report to the Governor and the Legislature and stated that they would comment on it in December 1968. The report was not commented on at the council's December meeting but was passed upon favorably at the February 3, 1969 meeting. The council's position has been in favor of year-round operations and its February 3rd action confirms the council's previous assumptions of substantial savings (see page 466 of this analysis for the council's resolutions).

We feel that the report reasonably addresses the fiscal issues involved in the decision to promote year-round operations. There have been comments from the state college segment that the report fails to deal with the effects of year-round operations upon educational values and the academic community. Particular criticism appears to be focused on the concept that conversion to year-round operation is a threat to academic quality since the standards set by the colleges concerning sabbatical leaves and funding for department chairmen have not been fully supported. To date, detailed evidence has not been submitted which substantiates this claim. However, if true, such a claim should not prevent the continuance of implementing year-round operation provided the existing policy is followed that budget support for the summer quarter will not come from reducing support for the normal three quarters of operation.

Delayed Implementation Causes Management Problems

Continued delay of implementation creates an inconsistent management policy whereby some colleges and University campuses have been converted to year-round operation while others scheduled to convert have been postponed. The result of not proceeding is to cause confusion

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in the academic community as to when a particular campus will convert, whether those that have converted are receiving proper management and financial support and whether the program may be canceled entirely.

The potential savings and efficient use of capital outlay resulting from year-round operation leads to the conclusion that the conversion should continue on schedule. In particular, the magnitude of the benefits will be realized when higher education enrollments peak. According to the most recent data published by the Department of Finance on the estimated and projected population of California 1960–2000, enrollments may peak and decline somewhat during the 1980's. If our institutions are on year-round operation, the decline will not have as serious an impact in terms of unused facilities as it would if they are not operated year-round.

We believe that the 1969–70 budget is very inconsistent when it proposes reductions in capital outlay funds for higher education and then will not implement programs which provide better utilization of the existing facilities.

SPACE UTILIZATION

We recommend (a) that the Coordinating Council for Higher Education restudy existing space utilization standards, (b) that the University of California and the California State Colleges study and implement better utilization methods paying particular attention to automatic data processing applications and (c) that reports with recommendations be presented by the Coordinating Council for Higher Education, the University of California and the California State Colleges to the Joint Legislative Budget Committee by November 1, 1969 on this subject.

We recommend that the University and the state colleges admit all qualified applicants using a capital outlay capacity standard based on utilization of classrooms at a level of 75 percent of the time period 8 a.m. to 10 p.m. five days per week rather than the current standard of 48 percent of the above time period (see Capital Outlay Summary for the capital outlay implementation of this recommendation).

The policy of scheduling existing buildings to the maximum use before constructing new facilities is a desirable management goal. Although this policy is applicable to all facilities, we will discuss the utilization of classroom facilities in the institutions of higher education because these generally constitute the major space requirement on a campus.

The first California study on utilization was published in 1948 in the "Report of the Survey of the Needs of California in Higher Education" and was followed by the 1955 "Restudy" of these needs. The "Restudy" recommended a standard room utilization of 36 scheduled hours per week with class enrollments averaging 67 percent of room capacity. These standards were in effect until the 1960 Master Plan reduced them by concluding that evidence at that time indicated more

General Summary

Education

Higher Education—Continued

moderate standards should be established. The master plan recommended that (a) standard utilization of classrooms shall in no case average less than 30 scheduled hours per week with class enrollments averaging 60 percent of room capacity and that (b) the newly established Coordinating Council for Higher Education should study this matter.

The Coordinating Council for Higher Education began its study of space utilization in 1963 and in 1966 rendered an extensive report on classroom, laboratory, office and library space utilization. The council found that as of fall 1963 each segment's instructional rooms were schedule as shown in Table 12.

Table 12
Average Hours per Week of Classroom Use, Fall 1963
University of California and State Colleges

	8 a.m. to 5 p.m. (5-day)	5 p.m. to 10 p.m. daily and Saturday	Total
Maximum use possible	45 hours	34 hours	79 hours
California State Colleges (1963 actual)	25.1	4.3	29.4
University of California (1963 actual)	27.1	1.8	28.9

The percent of station occupancy when classrooms were in use averaged 72 percent at the state colleges and 57 percent at the University.

The council determined that "it is unrealistic to hope a campus could be so planned, using computers, that classes could be scheduled all hours of the day in all rooms," and discredited Saturday use by stating "while some courses are offered on Saturday, utilization on that day is almost always lower than on weekdays." As to station occupancy rates the council found that "obviously, classrooms cannot be filled to 100-percent capacity since students drop and add courses, courses change somewhat each semester, and it is impossible to predict class sizes in a way as to allow them to fit perfectly into classrooms of equal sizes." It then recommended a standard that classrooms be scheduled 34 hours out of a 45-hour week (8 a.m. to 5 p.m., 5 days) with student station occupancy averaging 66 percent. Table 13 compares this standard to the fall 1963 scheduled usage.

Table 13
State College and University Classroom Utilization, Fall 1963
Data Compared to 1966 CCHE Standard

	8 a.m. to 5 p.m. (5-day)	5 p.m. to 10 p.m. daily and Saturday	Total hours	Percent of total stations occupied
CCHE standard	34 hours	none	34.0	66%
California State Colleges	25.1	4.3	29.4	72
University of California	27.1	1.8	28.9	57

This standard was adopted and is currently in effect for capital outlay planning for the state colleges and the University.

Included in the same report was the recommendation that the standards should be continually reviewed and that a new utilization study and a complete review of the space standards should be planned for fall 1968.

Higher Education—Continued

Failure of Proposition 3 Mandates Revised Standards

Our office has previously made recommendations to increase space utilization and the defeat of Proposition No. 3 in 1968 which would have provided bonding for higher education facilities construction mandates reexamination of opportunities for greater utilization. In seeking information we found that (a) the CCHE has not updated the data it produced in 1963, (b) the CCHE is not in the process of reviewing the standards, as it had recommended, (c) the state colleges have neither instituted formal space utilization reports into their data requirements at the chancellor's level nor, in most cases, at the college level, and (d) the University has maintained the data in a useful form.

We found it necessary to locate the particular person on each state college campus who has custody of the class sheets in order to get the data on hours scheduled per room. Often there is only one copy of this material which if lost or destroyed would take hundreds of man-hours to reconstruct. The only station occupancy data we could locate for the state colleges was useless for this study because it was in the "Course Section Report" which is not designed to relate with classroom capacity.

Table 14 shows the current utilization situation from the data we were able to compile.

Table 14
State College, Fall 1968, and University, Fall 1967, Classroom
Utilization Data Compared to CCHE Standard

	Daily and weekly hours of use			Station occupancy— percent of total stations occupied
	8 a.m. to 5 p.m. (5 days)	5 days—5 p.m. to 10 p.m. and Saturday	Total hours of use weekly	
State colleges				
San Diego -----	37.0	9.0	46.0	— ¹
Chico -----	29.3	3.5	32.8	—
Fullerton -----	35.6	13.5	49.1	—
Sacramento -----	37.9	9.1	47.0	—
Long Beach -----	35.3	13.3	48.6	—
Fresno -----	40.5	5.7	46.2	—
San Fernando Valley----	29.8	6.3	36.1	—
San Jose -----	38.7	7.4	46.1	—
Average use—state colleges -----	35.5	8.4	43.9	—
University of California				
Berkeley -----	28.3 ²	— ²	28.3	53.0
Los Angeles -----	29.8	—	29.8	57.0
Davis -----	28.9	—	28.9	65.0
Riverside -----	29.2	—	29.2	51.0
Santa Barbara -----	26.9	—	26.9	67.0
San Diego -----	25.9	—	25.9	53.0
Irvine -----	36.8	—	36.8	56.0
Santa Cruz -----	28.9	—	28.9	77.0
Average use—University Coordinating Council for Higher Education standard -----	29.3		29.3	59.9
	34.0	None	34.0	66.0

¹ Not available.

² Not broken down between 8-5 and 5-10 periods.

Higher Education—Continued

Thus, in comparison to the CCHE hour usage and station occupancy components of the space utilization standard, the University's current utilization is below standard while the state college's utilization is above standard on the scheduled hour component. Compared to the fall 1963 data shown in Table 12 the state colleges have increased their utilization by 14.5 hours per week (49.3 percent) while the University has only increased its utilization 0.4 hours (1.4 percent).

Existing Standards are Low

These comparisons are not very meaningful, however, if they are based on relatively low standards. In relation to full five-day utilization the CCHE standards require that rooms be scheduled only 48 percent of the total of all hours available, i.e., 34 hours out of a total of 70 hours between 8 a.m. and 10 p.m. daily. We recommend that a standard of 75 percent (49 hours) can be realized. This is accomplished by extending the current 8-5 standard to the 5-10 period. This relationship along with the actual segmental experience is demonstrated in Table 15:

Table 15
Coordinating Council on Higher Education Standard and Segmental
Experience Compared to Full Utilization

	8 a.m.-5 p.m. (5 days)	5 p.m.-10 p.m. (5 days)	Total (5 days)	Percent of full utilization
Full utilization	45 hours	25 hours	70 hours	100%
Legislative analyst recommendation...	34	15	49	75
Current CCHE standards	34	0	34	48
University of California (1967 actual)	29.3 ¹	— ¹	29.3	41.8
State colleges (1968 actual)	35.5	8.4	43.9	62.7

¹ Total hours per week. Information not broken down between 8-5 and 5-10.

Arguments Against Higher Utilization

The segments maintain that it is impossible to attain near total utilization and make the following arguments:

1. It is unreasonable to expect students and faculty to conduct classes on Saturday and over an 8 a.m. to 10 p.m. daily time period.
2. Mathematically it cannot be scheduled under our current system in which a three-unit class must meet at the same hour in the same room three days per week with at least one free day between each class meeting.
3. It would require that classroom and hour assignments be positively controlled by the college's administration instead of by the faculty and departments.
4. The current utilization is as high as is experienced in other states.

The Davis Pilot Study

In our 1965-66 Analysis of the Budget we recommended better utilization of space and suggested that particular attention be paid to the use of computers for class scheduling procedures in order to increase utilization. Both segments were directed by the conference committee on the Budget Bill to study this matter and plan a pilot program. The Univer-

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sity chose the Davis campus while the state colleges postponed the project.

We have reviewed the reports on the Davis program and find that it is basically an EDP scheduling system giving little priority to increased utilization. It is unwilling to accept changes upon which increased use largely depends. The traditional student and faculty controlled room usage patterns were preserved in this pilot program's assumptions that:

(a) "A guiding philosophy of this campus (Davis) in the development of computer programs to enroll students in classes is that each student's freedom to choose the section and instructor he desires for multisection courses should be preserved. All computer programs for enrolling students in classes that are described in the listed references do not allow the student this freedom of choice and none were known to exist at the beginning of this project that were successful in this particular manner. Thus, this campus could not adapt programs from other universities to meet its needs in enrolling students by computer, but has proceeded to develop a new set of programs that are designed to give as many students as possible, within the constraints embodied in the Schedule of Classes, their first choice of sections for multisection courses."

(b) "... the total constraint representing the necessity of avoiding conflicts in time schedules must be apportioned among students, instructors, and space; in effect, the relative importance of the student, the instructor, and the room must be stated explicitly as a numerical factor by which the computer can weigh the choices of otherwise unresolvable conflicts. In the computer program most widely heralded for class scheduling (GASP as applied to the then-not-yet-built junior college in St. Louis) the constraint on conflicts in the scheduling of rooms was greater than the total constraint on conflicts in the students' and instructors' schedules. It seems rather doubtful that any properly detailed cost-effectiveness analysis of a class-scheduling program would support anything resembling that "balancing" of constraints, no matter how greatly it might simplify the computer's task and improve the hypothetical space utilization. Certainly, in the University of California, the construction of class schedules by computer must await the development of computer programs considerably more sophisticated mathematically, and far more sensitive to human factors, than any now in use or likely soon to be developed."

The factor common to the above arguments and the assumptions of the Davis pilot study is that the traditional practice is best. There is little doubt that traditional conditions are preferable from the standpoint of student and faculty convenience, but when the choice is one of turning away students or increasing utilization of plant, which is the real issue today, higher utilization standards must be adopted. By changing basic assumptions to include stronger administrative control over scheduling, evenings and Saturday scheduling, the mathematical

Higher Education—Continued

capabilities of modern computers and the concept that classes do not necessarily have to meet on the same hour and in the same room three days per week, higher room utilization can be achieved.

We encountered examples of higher utilization due to these new assumptions in the Crane and Wright Junior College of Chicago and the Meramec Community College of St. Louis. At Crane and Wright Junior College a scheduling pattern was used wherein classes were irregularly scheduled, such as 8 a.m. Monday, Tuesday and Thursday, or 1 p.m. Monday, Wednesday and 12 noon Friday. The utilization of class and lecture rooms between 8 a.m. and 4 p.m. averaged at least 95 percent, making the facility able to accommodate 3,200 full-time students in a building which was originally designed by using traditional standards for 2,200 students. Meramec College scheduled classes by computer and achieved an overall classroom utilization of 85 percent of the available time and 89 percent of the available seats per class.

Better Utilization Saves Money

Cost savings through better space utilization can be significant. The 1966 CCHE study stated that a downward modification of the 1963 utilization standards (a total of 36 hours per week) by as little as 5 percent (1.8 hours) would require a sudden need for over \$2 million of construction money for the University alone assuming a \$30 cost per square foot and that the existing 1½ million square feet of instructional space would have to be augmented to meet the new standards. Conversely, if the standards were increased by 5 percent, \$2 million could be saved. This conclusion necessarily assumes that other factors such as enrollment and station occupancy rates remain constant and that all the existing classrooms built to date use approximately the same standard.

For the purpose of illustration, we feel that the above approach is reasonable. Therefore the model in Table 16 is designed to show the possible cumulative savings that would have resulted up to 1963 if the classroom construction standard for hour usage had been 40, 45, 50, 70 or 79 hours instead of 36 using the University data mentioned above and 1.1 million square feet of instructional space at \$25 per square foot for the state colleges as a base.

Table 16
Potential Cumulative Savings Available by Revised Utilization Standards

<i>Estimated possible standards</i>	<i>Scheduled hours per week</i>	<i>1963 Actual as percent of estimate</i>	<i>Sq. feet of instructional space generated</i>	<i>Cost in millions</i>	<i>Cumulative savings</i>
University of California					
1963 standard	36 hrs.	100%	1.50 million	(\$30/sq. ft.) \$45.0	-
5 days 8 am to 4 pm	40	90	1.35	40.5	\$4.5
5 days 8 am to 5 pm	45	80	1.20	36.0	9.0
5 days 8 am to 6 pm	50	72	1.10	33.0	12.0
5 days 8 am to 10 pm	70	51.4	0.77	23.1	21.9
Max. utilization					
(Sat. included) --	79	45.5	0.68	20.4	24.6

Higher Education—Continued

Table 16—Continued

Potential Cumulative Savings Available by Revised Utilization Standards

<i>Estimated possible standards</i>	<i>Scheduled hours per week</i>	<i>1963 Actual as percent of estimate</i>	<i>Sq. feet of instructional space generated</i>	<i>Cost in millions</i>	<i>Cumulative savings</i>
California State Colleges					
1963 standard	36 hrs.	100%	1.10 million	(\$25/sq. ft.) \$27.5	—
5 days 8 am to 4 pm	40	90	0.99	24.8	\$2.7
5 days 8 am to 5 pm	45	80	0.88	22.0	5.5
5 days 8 am to 6 pm	50	72	0.79	19.8	7.7
5 days 8 am to 10 pm	70	51.4	0.57	14.3	13.2
Max. utilization (Sat. included)	79	45.5	0.50	12.5	14.0

This model illustrates the impact of more efficient space utilization. Thus, if management planning techniques prior to 1963 had rendered a classroom utilization schedule of 40 hours per week, the University would have saved up to \$4.5 million and the state colleges would have saved up to \$2.7 million in capital outlay expenditures. If the standard were 50 hours per week the savings would be \$12 million and \$7.7 million respectively.

Currently the University is utilizing its classrooms an average of 29.3 hours per week and the colleges are using theirs an average of 43.9 hours per week as shown previously in Table 15.

We believe that the segments have not given space utilization a high priority in their management goals and that they have a responsibility to prove that they are at the highest utilization possible with their existing facilities before consideration is given to authorizing additional capital outlay expenditures for classroom space. A further discussion of this point is found on page 462 of this analysis. In addition, we believe that our findings support the conclusion that the current Coordinating Council for Higher Education standards and the assumptions on which they are based are questionable.

It has been a concern that enrollments may be limited in the near future due to the defeat of Proposition 3 in November of 1968. We believe that our findings demonstrate additional capacity in the University and state college systems. By increasing utilization between 8 a.m. and 10 p.m. to 75 percent there is classroom space available in almost every institution. The unlimited choice of students and faculty in arranging courses may be affected somewhat, but we believe that this is a better alternative than denying admission to qualified applicants.

COORDINATING COUNCIL FOR HIGHER EDUCATION**Items 107 and 108 from the General Fund**

Requested 1969-70	\$551,345
Estimated 1968-69	571,110
Actual 1967-68	512,837
Requested decrease \$19,765 (3.5 percent)	
Increase to improve level of service \$25,880	
Total recommended reduction	\$25,880

SUMMARY OF RECOMMENDED REDUCTIONS

	<i>Amount</i>	<i>Analysis page</i>
Delete proposed increase in contract funds	\$20,000	335
Delete proposed clerical position	5,880	335

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS**1. Federal Reporting**

We recommend that the council evaluate the feasibility and cost of a coordinated system of (a) reporting current federal program requirements and (b) reporting the volume and use of federal funds in California institutions of higher education. (Analysis pages 297 and 336.)

2. Space Utilization

We recommend that the council restudy the space utilization standards which it has previously recommended. (Analysis pages 326 and 337.)

3. Enrollment Projections

We recommend that the council study and make recommendations concerning the proper method of determining state college enrollment projections. (Analysis pages 337 and 413.)

4. Program Budgeting

We recommend that the council be directed to assume a stronger position in coordinating and directing the implementation of program budgeting in the segments of higher education. (Analysis page 337.)

5. Revision of State Colleges List of Comparison Institutions

We recommend that the state colleges list of comparative institutions used for salary and other justification purposes be critically evaluated and revised by the Coordinating Council for Higher Education to more properly reflect institutions assigned the same functions as the colleges. (Analysis pages 338 and 434.)

6. Policy Option Concerning Council Membership

We recommend that all segmental representation on the council be reduced from three members to two members for a total of eight and the public membership be increased by two for a total of eight. (Analysis page 340.)

Academic and Academic Related Salary Bases

7. We recommend that the Coordinating Council for Higher Education, in cooperation with the University and state colleges, develop uni-

Coordinating Council for Higher Education—Continued

form definitions for "academic" and "nonacademic" employee classes and formulate criteria for the logical division of personnel into these two classes and report to the Joint Legislative Budget Committee prior to November 1, 1969 (see Analysis of Items 298, 299, 300 and 301).

8. We further recommend that once the academic classes are defined the council be directed to develop uniform definitions and formulate criteria which will reflect the instructional duties of the academic classes and also report this information to the Joint Legislative Budget Committee prior to November 1, 1969. (See Analysis of Items 298, 299, 300 and 301.)

GENERAL PROGRAM STATEMENT

The Coordinating Council for Higher Education was established by the Legislature under the Donahoe Higher Education Act of 1960 based on a recommendation in the Master Plan for Higher Education to provide an independent agency to coordinate the activities of the University of California, the California State Colleges and the community colleges. The council recommendations are advisory and are generally intended to prevent duplication of responsibilities and to assure a satisfactory level of quality in each segment consistent with its assigned function.

The council has 18 members, of which nine are appointed by the Governor and confirmed by the Senate. Six of the Governor's appointments are general public members and three represent California's private colleges and universities. Of the remaining nine members, three, including the president, represent the University of California and are selected by the regents, three, including the chancellor, are selected by the board of trustees to represent the California State Colleges, and three, including the chancellor, are selected by the Governor of the Community Colleges.

ANALYSIS AND RECOMMENDATIONS

The council's 1969-70 budget request totals \$551,345 from the General Fund which, in addition to \$443,505 in federal funds, produces a total budget of \$994,850. The General Fund support in the budget year is a decrease from the current year of \$19,765 (3.5 percent) primarily because of the council's decision to close its Washington, D.C. office. This decision was based on the director's findings that (1) the amount of useful information provided by the office was generally otherwise available; (2) the need for personal representation by the council in Washington, D.C. could be met by traveling directly from California; (3) direct negotiation from California was preferable to dealing through a representative; and (4) no other statewide higher education coordinating agency maintains a Washington, D.C. office. We concur with this action.

An additional reduction in the council's budget is reflected by the discontinuance of funding for the Western Interstate Commission for Higher Education.

Basic Functions

According to the Donahoe Act, the council is to carry out its advisory responsibilities in three ways: (1) by reviewing and commenting on

Coordinating Council for Higher Education—Continued

the budget requests submitted to the Governor and the Legislature by the University and the state colleges, (2) by making recommendations on the articulation of the functions of the University, the state colleges and the community colleges and (3) by advising the Governor and the Legislature on matters affecting the orderly growth of each segment such as the need for and the location of new colleges, campuses and programs. In addition, the Governor and the Legislature have chosen the coordinating council as the state agency responsible for the administration of certain federal programs involving financial aid to both public and private institutions.

The council staff in the budget year consists of 41.2 positions composed of 23 professional and 18.2 clerical personnel including the director who is appointed by and serves at the pleasure of the council. The council often supplements its staff by drawing on the manpower resources of the institutions for special projects and by hiring private consultants. The council's offices are in Sacramento.

State Coordination Activities

Division 16.5 of the California Education Code (the Donahoe Act) delineates the three basic functions for the council outlined above. The council fulfills these obligations by presenting a series of advisory reports on a wide variety of subjects. In the current year it has presented or will present reports dealing with student flow, year-round operation, federal programs, continuing education, junior colleges and other subjects. In addition, the council responds to special requests from the Governor and the Legislature. These include studies on the doctor of arts degree (excellence in teaching), the governance of junior colleges, multiyear budgeting, cost-per-student, faculty workload, automatic data processing, student financial aid and others.

Augmentation Request

We recommend the deletion of \$20,000 in contract funds and one \$5,880 clerical position for a General Fund savings of \$25,880.

The council is requesting these amounts to increase the state coordination function. The current state coordination staff consists of 14 professional, 10 clerical and 2 temporary help positions. Some additional assistance is gained through the use of college work study students and approximately \$25,000 in contract services. The council's 1969-70 budget provides an exceptionally high average professional staff salary of \$19,744 with 8 of the 14 professional positions receiving more than \$20,000 per year.

The contract funds and clerical positions are requested based on increased demand for council work. Although the demand may have increased, we do not agree that the budget should be increased accordingly. The council's state coordination work is strictly of an advisory nature. It does not have the authority or the responsibility for implementing the recommendations it makes. Such authority belongs to the segments. Under these circumstances and in light of the quality of the council's staff as evidenced by its salary levels, there does not appear

Coordinating Council for Higher Education—Continued

to be any valid reason to augment the council's staff in the budget year. An amount of \$24,765 in contract services is currently authorized to help the staff meet its workload on a timely basis. Also, the existing clerical staff of 10 positions results in a 1 to 1.4 clerical-professional ratio which in addition to the temporary help funds should be sufficient support staff.

Throughout our analysis of California's higher education segments and programs we have made reference to the council's work and have made recommendations for further studies. Our major recommendations are repeated in this analysis for coordination purposes.

1. Federal Reporting

We recommend that the Coordinating Council for Higher Education be directed to evaluate the feasibility and cost of a coordinated system of (a) reporting current federal program requirements and (b) reporting the volume and use of federal funds in California institutions of higher education. This report should be made to the Joint Legislative Budget Committee by November 1, 1969. The August 1, 1968 report by the Coordinating Council for Higher Education does not accomplish these objectives.

As we discuss more fully on page 297 of this analysis the availability of current information about federal programs and their administrative application procedures is not centralized. Data collection is an individual matter which depends on each institution's ability to collect and receive information on an independent basis. The council found confusion over conflicting regulations and requirements with resultant time and money losses in the institutions. There is no executive agency maintaining a compendium of current federal programs and regulations or receiving systematic reports or even copies of applications for federally funded projects. The coordinating council concludes that the nature of the method of obtaining federal research grants precludes such a coordinated arrangement and the cost would be prohibitive. We feel that this conclusion does not appear to follow the findings of the report made by the coordinating council on August 1, 1968. This report does not present cost estimates even though it describes a need to receive more information about federal program expenditures in California. The report states that "... the continued fragmentation of programs (federal) of a related nature within and between departments and agencies makes it exceedingly difficult ... for institutions to be able to effectively and easily participate in many federal programs," and in the introduction to the report emphasis was given to the difficulty of data collection encountered by the council's staff.

Important to the Legislature has been the lack of dependable knowledge concerning the annual volume of federal funds in California and the nature of the individual projects on which they are being expended. We are unable to determine (1) if there is cooperation or duplication of projects; (2) if the projects are being completed on a timely basis; or (3) if the funds have an impact on the need for more research

Coordinating Council for Higher Education—Continued

facilities. A coordinated reporting system on federal funds would aid the various institutions in obtaining grants, the various researchers in knowing what others are doing and the state executive and legislative officers in understanding the scope, nature and importance of these programs.

2. Space Utilization

We recommend that the Coordinating Council for Higher Education restudy existing space utilization standards.

The full discussion on space utilization is found on page 326 and in the Capital Outlay Summary of this analysis. We found that the current utilization standards appear to be weak and are based on questionable assumptions. Millions of dollars for capital outlay can be saved through better space utilization methods. The council should investigate the possibility of using federal funds for this restudy under the Higher Education Facilities Comprehensive Planning Program.

3. Enrollment Projections

We recommend that the Coordinating Council for Higher Education study and make recommendations concerning the proper method of determining state college enrollment projections.

The full discussion of this issue is on page 413 of this analysis. The method currently used to determine the budgeted enrollment figure is somewhat confusing. There is a "joint" approach in which the Department of Finance develops a phase I projection of students who will attend from 8 a.m. to 5 p.m. to be used for capital outlay budget purposes. The chancellor's office uses this report and information from the individual colleges to project the 8 a.m. to 10 p.m. enrollment which is the basis for the support budget. Responsibility for projections belongs to the chancellor's office. However, they are derived by interaction between three parties. The projections of the current year have had such wide variation from the preliminary 156,265 FTE figure to the estimated 169,820 FTE figure (a variance of 13,555 FTE, or 8.7 percent) and such a large impact that we feel it appropriate to recommend a study of the college's enrollment projection methods.

4. Program Budgeting

We recommend that the Coordinating Council for Higher Education be directed to assume a stronger position in coordinating and directing the implementation of program budgeting in the segments of higher education.

Proper development of a program budget system is important in order to obtain useful information on program costs. Currently the University and state colleges are initiating program budgets by independently developing program output formats to fit their own criteria of what output data should be reported. If this condition continues it is quite foreseeable that the results will produce different types of output data concerning similar programs, thus negating any attempts to relate segment-wide program costs and performances. As an example,

Coordinating Council for Higher Education—Continued

the University might determine that engineering education costs should be reported in instructional costs per student credit hour while the state colleges may lump these costs into all science education or may not consider it important to report any costs for this program. If this results then there will be little information of value for the purposes of statewide management of California's higher education programs.

In accordance with its responsibility for budget review, the council was directed by Assembly Resolution No. 371 of the 1967 Regular Session of the Legislature "to report its findings on multiyear budgeting (in the University and the state colleges) to the Assembly Committee on Ways and Means prior to November 1, 1968." In October of 1968 the council issued a report stating that there were a variety of problems concerning the development of program budgeting which will be difficult to solve and that the segments have achieved considerable progress in implementing the state's programming and budgeting system during the past 10 months. From these findings the council "advises the Assembly Committee on Ways and Means that it has requested the California State Colleges and the University of California to keep the council advised concerning their progress in implementing the state's programming and budgeting system, including reports of the difficulties involved and their resolution." We feel that the council has a greater responsibility than just keeping advised of the segment's progress. The council should provide critical analysis of each segment's efforts and determine the need for coordination. The approach taken in the October 1968 report is not analytical and is of little aid in making statewide management decisions concerning the alignment of programs and the output reporting format which is needed in order to prevent the use of program budgeting by the segments to separate them further from useful program comparisons. It is on this basis that we made our recommendation.

5. Revision Needed in List of Comparative Institutions

We recommend that the state colleges' list of comparative institutions used for salary and other justification purposes be critically evaluated and revised by the Coordinating Council for Higher Education to more properly reflect institutions assigned the same functions as the colleges.

It has been argued by the chancellor's office and faculty groups that the faculty staffing formula should be revised to reduce the teaching workload of faculty in accordance with comparison institutions. The 1968 Conference Committee on the Budget requested the Coordinating Council for Higher Education to report information on faculty workload at comparison institutions in order to gain information on this subject. The council found that "in terms of any specific indicator of faculty load or student-faculty ratio, there is a wide variation in faculty load among departments." "... information is sparse and fragmentary in most institutions." The council concludes that "data on faculty workload generally are not used nor found to be necessary in

Coordinating Council for Higher Education—Continued

management decisions within higher education. . . . no firm conclusions can be drawn relative to faculty load comparisons between the California institutions and their comparison institutions." We feel that these findings are rather alarming considering the hundreds of millions of dollars spent on faculty salaries throughout these institutions.

In prior years we have not challenged the list of comparison institutions. However, the data produced by the coordinating council raises serious questions as to whether the state colleges as defined in the Master Plan are indeed comparable to all of the following institutions.

- | | |
|-----------------------------------|-----------------------------------|
| 1. Bowling Green State University | 10. University of Minnesota |
| 2. Brandeis University | 11. State University of New York |
| 3. Brooklyn College | (Albany) |
| 4. Brown University | 12. Northwestern University |
| 5. University of Colorado | 13. University of Oregon |
| 6. Iowa State University | 14. Pennsylvania State University |
| 7. University of Kentucky | 15. Purdue University |
| 8. University of Massachusetts | 16. Rutgers State University |
| (Amherst) | 17. Southern Illinois University |
| 9. Michigan State University | 18. Wayne State University |

Concerning student-faculty ratios the council found that the disparities in definitions are so great that the ratios applied in only three institutions are susceptible to gross comparison to the state colleges. Yet two of these three institutions are among the top forty in the country in production of doctoral degrees, a fact which invalidates application of the ratios for comparative purposes with state colleges.

Concerning teaching hours at the undergraduate level it was found that four institutions required a 12-unit load, four averaged 9 to 12 and seven averaged 6 to 9 units. At the graduate level the numbers were less specific, but they showed that the state colleges had a unit load as good as or better than four institutions, while the state colleges' load was heavier than 11 institutions.

The major factor which interferes with comparisons based on the above data is the research workload. The state college workload factor does not require research. However, 12 of its comparison institutions have a research obligation within their faculty workloads. In addition, 17 of the 18 comparison institutions grant doctorate degrees, and 13 of these are among the 100 principal doctorate-granting institutions in the United States.

From the above considerations we feel that perhaps the only valid conclusion to be drawn from the coordinating council's report is that the council is comparing the state colleges to the wrong institutions. The state colleges are prohibited from having professional schools such as law and medicine, they are restricted from conducting extensive research since this is the primary function of the university system, and, finally, they grant doctorate degrees only on a very limited basis under a joint program with the university. Despite these considerations the current list of comparison institutions grants the colleges status with major universities which conduct the above activities as primary functions.

Coordinating Council for Higher Education—Continued**6. Policy Option Concerning Council Membership**

We recommend that all segmental representation on the Coordinating Council for Higher Education be reduced from three members to two members for a total of eight and that the public membership be increased by two for a total of eight.

As discussed previously, the council is charged with the responsibility of planning the orderly growth of higher education in California. The task of implementing the plans is made difficult because (a) the council is only an advisory group and (b) the membership of 18 includes only six representing the general public while the remaining 12 represent institutions of higher education. We believe that this latter condition prevents the council from taking stronger positions on such matters as space utilization, duplication of high cost programs, salary increases and proliferation of programs, and allows the segments to protect their particular interests. The strength on the council of the individual segments is further insured through the use of two alternate members for the university and state colleges and one for the community colleges, while there are none for the private colleges and general public members. Under this situation the public members must attend every meeting in order to be fully represented. We feel that our recommendation will broaden the viewpoint of the council as a whole and strengthen its recommendations on issues which challenge the existing policies of the segments.

Engineering Education in California

Under the Coordinating Council for Higher Education's responsibility for developing plans for the orderly growth of public higher education, it chose to study engineering education in California because this appeared to be a very proliferated high cost program. A contract for the study was awarded and an extensive report was rendered in the spring of 1968. Certain recommendations of the report prompted reactions from the segments which requested that the report not be transmitted to the public until there was adequate time for evaluation and replies. A delay was granted by the council. However, due to concern as to how long the delay might be, the Assembly passed House Resolution No. 376 in July of 1968 directing the CCHHE to transmit the report to the Legislature and the Governor at the earliest possible date. On October 8, 1968, the council acted on the report and transmitted it.

The report, which we discuss on page 303 under the Higher Education Scope and Function section, evaluates the overall view of engineering education in the United States, engineering education in California both generally and in detail, cost considerations and important issues. In addition, it makes far-reaching recommendations based on its findings. The Governor's budget states that "this is the first time that council action has resulted in the elimination or deferral of an educational program of significant size."

We feel that efforts such as this in evaluating programs conducted throughout the segments and making such recommendations are of particular importance and benefit to the more orderly growth of higher

Coordinating Council for Higher Education—Continued

education in California. Proliferation of programs and curricula is a natural tendency which has had a minimum of centralized review and coordination. The council has the authority to perform the necessary review function and we encourage it to make more studies of this type.

FEDERAL PROGRAM COORDINATION

Higher Education Facilities and Equipment Program

A. Higher Education Facilities Act. Under Title I of the Higher Education Facilities Act of 1963 the federal government provides matching funds on a one-to-one federal-state basis for junior colleges, technical institutes and four-year institutions to assist in financing the construction, rehabilitation or improvement of academic and related facilities. In its role as the administering agency (designated as such by the Legislature in 1964) the Coordinating Council is responsible for the receipt and processing of applications from all public and private institutions of higher learning, the establishment of priorities for these projects and recommendation to the U.S. Commissioner of Education of projects eligible for funding in accordance with the state plan. In addition, it may from time to time make recommendations for revisions in the state plan which must also be approved by the commissioner. Expenditures for the program are shown in Table 1.

Table 1
Allocation of Federal Funds Under Title I,
Higher Education Facilities Act of 1963

	<i>Actual</i> 1965-66	<i>Actual</i> 1966-67	<i>Actual</i> 1967-68
University of California -----	\$10,732,742	\$11,913,404	\$2,660,715
California State Colleges -----	18,573,761	19,821,464	16,084,003
Junior colleges and technical in- stitutes -----	7,762,896	6,953,420	5,265,020
Private colleges -----	9,910,010	7,063,874	3,101,000
Totals -----	\$46,979,409	\$45,752,162	\$27,110,738

B. Equipment Program, Higher Education Act. The second program, Title VI-A of the Higher Education Act of 1965, is designed to improve undergraduate instruction by providing instructional equipment and closed-circuit instructional television on a one-to-one matching basis. The federal allocation is made to the states on the basis of a two-part formula which accounts for the number of full-time students in the state in comparison to the full-time students nationally and the state's per capita income in comparison to that of other states.

According to the regulations of the program, no institution may make more than one application per year or receive more than \$100,000 for laboratory equipment or \$50,000 for closed-circuit television. As the designated administering agency for this program, the council is required to review all applications for assistance, establish priorities, make recommendations for approvals to the U.S. Commissioner of Education and recommend changes in the state plan. Table 2 shows the expenditures for this program since 1966-67.

Coordinating Council for Higher Education—Continued

Table 2

Allocation of Federal Funds under Title VI-A Higher Education Act of 1965

	<i>United States</i>	<i>Allocation of California</i>	<i>Percent of total</i>
1966-67 (actual)			
Instructional equipment -----	\$13,000,000	\$1,450,104	11.1%
Closed circuit TV -----	1,500,000	167,319	11.1
Total -----	\$14,500,000	\$1,617,423	11.1
1967-68 (actual)			
Instructional equipment -----	\$13,000,000	\$1,421,587	10.9
Closed circuit TV -----	1,500,000	164,029	10.9
Total -----	\$14,500,000	\$1,585,616	11.0
1968-69 (estimated)			
Instructional equipment -----	\$13,000,000	\$1,421,587	10.9
Closed circuit TV -----	1,500,000	164,029	10.9
Total -----	\$14,500,000	\$1,585,616	11.0
1969-70 (estimated)			
Instructional equipment -----	\$13,000,000	\$1,421,587	10.9
Closed circuit TV -----	1,500,000	164,029	10.9
Total -----	\$14,500,000	\$1,585,616	11.0

The administrative costs for both of the above programs are paid entirely by the federal government and amount to \$114,683 in the budget year, an increase of \$3,170 from the 1968-69 estimate. There are 7.2 council positions assigned to these programs.

Community Services and Continuing Education Program

The Community Services and Continuing Education Program was established under the provisions of Title I as amended of the Higher Education Act of 1965, to strengthen the public service functions of colleges and universities as a means of combating various community problems including those of inadequate housing, poverty, recreation needs and employment. Funds are allocated on a one-to-three (state-federal) matching relationship. The amount of the state allocation is determined by a flat grant of \$100,000 with the remaining funds shared on a population basis. As the agency selected for the administration of the act, the council is responsible for the same types of activities as described previously namely, review, establishment of priorities, recommendations to the federal government for application approvals and changes in the state plan.

Program activities which have been conducted under Title I include leadership training for minority groups, community awareness programs for regional planning, urban planning seminars for city managers, middle management seminars on urban program solving, consumer education and home management classes for disadvantaged groups, training and counseling of minority businessmen from disadvantaged communities, municipal leaders' seminars in computer-based information systems, leadership training in community-school relations and TV symposia on community problems.

Coordinating Council for Higher Education—Continued

The administrative costs are shared 50-50 by the state and the federal government and are budgeted at \$56,025 (\$28,012 from the General Fund) in 1969-70. The council has four staff positions assigned to this program which administer the allocation to California shown in Table 3.

Table 3

Allocation of Federal Funds under Title I, as amended, Higher Education Act of 1965 for Community Services and Continuing Education

	<i>United States</i>	<i>Allocation to California</i>
1965-66 -----	\$10,000,000	\$546,970
1966-67 -----	10,000,000	549,393
1967-68 -----	10,000,000	549,393
1968-69 (estimated) -----	9,500,000	506,766

Higher Education Facilities Comprehensive Planning

This program is financed by a three-year grant from the U.S. Office of Education in the amount of approximately \$200,000 per year and is intended to enable California to develop a comprehensive plan for the construction of higher education facilities over the next 10 to 15 years. The plan is to include all two and four-year public and private institutions.

The program was authorized by an amendment to Title I of the Higher Education Facilities Act of 1963 and has three basic purposes: to improve the methodology of enrollment projections for the segments, to assist in the preparation of a facilities inventory of the junior colleges and to formulate a California Facilities Planning Guide. In addition, the council originally intended to contract with a management consulting firm to review the present method of conducting facilities inventories in the segments but this was eliminated when no suitable project was submitted.

It is interesting to note that this title of the Higher Education Facilities Act has been implemented in somewhat reverse fashion since the planning money was appropriated after the program money. The council feels that this has been a problem with the program but that in the future, the three-year grant will enable it to acquire the information needed to utilize more effectively the federal construction funds.

This planning effort will have significant carryover effects on state spending for capital outlay for the segments since the facilities inventory information can be used to produce relevant space utilization data. As we discussed previously in the Scope and Function Section, the future needs of the segments can be more precisely analyzed and predicted with this type of data.

Training in Community Development

A new federal program which the council began administering in the current year is entitled Training for Community Development. The program is designed to improve the skills of governmental personnel in community development programs. One staff position and \$11,153 in General Fund support is provided for this function which is still too new to warrant extensive analysis.

Coordinating Council for Higher Education—Continued**WESTERN INTERSTATE COMMISSION FOR HIGHER EDUCATION****Functional Description**

The Western Interstate Commission for Higher Education (WICHE) is a nonprofit, public agency created by 13 western states to administer the Western Regional Education Compact. This compact was ratified by the Legislatures of the participating states in 1953 and had the objective of encouraging greater cooperation among the western states in the fields of higher education. California's three members are appointed by the Governor to serve four-year terms. WICHE's total representation includes three members from each of the 13 participating states. Its main offices and staff are located at Boulder, Colorado.

Proposed Budget

The current year support for this program is \$15,000 which the 1969-70 budget proposes to terminate. This proposal is based on the fact that WICHE's programs do little to benefit California higher education, and there is not adequate accounting for expenditures from membership dues so that it is difficult to ascertain benefits related to the cost of the program. We feel that the proposal is a reasonable one in that although WICHE was originally designed to handle programs in all areas of higher education its programs in fact relate primarily to medicine, dentistry, veterinary medicine and public health.

WICHE's medical activities include student exchange programs, continuing education programs in eight western schools of nursing and work-study programs for students in the fields of mental health, social work and corrections. In addition, it conducts surveys of manpower needs in dentistry, medicine, nursing, veterinary medicine, the mental health professions and special education (handicapped children), self-study programs for higher education administrators in conjunction with the Center for the Study of Higher Education in Berkeley, and enrichment programs for nursing teachers. Publications of a statistical and program nature are provided member states containing information on the activities, financing and enrollment of other member states.

In the past year Analysis we supported this expenditure on the basis of its student exchange program which brings out-of-state students to California to study medical sciences. Since most of these students stay to work here we determined that there was a benefit to this program. We have recently been informed that this exchange arrangement will continue even if California is not a dues-paying member so we believe there is little reason to continue this expenditure.

UNIVERSITY OF CALIFORNIA

Items 109 through 113 from the General Fund and the California Water Fund

Requested 1969-70	\$316,100,000
Estimated 1968-69	291,139,045
Actual 1967-68	243,862,362
Requested increase \$24,960,955 (8.6 percent)	
Increase to improve level of service \$1,285,020	
Total recommended reduction	\$973,479

SUMMARY OF RECOMMENDED REDUCTIONS

	Amount	Analysis page
1. Delete 25 faculty positions (Item 110)	\$442,975	357
2. Delete 50 teaching assistant positions (Item 110)	324,000	361
3. Reduce faculty-related support (Item 110)	107,491	361
4. Reduce Berkeley summer quarter budget (Item 110)	72,600	367
5. Reduce organized research for research grants and travel for 25 faculty (Item 110)	11,625	377
6. Delete augmentation for drug abuse (Item 109)	30,000	377
7. Reduce library staffing (Item 110)	147,699	381
8. Reduce unidentified workload increase for institutional services and general expense (Item 110)	427,584	398
9. Augmentation required to reduce deferred maintenance backlog (Item 109)	+1,000,000	393
10. Reduce staff benefits for 25 faculty (Item 110)	30,656	396
11. Reduction for increased budgetary savings (Item 110)	378,849	397
Total reduction	\$973,479	

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

1. Urban Crisis Program

We recommend that the \$600,000 requested be appropriated in a separate item to be allocated to the University by the Director of Finance on the basis of approved projects. Although no specific savings can be identified, this would provide review and coordination of the total statewide effort. (Analysis page 399.)

GENERAL PROGRAM STATEMENT

In the 1969-70 Governor's Budget it is proposed that the State of California provide appropriations of \$316,100,000 for support of the current operations budget of the University in the fulfillment of its major functions of instruction, research and public service as delineated in the *Master Plan for Higher Education in California* and to carry out these functions with distinction commensurate with the needs of the state as outlined in the *Academic Plan of the University of California* 1968-69-1977-78. Throughout this analysis an attempt will be made to relate these goals to the Governor's Budget and the long-range fiscal plans of the University of California.

Instruction

A broadly based curriculum leading to the baccalaureate degree is offered by the University. In compliance with the Master Plan, increas-

University of California—Continued

ing emphasis is placed on instruction in professional fields and graduate programs leading to masters and doctoral degrees. In 1967-68 a total of 20,275 degrees were granted including 12,938 bachelor's degrees, 4,894 master's degrees and 2,443 doctor's degrees.

Institutional workload growth is best indicated by the size (enrollment) and mix (level of instruction) of the student population. The 1969-70 workload is based in the Governor's Budget on an estimated enrollment increase of 5,681 or 6.3 percent for three quarters (academic year), but an increase of only 4,880 or 5.1 percent for three quarters plus the summer quarter (full year). This is somewhat misleading because the Berkeley summer quarter enrollments for 1968-69 are overstated in the budget by 825 FTE. The final 1968-69 budget for the Berkeley summer quarter after the Governor's veto was based on an enrollment of 2,625 students rather than the 3,450 shown in the 1969-70 budget. If this change is considered, the increase for the full year would be 5,705 students or 6 percent rather than the amount shown. The most significant increase in enrollment will occur at the upper division level while the rate of increase of graduate enrollments appears to have fallen primarily due to the draft. The following table compares estimated 1968-69 budgeted enrollments to those proposed for 1969-70.

Table 1
University of California Enrollments
(as shown in the 1969-70 Governor's Budget)

Three Quarter Average (Academic Year)	1968-69	1969-70	Increase	Percent
Lower division -----	27,695	27,979	284	1.0
Upper division -----	32,624	37,026	4,402	13.5
Graduates				
1st stage -----	20,046	20,250	204	1.0
2nd stage -----	9,743	10,534	791	8.1
Totals -----	90,108	95,789	5,681	6.3
Three Quarter Average and Summer Quarter (Full Year)				
Lower division -----	29,353	29,370	17	--
Upper division -----	25,029	39,335	4,306	12.3
Graduates				
1st stage -----	21,553	21,447	-106	-0.5
2nd stage -----	10,666	11,329	663	6.2
GRAND TOTALS ¹ -----	96,601	101,481	4,880	5.1

¹ Does not reflect revised estimates for Berkeley Summer Quarter on which the final appropriation was based.

Research

The University of California is designated by the Master Plan to be the primary state-supported academic agency for research. The University places responsibility for administering research activities in three organizations, according to its academic plan: (1) academic departments, (2) agricultural research stations and (3) organized research units. Faculty members of academic departments engage in

University of California—Continued

departmental research for the stated purpose of enriching their instructional programs. Departmental research is budgeted as part of the expense of instruction and departmental research. Organized research is conducted by agricultural experiment stations and separately organized research units and institutes. State funds are generally used to provide core support and initiate research projects which normally do not attract research grants. Also, state-supported programs offer employment for students which provides experience that is a valuable supplement to their academic education. The federal government is the largest supporter of research at the University. In addition to state and federal moneys, the University receives funds from private gifts and grants to support its research activities.

Public Service

The public service function of the University is provided by Agricultural Extension, University Extension and other public service programs. Agricultural Extension serves the agricultural community through research and educational programs, and the statewide population through improved agricultural products. Varied educational programs are offered by University Extension throughout the state which provide opportunities for adult education and participation in public affairs. Examples of other public services offered by the University campuses are lectures, programs in art and special conferences. A portion of the activities of the teaching hospitals and the library system are examples of educational programs that provide services to the public as a byproduct.

ANALYSIS AND RECOMMENDATIONS**Expenditures**

Table 2 shows the University of California budget including program augmentations for the 1969-70 fiscal year. It is divided into cumulative totals showing: (1) Total Education and General, (2) Total Support Budget and (3) Grand Total of All University Funds. The first total includes the basic funds necessary to operate the University's current instructional, research and public service programs. The second total adds self-supporting auxiliary services such as residence halls, parking facilities, intercollegiate athletics, campus cafeterias, bookstores, etc., plus student aid programs. The grand total includes those funds designated as extramural by the University and is comprised of the total support budget plus special research contracts (Atomic Energy Commission) and other grants, contracts, gifts and appropriations received from various public and private sources which are used to supplement the University's program. This total includes those funds designated as "Expenditures Not Included in Overall Budget Totals" in the Governor's Budget. Also included for comparative purposes are the 1973-74 estimates developed by the University for the Long Range Fiscal Program.

The University budget has not been restructured into a program format in the 1969-70 Governor's Budget. Rather, the presentation is

Table 2
Proposed Budget for 1969-70 and Projections for 1973-74

	1968-69	1969-70	Increase	1973-74	Analysis page number
1. Instruction and Departmental Research -----	\$163,813,781	\$171,488,660	\$7,674,879	\$220,874,889	351
2. Summer Quarter -----	10,144,511	10,183,221	38,710	26,976,035	364
3. Summer Session -----	1,085,941	1,091,596	5,655	1,030,250	367
4. Teaching Hospitals -----	55,190,023	59,817,930	4,627,907	96,457,512	368
5. Organized Activities—Other -----	3,820,681	3,931,044	110,363	4,877,091	371
6. Organized Research -----	38,325,596	38,835,683	510,087	49,488,289	374
7. Libraries -----	22,301,023	24,607,662	2,306,639	33,894,820	379
8. Extension and Public Service -----	28,061,765	29,131,972	1,070,207	36,180,841	382
9. General Administration -----	18,948,695	20,437,989	1,489,294	25,167,633	385
10. Institutional Services and General Expense -----	9,860,354	11,017,901	1,157,547	13,367,217	388
11. Maintenance and Operation of Plant -----	27,164,896	30,535,994	3,371,098	43,383,900	390
12. Student Services -----	18,997,233	20,079,384	1,082,151	23,666,618	394
13. Staff Benefits -----	26,834,517	28,154,274	1,319,757	38,412,200	395
14. Provisions for Allocation -----	12,301,130	18,808,955	6,507,825	20,460,014	396
Budgetary Savings -----	—9,392,764	—10,300,164	—907,400	—13,785,041	397
15. Special Regents' Program -----	7,033,000	6,953,352	—79,648	7,632,000	398
16. Urban Crisis -----	—	600,000	600,000	10,000,000	399
<hr/>					
Total Education and General -----	\$434,490,382	\$465,375,453	\$30,885,071	\$638,084,268	
Auxiliary Enterprises -----	36,793,144	40,658,195	3,865,051	59,478,099	
Student Aid -----	5,489,056	6,270,917	781,861	9,693,345	
<hr/>					
Total Support Budget (continuing operations) ---	\$476,772,582	\$512,304,565	\$35,531,983	\$707,255,712	
Sponsored Research and Activities -----	155,517,470	159,518,424	4,000,954	198,574,184	
Special Federal Research Projects -----	247,891,925	247,891,925	—	247,891,925	
<hr/>					
Grand Total -----	\$880,181,977	\$919,714,914	\$39,532,937	\$1,153,721,821	

University of California—Continued

in substantially the same form as in the past year. Nor can this budget be called a traditional budget because it is structured along functional lines rather than on the basis of organizational units or expenditure categories. The University administration is presently testing several alternative program structures but development was not yet at a stage where these could be included in this year's document. It is anticipated that a new format will be available in time for the 1970-71 budget.

As in prior years, the Department of Finance developed the budget by determining workload increases on a function by function basis. These increases were normally determined by projecting 1968-69 unit costs at the same rate into 1969-70. Unit costs vary from function to function, but usually consist of such measurements as students to be served and square footage to be maintained. Once this level was developed and after a review of the budgets of other state agencies, an additional amount was granted to the University on a policy basis to be allocated by the University to its highest priorities needs. In many cases the University chose to apply these additional funds to improve the unit cost formulas for workload items and these have been merged into the continuing operations budget. As a result the \$1,285,020 listed as program augmentations represents only a portion of the funds allocated to the University for an improved level of service. Table 3 identifies these increases for the support budget between workload and augmentations.

Table 3
Proposed Workload and Program Augmentation Increases

<i>Budget function</i>	<i>Workload (Item 110)</i>	<i>Augmentation (Item 109)</i>	<i>Total increase</i>	<i>Analysis page number</i>
1. Instruction and Departmental				
Research	\$7,674,879	--	\$7,674,879	351
2. Summer Quarter	38,710	--	38,710	364
3. Summer Session	5,655	--	5,655	367
4. Teaching Hospitals	4,627,907	--	4,627,907	368
5. Organized Activities—Other	110,363	--	110,363	371
6. Organized Research	210,087	\$300,000	510,087	374
7. Libraries	2,206,639	100,000	2,306,639	379
8. Extension and Public Service	1,070,207	--	1,070,207	382
9. General Administration	1,309,294	180,000	1,489,294	385
10. Institutional Services and				
General Expense	1,157,547	--	1,157,547	388
11. Maintenance and Operation of				
Plant	3,286,478	84,620	3,371,098	390
12. Student Services	1,082,151	--	1,082,151	394
13. Staff Benefits	1,252,757	67,000	1,319,757	395
14. Provisions for Allocation	5,647,025	--	5,647,025	396
Budgetary Savings	--	—46,600	—46,600	397
15. Special Regents Programs	—79,648	--	—79,648	398
16. Urban Crisis	--	600,000	600,000	399
Total Education and General	\$29,600,051	\$1,285,020	\$30,885,071	
Auxiliary Enterprises	3,865,051	--	3,865,051	
Student Aid	781,861	--	781,861	
Total Support Budget (contin-				
uing operations)	\$34,246,963	\$1,285,020	\$35,531,983	

University of California—Continued

Revenues

Of the \$35,531,983 increased expenditures listed in Table 3, only \$24,960,955 is related to an increase in state appropriations. The remaining increase of \$10,571,028 is to be funded by what is called University revenue sources. It is questionable whether all of these funds can be considered University sources because the increase of \$1,040,891 listed as "Prior Year General Fund Balances" represents unspent state funds from the 1967-68 appropriations. In addition, the amount listed as "Current Year Estimated Overhead" is the state share of federal contract and grant overhead and the "University General Fund" is composed primarily of tuition income which is used to support those areas considered to be a state funding responsibility. These revenue sources are shown in Table 4.

Table 4
Revenues—Total Support Budget
1968-69 and 1969-70

	1968-69	1969-70	Increase
State Appropriation ¹	\$291,272,245	\$316,233,200	\$24,960,955
University Sources			
General Funds	14,613,588	14,968,235	354,647
Restricted Funds	109,293,364	113,836,856	4,543,492
Funds Used as Income			
Current Year Estimated Overhead	9,885,347	9,806,736	—78,611
Prior Year General Fund Balance	2,545,683	3,586,574	1,040,891
Prior Year Reserves	73,672	—	—73,672
Regents Opportunity Fund	7,033,000	6,953,352	—79,648
Total Educational and General	143,444,654	149,151,753	5,707,099
Auxiliary Enterprises and Student Aid	42,055,683	46,919,612	4,863,929
Total University Sources	185,500,337	196,071,365	10,571,028
Total Revenues	\$476,772,582	\$512,304,565	\$35,531,983

¹ Includes \$133,200 allocated from the Real Estate Education, Research and Recovery Fund (see Item 234).

Overhead Funds from the Federal Government

Included as a revenue in Table 4 is an amount of \$9,806,736 for current year estimated overhead representing the state share of overhead receipts from federal grant and contract activity. In accordance with a memorandum of understanding between the University and the Department of Finance, half of all overhead receipts (after deducting agreed-to expenditures) are split equally between the University and the state. As shown below, estimated receipts are \$19 million. This is a reduction of \$1 million from the estimate for 1968-69 which reflects a cut-back in the level of federal research expenditures. The amount listed as 1967-68 carry-over represents the difference between actual net receipts and the original estimate in 1967-68 as determined by the formula.

University of California—Continued

Estimated overhead receipts-----	\$19,000,000
Less assigned overhead-----	—1,816,256
	<hr/>
	\$17,183,744
Less 50 percent U.C. share-----	—8,591,872
Less 10 percent contingency-----	—859,187
	<hr/>
Total State Share-----	\$7,732,685
Add 1967-68 carryover-----	2,074,051
	<hr/>
Total 1969-70 -----	\$9,806,736

Assigned overhead represents those expenditures related to contract and grand administration that are funded from overhead receipts prior to the 50/50 division of the funds. In the Supplementary Report of the Committee on Conference on the 1968 Budget Bill, language was included requiring any new positions funded in this manner be identified for legislative review in the normal budgetary process. The estimated expenditures identified in the Governor's Budget show an increase of \$20,257 detailed as follows:

	1968-69	1969-70	Increase
Washington office -----	\$84,764	\$86,160	\$1,396
Indirect cost studies-----	57,422	71,430	14,008
Contract administration -----	1,653,813	1,658,666	4,853
	<hr/>	<hr/>	<hr/>
	\$1,795,999	\$1,816,256	\$20,257

We recommend approval of the proposed increase of \$20,257 of expenditures for assigned overhead. Of the increase, the \$14,008 for indirect cost studies, represents increased computer costs and is essentially workload. The remaining \$6,249 represents merit increase costs for the Washington office and contract administration positions.

1. INSTRUCTION AND DEPARTMENTAL RESEARCH

Functional Description

The major goal of the University is identified in this budget category of Instruction and Departmental Research. Included are the costs of teaching staff and related support for the eight general campuses plus the medical schools and health sciences centers.

Performance

In 1967-68 the actual expenditures of \$137,910,328 for instruction and departmental research were \$7,363,920 less than the budget amount of \$145,274,248. The budget exceeded actual expenditures by 5.3 percent which can be attributed to a change in student enrollment.

Total degrees granted increased approximately 6.7 percent over the 1966-67 fiscal year as shown in Table 5. In 1967-68 12,938 bachelor degrees, 4,894 master degrees and 2,443 doctorate degrees were granted, for a total of 20,275 degrees. The largest percentage increase by type of degree granted was the doctorate which increased 32.3 percent over

University of California—Continued

1966-67. Bachelor's degrees and master's degrees increased 4.8 percent and 1.9 percent respectively. The large increase in doctorate degrees is a further acceleration of the 17.8 percent increase of 1966-67 over the previous year.

Table 5
Degrees Conferred, 1966-67 and 1967-68

Type of degree	1966-67	1967-68	Increase	
			Number	Percent
Bachelor -----	12,351	12,938	587	4.8
Master -----	4,804	4,894	90	1.9
Doctor -----	1,847	2,443	596	32.3
Total -----	19,002	20,275	1,273	6.7

Enrollment for 1967-68 was overestimated by only 183 FTE students. As shown in Table 6 the budget was based on an estimated 87,022 FTE students, whereas actual registration showed 86,839 students. Although the total difference between actual and budgeted enrollment is slight, there was significant variance among the enrollment levels. Graduate students were overbudgeted by 987 students, while lower division and upper division students exceed budget estimates by 454 and 350 respectively. Because graduate students require a higher level of expenditure than undergraduates, this shift accounts for expenditures being less than budgeted.

Table 6
Three Quarter FTE Enrollment
Comparison of Budget Estimates to Actual, 1967-68

	Enrollment		Percent of total	
	Budget	Actual	Budget	Actual
Lower division -----	27,658	28,112	31.8	32.4
Upper division -----	31,568	31,918	36.3	36.7
Graduate -----	27,796	26,809	31.9	30.9
Total -----	87,022	86,839	100.0	100.0

Actual student-faculty ratios for the eight campuses overall were approximately as budgeted, both on a weighted¹ or unweighted formula basis but there was considerable variance from campus by campus. Actual experience shows that while the unweighted ratio was slightly higher than budget, the weighted ratio was slightly less. This is a reflection of a slight change in mix from the budgeted enrollment levels. Budgeted estimates are compared to actual student-faculty ratios in Table 7.

¹ Weighted ratios are discussed on page 357.

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Table 7
Comparison of Student-Faculty Ratios
FTE Budget Estimate to Actual
General Campuses
1967-68

<i>Campus</i>	<i>Unweighted</i>		<i>Weighted</i>	
	<i>Budgeted</i>	<i>Actual</i>	<i>Budgeted</i>	<i>Actual</i>
Berkeley -----	14.97	15.22	28.53	28.75
Davis -----	17.57	17.11	28.08	27.38
Los Angeles -----	16.00	16.46	27.95	28.78
Riverside -----	13.28	12.46	22.63	21.12
Santa Barbara -----	17.03	16.00	24.40	23.03
San Diego -----	12.81	12.79	23.91	21.88
Santa Cruz -----	12.38	12.29	15.52	15.41
Irvine -----	10.93	12.16	16.83	18.57
Eight-campus Average -----	15.26	15.28	26.21	26.16

The difference between budgeted and actual enrollment at the University of California Medical Schools and Health Science Center is illustrated in Table 8. The actual figures are 307 students less than the budgeted number of 5,740 students indicating this was overbudgeted by 5.7 percent. The major estimating problem is found at the five medical schools where overbudgeting of 11.2 percent for enrollment occurred. The area of largest variance was the graduate academic students where out of 543 students budgeted only 365 students actually were realized for a difference of 178 or 48 percent.

Table 8
University of California Medical and Health Sciences
Comparison of Budgeted to Actual FTE Enrollment, 1967-68

	<i>Los Angeles</i>		<i>San Francisco</i>		<i>Davis</i>		<i>San Diego</i>		<i>California College of Medicine</i>	
	<i>Budgeted</i>	<i>Actual</i>	<i>Budgeted</i>	<i>Actual</i>	<i>Budgeted</i>	<i>Actual</i>	<i>Budgeted</i>	<i>Actual</i>	<i>Budgeted</i>	<i>Actual</i>
Dentistry -----	234	231	364	362	--	--	--	--	--	--
Medicine -----	1,197	1,180	1,211	1,168	76	51	246	103	709	590
Nursing -----	233	230	389	387	--	--	--	--	--	--
Pharmacy -----	--	--	386	378	--	--	--	--	--	--
Public Health -----	308	355	--	--	--	--	--	--	--	--
Veterinary Medicine -----	--	--	--	--	387	398	--	--	--	--
Totals -----	1,972	1,996	2,350	2,295	463	449	246	103	709	590

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Proposed Budget

1968-69	1969-70	Increase	1973-74
\$163,813,781	\$171,488,660	\$7,674,879	\$220,874,889

The Instruction and Departmental Research Budget represents 33.4 percent of the total support budget. Approximately 89 percent of the total budget for this category comes from state funds. The proposed increase is 4.7 percent. Looking ahead, total expenditures for this function are expected to increase to approximately \$221 million in 1973-74.

The workload increase of \$7,674,879 for this function is divided into two distinct groupings for decision-making purposes. These are the general campuses and the health science schools.

Workload for the eight general campuses increases by \$4,832,572, or 3.8 percent over the \$128,091,920 budgeted for this purpose in 1968-69. In the Health Sciences \$2,842,307, or 8.1 percent, is the proposed increase. The detail of these increases is summarized in Table 9.

Table 9

Summary of Budget Increases—1969-70
Instruction and Departmental Research

	Proposed Increase
<i>General Campuses</i>	
Faculty (197 FTE)	\$2,147,800
Related Faculty Support	1,450,834
Teaching Assistants (174 FTE)	1,127,520
Instructional Use of Computers	108,825
Agricultural Sciences	50,000
Eliminate Engineering at Riverside	—46,907
Total General Campuses	\$4,832,572
<i>Health Sciences</i>	
Medicine	
Davis	\$452,243
Irvine	32,325
Los Angeles	347,538
San Diego	1,216,931
San Francisco	345,450
Dentistry	
Los Angeles	256,000
San Francisco	81,492
Nursing	
San Francisco	101,328
Total Health Sciences	\$2,842,307
TOTAL INSTRUCTION AND DEPARTMENTAL RESEARCH	\$7,674,879

Increases at the General Campuses

The faculty increase of 197 full-time positions will provide a total authorized level of 5,653 (excluding summer quarter) and represents a 3.6 percent increase in staff compared to a 5.9 percent increase in

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weighted-students. The weighted-student to faculty ratio will increase from the 26.80 to 1 level authorized in 1968-69 to 27.44 to 1 in 1969-70. New faculty positions are budgeted at the third step of the assistant professor class, or \$10,900.

With each faculty position a fixed amount of support funds is budgeted to provide for clerical help, readers, laboratory assistants, equipment and other operating costs necessary for academic departments. This amount averages \$6,820 per budgeted faculty position in 1968-69. The total workload increase of \$1,450,834 includes \$1,343,343 to maintain the 1968-69 level and \$107,491 to improve the support level at Davis and Santa Barbara.

Workload for teaching assistants is measured by changes in undergraduate enrollment. The \$1,127,520 increase is for 174 new positions and includes 124 positions required to maintain the 1968-69 ratio of teaching assistants to undergraduates and 50 positions to improve this ratio. This raises the total FTE position count to 1,631. Teaching assistants are budgeted at the rate of \$6,480 for a full-time position. Because these are normally half-time appointments this will actually provide funds for 348 new appointments.

The \$103,825 increase for instructional use of computers is 11.4 percent higher than the 1968-69 level of \$913,117. No realistic measurement has been developed for evaluating workload needs for this purpose and we are unable to determine the basis for arriving at the amount requested. On a cost per student basis, only about half of the increase, or \$56,000, would be justified as enrollment related workload but this is not necessarily an appropriate measure because of the rapid growth and increase in diversity of the uses of computers.

The budget also includes \$50,000 for the vice president of agricultural sciences' office to provide staff and computer time to improve the capabilities of establishing priorities, measuring results and allocating resources for agricultural research.

A proposed reduction of \$46,907 at Riverside would eliminate the dean and related support from the School of Engineering. This eliminates all funds budgeted for this new school and reflects the University decision to defer all developments at Riverside in accordance with recommendations of the Coordinating Council for Higher Education and the Terman Report. The Terman Report suggested that engineering programs throughout the system already exceeded the demand and that expansion of new programs should be deferred.

Increases for Health Sciences

The increase requested for Health Sciences amounts to \$2,842,307 or 8.1 percent over the 1968-69 authorized level. Of this amount \$2,403,487 is for workload associated with the expanding medical schools while \$337,492 is for dentistry and \$101,328 is for nursing.

For medicine the total increase at the San Diego campus includes 25 new clinical faculty positions and related support funds amounting to \$689,866. For a portion of the salaries of interns and residents at the

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University Hospital \$501,200 is provided. A part-time Associate Dean of Clinical Affairs and a part-time Dean for Continuing Education require \$32,775 while recruitment funds are reduced \$6,910.

At Davis 17.75 faculty positions will increase total faculty to 90.60 FTE faculty. These positions together with related support costs will amount to \$421,543. Academic administrative staff would be increased to 3.4 FTE with the addition of \$24,700 for an Associate Dean and other operating expenses will increase by \$6,000.

The increase for the medical school at Los Angeles is for 11.72 FTE faculty and support amounting to \$285,978 plus \$61,560 for the salaries of 20 of the 66 additional interns and residents at the existing state share of \$3,078 per student. The student-faculty ratio will increase from 5.17 to 1 to the ratio of 5.36 to 1.

Ten new faculty positions and related support at San Francisco will maintain the student-faculty ratio of 4.9 to 1 at a cost of \$265,210. An Associate Dean of Education and Academic Development and an Assistant Dean for Student Affairs at a cost of \$44,240 are added for educational planning and improved communications with students. The remaining \$45,000 is for salaries of new interns and residents.

The \$32,325 increase at the California College of Medicine at Irvine is for 1.95 associate deans related to workload on accreditation and hospital application problems.

At the schools of dentistry 10 faculty positions and support amounting to \$256,000 is budgeted at Los Angeles while \$81,492 will provide 4 new faculty positions at San Francisco. The student-faculty ratio at Los Angeles will increase from 4.95 to 5.20 and at San Francisco the ratio will change from 4.98 to 4.68.

Increased enrollments of 58 at the School of Nursing at San Francisco account for the addition of six FTE faculty positions and related support costs amounting to \$87,828. This will increase the student-faculty ratio from 7.83 to 8.01. An additional \$13,500 will provide for a part-time assistant dean for faculty recruitment and coordination of the doctorate program.

Recommendations—General Campuses

We recommend that 25 faculty positions and related support be deleted from the proposed budget for a General Fund savings of \$442,975.

This recommendation is based on the contention that (1) the proposed budget increase of 197 faculty positions is a reasonable reflection of the existing workload level and (2) that this level should be further reduced to reflect the concept that departmental research need not be increased for new students at the same rate as teaching.

In recognition that the demands on faculty time and effort varies significantly between a lower division student and a graduate student, the University has developed a system of student weights for budgeting purposes. These weights per level of enrollment are 1.0 for lower division, 1.5 for upper division, 2.5 for professional schools, master students and first-stage doctorals, and 3.5 for second-stage doctoral. Once the full-time equivalency of the head count enrollment is determined,

Table 10
Student-Faculty Ratios
1965-66 through 1969-70

	<i>Actual</i> 1965-66		<i>Actual</i> 1966-67		<i>Actual</i> 1967-68		<i>Budget</i> 1968-69		<i>Budget</i> 1969-70	
	<i>Weighted</i>	<i>Unweighted</i>	<i>Weighted</i>	<i>Unweighted</i>	<i>Weighted</i>	<i>Unweighted</i>	<i>Weighted</i>	<i>Unweighted</i>	<i>Weighted</i>	<i>Unweighted</i>
Berkeley -----	28.20	14.76	27.16	14.21	28.75	15.22	28.75	14.88	28.68	15.09
Davis -----	22.12	14.27	24.60	15.63	27.38	17.11	28.75	17.79	28.15	17.54
Los Angeles -----	26.97	15.52	27.32	15.45	28.78	16.46	28.07	15.56	29.14	15.94
Riverside -----	20.09	12.35	19.25	11.74	21.12	12.46	23.07	13.49	25.11	14.83
Santa Barbara ---	19.86	14.65	22.11	15.84	23.03	16.00	25.09	17.28	25.70	17.32
San Diego -----	18.69	10.07	19.76	11.14	21.88	12.79	27.17	14.79	27.54	15.63
Irvine -----	17.72	14.25	15.17	10.95	18.57	12.16	18.93	13.23	23.90	15.51
Santa Cruz -----	11.58	10.62	11.94	9.95	15.41	12.29	19.97	14.96	20.83	15.63
Eight Campus										
Average -----	24.98	14.60	24.64	14.36	26.16	15.28	26.84	15.43	27.44	15.82

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these student weights are applied to obtain the weighted student enrollment. Application of the existing student-faculty ratio to these weighted enrollments then results in the total faculty required for enrollment related workload.

The budgetary policy decision to be made each year is what ratio to apply to the weighted enrollments to determine workload. The University has established as a goal a level of 28 weighted students to each faculty member. This was determined from a study at Berkeley and Los Angeles and therefore reflects what the University considers to be an appropriate staffing level for a mature campus. For this reason the University proposed formula is to apply this 28 to 1 ratio to the annual incremental enrollment which results in slight movement towards the goal.

In the 1967-68 Governor's Budget it was decided to accelerate this movement towards 28 to 1 and this approach was used again in 1968-69. The 1969-70 budget again continues this policy with the addition of 197 new faculty positions. The Department of Finance arrived at this amount on the basis of a compromise half-way between the University method of 28 to 1 on the increase in weighted students (311 FTE positions) and the final goal of 28 to 1 for all students (83 FTE positions). The weighted and unweighted student-faculty ratios for 1965-66 through 1969-70 are shown in Table 10.

To evaluate the reasonableness of the level proposed, one must consider the purpose of the workload increase. The method of weighting students and applying ratios to the result is designed to identify and perpetuate the existing level of service rather than to identify the benefits realized by that additional expenditure. When the same ratio is applied from year to year, the effect is to endorse the concept that all components of faculty workload have equal incremental benefits for each student added. We do not agree with this concept. An identification of the components of faculty workload is necessary to evaluate the need for 197 new positions as it relates to an increase of 8,701 weighted students. In a University survey based on 1963 data, faculty workload was divided between (1) teaching—59.8 percent, (2) department administration—6.8 percent, (3) departmental research—25.9 percent, (4) student counseling—4 percent, and (5) other—3.5 percent.

Faculty Workload for Teaching

Assuming this data generally reflects the current breakdown, it is apparent that teaching is the largest single factor of workload. Although there is no agreed method of evaluating all of the elements that make up teaching workload, one significant measurement is faculty contact hours. These are calculated by combining the hours per week spent in organized classes and the hours per week spent supervising individual graduate students in tutorial courses. This measurement makes no distinction for size of classes because a one-hour class of 400 or one of 40 are both counted as one faculty contact hour.

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Table 11 summarizes faculty contact hours for 1965, 1966, and 1967 at the five general campuses of Berkeley, Los Angeles, Davis, Santa Barbara, and Riverside.

Table 11
Average Number of Faculty Contact Hours Per Week¹
Full-Time Faculty: Fall 1965-1966-1967

		Percent distribution faculty time hours							
<i>Five general campuses</i> ²	<i>Contact hours</i>	<i>Fulltime faculty</i>	<i>Average hrs/wk</i>	<i>Less than 3</i>	<i>3-6</i>	<i>6-9</i>	<i>9-12</i>	<i>12-15</i>	<i>15 and over</i>
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Regular Ranks									
1965	24,703.4	2,721	9.08	4%	18%	36%	20%	10%	12%
1966	24,428.8	2,844	8.59	6	24	32	19	8	11
1967	25,314.2	2,891	8.76	5	24	32	18	9	12
Irregular Ranks									
1965	5,530.4	491	11.26	2	11	23	23	21	20
1966	5,755.2	534	10.78	4	15	22	20	20	19
1967	5,393.7	548	9.84	3	19	25	19	15	19
Totals—All Ranks									
1965	30,233.8	3,212	9.41						
1966	30,184.0	3,378	8.94						
1967	30,707.9	3,439	8.93						

¹ Faculty contact hours are defined here by adding together the hours per week spent in organized classes and hours per week spent supervising individual graduate students enrolled in tutorial courses for credit. One contact hour per week is credited for each graduate tutorial enrollee.

² Berkeley, Los Angeles, Davis, Santa Barbara and Riverside.

These data show that a reduction in teaching time occurred between fall of 1965 and fall of 1966 but that there was only a slight corresponding decrease in the staffing ratio for the eight general campuses from 24.98 to 24.64. In 1967-68, the budgeted ratio was increased to 26.24 (26.16 actual) which the University at that time thought was such a serious reduction in level of service that the regents even considered limiting enrollment. Although the regular ranks faculty average hours per week did increase from 8.59 to 8.76, they were still below the 1965 level of 9.08. When the irregular ranks are added the average hours remain relatively constant and in fact fall slightly from 8.94 to 8.93.

On the basis of this information it appears that the original 1967-68 decision to accelerate the ratio towards the goal of 28-1 was a sound one because the University method prior to that time in effect, projected a continuing reduction of faculty contact hours. Although the Department of Finance decision for 197 new faculty positions appears to be an arbitrary one, it is a reasonable reflection of the trend of the past few years to increase the ratio.

Faculty Workload for Research

The second largest element of faculty workload, after teaching, is departmental research which accounts for 25.9 percent of faculty time. This means that for each new faculty position added in the budget, more than a quarter of the cost can be applied to the departmental

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research function. One could therefore conclude that of the 197 new positions proposed, 25.9 percent or 51 positions can be related to research workload. Although it is agreed that departmental research is an important and necessary activity of a university faculty, we do not agree that the additional benefits received from new state funding of faculty should reflect a constant relationship between research and teaching. Although a good case can be made for the incremental benefits of research in such areas as physical sciences, in other fields, such as the social sciences, there would appear to be a point of diminishing returns beyond which additional funding for research should not be added in proportion to additional students.

Assuming that about 50 percent of the existing departmental research would fall into this category, this would reduce the need for new faculty by half of the 51 positions identified with research or 25 FTE faculty.

Teaching Assistants

We recommend that the 50 teaching assistants added for an improved level of service be deleted from the proposed budget for a General Fund reduction of \$324,000. The proposed workload budget includes 174 new teaching assistant positions reported to be measured by the growth in under-graduate enrollment. Actually only 124 positions are required to maintain the existing 1968-69 ratio of one TA for every 40.8 undergraduates. The additional 50 positions would improve this ratio in 1969-70 and thereby increase the existing level of service for the University system. The budgeted undergraduate-teaching assistant ratio has shown consistent improvement for the last four years as shown below.

1966-67	41.33
1967-68	40.92
1968-69	40.83
1969-70	39.57

The justification used by the University in support of an improved ratio each year is to aid instructional programs at the new and developing campuses, but 1968-69 experience indicates that the University does not necessarily allocate these positions to the various campuses on this basis. Of the 35 new positions authorized in 1968-69, Irvine received only three which did not provide for the growth in undergraduate students as evidenced by the increase in the ratio from 39.50 to 50.40. The same situation occurred at Santa Cruz where only four positions were received, and the ratio increased from 56.49 to 64.87. On the other hand Los Angeles received seven new positions as its ratio decreased from 41.35 to 38.57 for a greater improvement than the total system experienced.

Faculty Related Support

We recommend that faculty related support costs be reduced by the amount of \$107,491. This recommendation would maintain the same budgetary level of service as was provided in the 1968-69 budget. In

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the various academic departments there are numerous supporting costs such as administrative, technical and clerical personnel along with related office, classroom and laboratory supplies and equipment. These costs are merged into a single grouping of academic support funds for budget purposes and measured against faculty positions to determine workload needs.

The 1969-70 budget includes a new grouping by adding items that in prior years received individual review. Amounts budgeted for supervisors of education, academic administrators and the graduate division have been merged with the funds previously included for faculty related support. This new method eliminated the need to make individual budgetary decisions for these items and allows the University even greater flexibility in allocating these funds, amounting to \$37,206,885 in 1968-69.

The proposed increase was determined by the Department of Finance by finding the 1968-69 rate per faculty (\$6,820) and applying this rate to the new faculty level proposed for 1969-70. This resulted in a lump sum, systemwide workload increase of \$1,343,343. To this amount was added \$107,491 on the basis that an improvement in the overall level of support was necessary at Santa Barbara and Davis. This total increase of \$1,450,834 was then allocated by the University to the various campuses. Table 12 shows the effects of this campus allocation by comparing budgeted support costs per faculty for 1968-69 and 1969-70 on each of the eight general campuses.

Table 12
Budgeted Academic Support Funds per FTE Faculty

	1968-69	1969-70	Change
Berkeley -----	\$7,271	\$7,302	\$31
Davis -----	7,723	7,500	-223
Los Angeles -----	6,404	6,455	51
Riverside -----	6,414	6,628	214
Santa Barbara -----	4,719	4,969	250
San Diego -----	8,903	8,179	-724
Irvine -----	9,373	8,991	-382
Santa Cruz -----	7,004	6,888	-116
Totals, All Campuses -----	\$6,820	\$6,839	\$19

As shown, the increases per faculty are at Berkeley, Los Angeles, Riverside and Santa Barbara while a reduced level is found at Davis, San Diego, Irvine, and Santa Cruz. The reduction at Davis of \$223 per faculty member points up the inconsistency of the justification for improving the level of overall support because of alleged deficiencies at Davis. The table also indicates there are considerable variations between the campuses in levels of support per faculty. Because of the flexibility granted the University to allocate these funds and transfer between campuses, we see no justification to increase the budgetary formula above the 1968-69 level.

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Recommendations—Health Sciences

We recommend approval of the \$2,842,307 increase budgeted for health sciences. The increases proposed for the health sciences schools can be directly related to changes in student enrollment.

Enrollment for 1969-70 at the various health sciences schools is projected at 6,347 for an increase of 442 students or 7.5 percent over the number estimated in the 1968-69 budget. Of the increase, medical school growth accounts for 336 students. This growth at the medical schools is at San Diego and Davis where for the second year new medical students of 48 and 50 will be accepted and at Los Angeles where previous expansion of the class size continues into the second and third years. Interns and residents will increase by 171 throughout the system with the largest increases at San Diego and Los Angeles. The estimated enrollment increases are compared to the new academic positions in Table 13.

Table 13
Health Sciences—Summary of Enrollment Increases
to New Workload Positions
1969-70

	Number of new faculty proposed	FTE enrollment increases Number	Percent
Los Angeles Center for Health Sciences			
Dentistry	10.00	67	22.3
Medicine	11.72	110	8.7
Nursing	--	--	--
Public Health	--	-6	-2.0
San Francisco Medical Center			
Dentistry	4.00	20	5.4
Medicine	10.00	50	4.1
Nursing	6.00	58	14.0
Pharmacy	--	2	.5
Davis			
Medicine	17.75	63	44.4
Veterinary Medicine	--	-35	-7.2
San Diego			
Medicine	25.00	96	44.9
Irvine			
California College of Medicine	--	17	2.8
Total Increases	84.47	442	7.5

Special Legislative Report

The Committee on Conference on the 1968-69 Budget Bill accepted our recommendation that the University prepare a 10-year academic, physical and fiscal plan for all their health science schools. This study is to be submitted to the Joint Legislative Budget Committee by November 1, 1969, with a progress report required by November 1, 1968.

In compliance with this request the University submitted a progress report titled *The Development of a Comprehensive Plan for Medical and Health Sciences for the University of California, 1970-1980*. As noted in the report, the University has defined the scope of this study to include at least the professions of medicine, dentistry, pharmacy, nursing, veterinary medicine, optometry and public health. The ap-

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proach to be followed is to perform separate concurrent studies in 10 general subject matter components. Briefly these are described as follows:

1. The goals and purposes of the University will be reviewed to determine and define objectives of the health sciences program.
2. Information on the future composition of California's population will be compiled as a basis for projecting future health service demands.
3. A review will be made of the problems created by changes in personnel usage such as substitution of equipment for personnel, increases in allied health fields and increasing specialization.
4. The probable supply of manpower will be reviewed in terms of future immigration.
5. Program cost projections will include estimates of future per student costs plus comparative costs at other universities.
6. Studies of space needs will assist in projecting capital requirements.
7. New standards will be developed for determining the amount of teaching involved in the clinical setting.
8. Research and its relationship to educational programs will be studied.
9. Student demand for each of the health professions will be reviewed.
10. Consideration will be given to future demands of faculty.

In summary, the University notes this is a large and complex study and that lack of working time will require more detailed concentration on the most urgent problem areas. In addition a University policy is stated that no commitments for additional medical or other health science schools will be made until the study is completed.

We think the approach the University has used for this study is comprehensive and appropriate. It is hoped that in developing the goals and objectives of the University and the state that ample consideration will be given to the various alternatives available in the accomplishment of these objectives.

2. SUMMER QUARTER**Functional Description**

The budget function includes all operating costs for those selected campuses which conduct summer quarters. Year-round operations were initiated at Berkeley in the summer of 1967 and at Los Angeles in 1968. Santa Barbara and Irvine will begin year-round operations in 1970 and it is planned for all campuses to be on a year-round schedule by 1971.

Performance

Although the University budgets separately for summer quarter activities, these funds are not separated in the expenditure accounts. The University practice is to merge these funds with the various functional accounts that provide support to the other three quarters.

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This practice allows the University to use the funds budgeted for summer quarter faculty to fund faculty positions in the other three quarters as well. As a result of this practice there are no reliable data available from the University reflecting actual expenditures as they relate to the budget. We think the University method of accounting for these funds is not appropriate and should be corrected. The University should develop a new procedure that will provide separate accounting of these funds and will report expenditures in such a manner as to allow comparison with the legislative intent in the original appropriation.

Table 14 compares data for enrollment, faculty staffing and cost per student at Berkeley and Los Angeles for 1967-68, 1968-69 and 1969-70. Because no actual expenditures are available, budgeted amounts were used for compiling the actual data.

Table 14
Summer Quarter—Berkeley and Los Angeles

	1967-68		1968-69		1969-70
<i>Berkeley</i>	<i>Budgeted</i>	<i>Actual</i>	<i>Budgeted</i>	<i>Actual</i>	<i>Proposed</i>
FTE students -----	3,442	2,233	2,625	2,720	3,059
Percent of annual enrollment -----	40%	25.4%	30%	31%	35%
Weighted students -----	6,376	4,475	5,057	5,247	5,816
Faculty positions -----	224	224	181	181	213.50
Student faculty ratios					
Unweighted -----	15.3	10.0	14.1	15.0	14.3
Weighted -----	28.4	20.0	27.9	29.0	27.2
Instruction and Research Cost per student -----	\$1,303	\$2,008	\$1,328	\$1,282	\$1,318
<i>Los Angeles</i>					
FTE students -----	-	-	3,043	2,189	2,633
Percent of annual enrollment -----	-	-	40%	28%	33%
Weighted students -----	-	-	5,488	4,141	4,813
Faculty positions -----	-	-	188	188	172
Student faculty ratios					
Unweighted -----	-	-	16.2	11.6	15.3
Weighted -----	-	-	29.2	22.0	28.0
Instruction and Research Cost per student -----	-	-	\$1,205	\$1,675	\$1,251

Overbudgeting at Los Angeles

In our analysis of the Budget, 1968-69 we recommended a reduction of about \$2 million in the summer quarter budgets at Los Angeles and Berkeley. This recommendation was based on an enrollment level of 30 percent of the academic year and was supported by Berkeley's experience in the first summer quarter where enrollment was budgeted at 40 percent, but actual enrollment was only 25.4 percent. Because more accurate enrollment estimates from the University would be available in late May, 1968, action on our recommendation was delayed pending that information.

In revised estimates presented by the University to the Conference Committee on June 10, 1968, Berkeley enrollment was estimated at

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30.4 percent and Los Angeles at 39.6 percent. On the basis of these estimates we revised our recommendations to an enrollment level of 40 percent for Los Angeles and 34.1 percent for Berkeley, and a reduction of \$590,242 which was approved by the Conference Committee. Subsequently the Governor vetoed an additional \$635,238 included for the Berkeley summer quarter to reflect the 30.4 percent estimate of the University.

Final enrollment data for the 1968 summer quarter now shows that our original recommendation of 30 percent was accurate. Berkeley obtained a level of 31 percent while Los Angeles operated at the 28-percent level. This resulted in a slight underbudgeting at Berkeley while the Los Angeles campus was overbudgeted by approximately \$850,000.

It should be noted that while the Los Angeles summer quarter was clearly overbudgeted in 1968, this is offset by the fact that the regular academic year at Los Angeles was underbudgeted. Revised three quarter enrollment estimates for 1968-69 show an additional 1,242 FTE students over those budgeted. This increase is a temporary matter resulting from a higher than estimated number of junior college transfers. To accept these applicants the campus was required to exceed the maximum enrollment level established by Regent's policy in accordance with the Master Plan.

It can be argued that if the summer quarter had obtained a higher level of enrollment this would have lessened the enrollment pressure on the regular-term quarters. Although the University made poor enrollment estimates and has failed to establish proper accounting for the separate summer quarter appropriations, it appears that the expenditures in 1968-69 will be made for a justifiable workload.

Proposed Budget

1968-69	1969-70	Increase	1973-74
\$10,144,511	\$10,183,221	\$38,710	\$26,976,035

The summer quarter budget makes up 2 percent of the total support budget and state funds account for 78.6 percent of this function. By 1973-74 expenditures for this purpose are expected to approximate \$27 million. The increase of \$38,710 or 3.8 percent in the budget year is summarized as follows.

Workload	Proposed Increase
Berkeley -----	\$616,705
Los Angeles -----	520,116
Irvine -----	143,971
Davis -----	201,850
Total increase -----	\$38,710

At the Berkeley campus an increase of \$616,705 is requested to meet enrollment increases of 12.8 percent. The enrollment target for the 1969 quarter is based on 35 percent of the regular three quarter average as opposed to the 30 percent level finally approved in the 1968 Budget Act. This will result in 9,702 students.

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A decrease of \$520,116 is proposed for the summer quarter at Los Angeles, resulting in a new budgeted level of \$4,510,611. The reduction contains a downward revision of the enrollment level from 40 percent budgeted for 1968 to 33 percent in 1969 to reflect the 28 percent level actually obtained in 1968. Authorized faculty will be reduced by 18 positions based on the converted FTE weighted students of 4,808.

In addition, \$143,971 is included for planning and development of the summer quarter at Irvine scheduled to open in 1970 at the 20 percent enrollment level. The amount requested is based on one-sixth of the total budget requirements because the first few weeks of the quarter will fall in the 1969-70 fiscal year. Similar funds budgeted for Davis in the 1968-69 budget are eliminated because of the Regents' decision to defer the summer quarter to 1971 rather than 1969 as planned. This will result in a reduction of \$201,850.

Until such time as all campuses in the system have a summer quarter, workload increases are budgeted in this function on a campus-by-campus basis. When it is appropriate, budgets are developed on the basis of existing formulas used for budgeting the academic year costs. Faculty needs are based on an overall 28 to 1 ratio and teaching assistants are tied to undergraduate enrollments. On the other hand, certain supportive costs are budgeted at a lower rate than normal to reflect the cost savings of increased utilization. For example, while there are some additional costs in providing library services throughout the summer quarter, there is no need to provide additional book purchases above the volume level available to the students in the other quarters.

Recommendation

We recommend the deletion from the Berkeley summer quarter of six faculty positions and related support and an increase of four teaching assistant positions for a net General Fund savings of \$72,600.

This recommendation adjusts the proposed budget for the Berkeley summer quarter to correspond to the 1969-70 enrollment estimates shown in the Governor's Budget. The proposed budget was developed on earlier enrollment figures which were somewhat higher than the final estimates. The Governor's Budget provides total faculty of 213.5 FTE in 1969-70 for a weighted student-faculty ratio of 27.2 to 1. Our recommendation to eliminate six positions (\$98,520) would raise this ratio to 28 to 1 which is consistent with the 1968-69 standard as well as the level budgeted at Los Angeles in 1969-70.

The new enrollments reduced the graduate level and thereby a corresponding reduction of weighted students occurred. This in turn reduced faculty needs. At the same time undergraduate enrollment increased creating a need for four teaching assistant positions or \$25,920.

3. SUMMER SESSION**Functional Description**

The Master Plan recommended that every public higher education institution that is able to offer academic programs in the summer months do so to make full use of the state's higher education physical

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facilities. Summer sessions will be operated on eight of the University campuses in 1969-70. This budget category is reported to contain all the expenditures associated with these summer programs.

Performance

The summer sessions were budgeted for \$2,731,719 in 1967-68 and actual figures show expenditures of \$1,437,180. Budgeted figures exceeded actual expenditures by \$1,294,539 or 90.1 percent. Summer session enrollments for 1964-65 through 1968-69 are indicated in Table 15. The decrease experienced in 1968-69 is largely the result of the virtual discontinuance of the Berkeley summer session and the reduction of the Los Angeles session because of the effects of the summer quarter.

Table 15
Summer Session Enrollment

	1964-65	1965-66	1966-67	1967-68	1968-69
	Actual	Actual	Actual	Actual	Actual
Berkeley -----	11,775	9,237	9,225	300	--
Irvine—C.C.M. -----	--	--	87	472	249
Davis -----	696	794	1,005	1,140	1,257
Los Angeles -----	10,993	8,538	10,211	7,382	2,907
Riverside -----	--	631	633	704	792
San Francisco -----	327	857	977	955	950
Santa Barbara -----	1,356	1,652	1,812	1,912	2,032
Santa Cruz -----	--	--	--	227	108
Total -----	25,147	21,709	23,950	13,092	8,295
Percent -----	+9.6	-13.7	+10.3	-45.8	-36.6

Proposed Budget

1968-69	1969-70	Increase	1973-74
\$1,085,941	\$1,091,596	\$5,655	\$1,030,250

The summer session budget request is 0.2 percent of the entire support budget and is supported from student fees.

A workload increase of \$5,655 for the summer session will be provided from student fees. Each student is charged \$110 for the six-week session although Los Angeles is scheduled to increase its fee to \$160 for the 1969 session.

Recommendation

We recommend approval in the amount budgeted. The proposed budget increase will be funded from student fee income. No state funds are involved in this function.

4. TEACHING HOSPITALS AND CLINICS

Functional Description

Included within this function is funding of teaching hospitals for which the University has major operational responsibilities. These include the hospitals at the Los Angeles Center for Health Sciences, the San Francisco Medical Center, the San Diego County University Hospital and the Veterinary Teaching Hospital at Davis. The teaching

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hospital is intended to be the focal point for the student's exposure to patients and the core for instruction in the practice of medicine. In addition to the instructional aspects, each of these hospitals provides a public service benefit to the community in which it is located. The teaching hospital is looked to for excellence in its quality of medical care.

Performance

In 1967-68 the University teaching hospitals expenditures were \$45,965,805 compared with the budgeted amount of \$44,395,004. Actual expenditures exceeded the budgeted amount by \$1,570,801, or 3.5 percent which was offset by increased income. State funds amounting to \$9,281,315 represented 30.2 percent of actual expenditures. At the three human medicine teaching hospitals, patient care subsidy funds of \$8,859,980 amounted to 19.9 percent of total hospital operating costs.

Table 16 provides basic performance data for the three teaching hospitals at San Francisco, Los Angeles and San Diego. The data show that in 1967-68 at Los Angeles the actual charge per patient-day for both outpatients and inpatients was less than budgeted. This was offset by a greater percentage of bed occupancy (79.6) rather than that budgeted (78.6) and a greater number of outpatient visits (126,674) than that budgeted (101,900). The greatest variance at San Francisco was in the number of departmental patient days where actual exceeded budgeted by 5,547 patient days, or 7 percent.

Table 16

Human Medicine Teaching Hospitals Performance Criteria

<i>San Francisco</i>	<i>1967-68</i>	<i>1967-68</i>	<i>1968-69</i>	<i>1969-70</i>
<i>Inpatient</i>	<i>Budgeted</i>	<i>Actual</i>	<i>Estimated</i>	<i>Proposed</i>
Percentage occupancy -----	78.8%	77.3%	79.7%	79.0%
Departmental patient-days -----	78,340	83,887	85,800	84,340
Charge per departmental patient-day -----	\$96.69	\$96.12	\$107.98	\$111.46
Subsidy per departmental patient-day -----	\$40.17	\$36.45	\$38.52	\$42.41
Subsidy as a percentage of departmental patient charges -	41.5%	37.9%	36.0%	36.5%
<i>Outpatient (including emergency)</i>				
Departmental patient visits -----	160,000	158,703	163,000	153,080
Charge per departmental patient visit -----	\$17.61	\$17.38	\$20.83	\$22.86
Subsidy per departmental patient visit -----	\$7.48	\$7.22	\$8.86	\$8.89
Subsidy as a percentage of departmental patient charges -	42.5%	41.5%	42.5%	38.9%
<i>Los Angeles</i>				
<i>Inpatient</i>				
Percentage occupancy -----	78.6%	79.6%	80.0%	¹ 72.7%
Departmental patient-days -----	66,308	65,255	70,200	80,965
Charge per departmental patient day -----	\$122.68	\$115.34	\$119.84	\$106.43
Subsidy per departmental patient-day -----	\$30.60	\$37.56	\$27.27	\$27.14
Subsidy as a percentage of departmental patient charges -	24.9%	32.1%	22.7%	25.5%

University of California—Continued

Table 16—Continued

Human Medicine Teaching Hospitals Performance Criteria

<i>Los Angeles—Continued</i>	<i>1967-68</i>	<i>1967-68</i>	<i>1968-69</i>	<i>1969-70</i>
<i>Inpatient</i>	<i>Budgeted</i>	<i>Actual</i>	<i>Estimated</i>	<i>Proposed</i>
<i>Outpatient (including emergency)</i>				
Departmental patient visits -----	101,900	126,674	139,100	147,890
Charge per departmental patient visit -----	\$20.92	\$17.69	\$22.55	\$22.38
Subsidy per departmental patient visit -----	\$7.93	\$6.57	\$7.32	\$7.32
Subsidy as a percentage of departmental patient charges -	37.9%	37.1%	32.5%	32.7%
<i>San Diego</i>				
<i>Inpatient</i>				
Percentage occupancy -----	55.6%	55.5%	67%	69%
Departmental patient-days -----	97,428	97,205	117,368	120,265
Charge per departmental patient-day -----	\$69.13	\$68.24	\$90.50	\$92.24
Subsidy per departmental patient charges -----	\$12.02	\$10.12	\$10.30	\$15.26
Subsidy as a percentage of departmental patient charges -	17.6%	14.8%	11.5%	16.6%
<i>Outpatient (including emergency)</i>				
Departmental patient visits ---	70,993	71,315	82,000	88,504
Change per departmental patient visit -----	\$21.62	\$19.91	\$19.14	\$19.96
Subsidy per departmental patient visit -----	\$2.86	\$3.84	\$2.59	\$3.70
Subsidy as a percentage of departmental patient charges -	13.2%	19.3%	13.5%	18.6%

¹ Bed capacity will increase from 373 to 748 beds during 1969-70.

Proposed Budget

<i>1968-69</i>	<i>1969-70</i>	<i>Increase</i>	<i>1973-74</i>
\$55,190,023	\$59,817,930	\$4,627,907	\$96,457,512

In 1969-70 state funds will support \$10,965,389 or 18.3 percent of the total budget for teaching hospitals and clinics. Total expenditures are projected at \$96.5 million in 1973-74. This projection includes consideration for expanding auxiliary activities of the hospitals, medical improvement and increasing numbers of patients where facilities will be expanded. The proposed increase of \$4,627,907 is composed of \$2,229,749 in state funds while the remaining \$2,398,158 represents increased patient care costs funded from charges for service. These increases are summarized below.

Summary of Budget Increases

<i>Workload</i>	<i>Proposed increase</i>
University Hospitals (subsidy) -----	\$1,638,954
Davis—Sacramento County Hospital -----	231,000
Veterinary Medicine Teaching Hospital -----	359,795
Subtotal—State funds -----	\$2,229,749
Increases funded by University income -----	2,398,158
Total Increase -----	\$4,627,907

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The \$1,638,954 increase for the teaching hospital subsidy is based on outpatient and inpatient departmental patient charges at the three human medicine hospitals. The total amount of state subsidy proposed of \$10,145,520 (see Table 17) represents 17.4 percent of estimated hospital costs and is an increase over the 1968-69 level of 16.7 percent.

A new item included for workload at the Davis Medical School will provide a state subsidy of \$231,000 for the clinical training program at the Sacramento County Hospital. Of this amount, \$208,500 is for inpatient subsidy and \$22,500 for outpatient activities. The increase of \$359,795 for the Davis Veterinary Medicine teaching hospital will provide \$149,500 for start-up losses resulting from movement into the new facility and \$261,490 for an increase in the hospital patient subsidy. This subsidy amount would maintain the same 42.9 percent of total patient costs as was budgeted in 1968-69.

Recommendations

We recommend approval as budgeted.

The five-year trend analysis shown in Table 17 illustrates the declining percentage of subsidy to total operating budget. The primary reason for this decline is the greater level of income received by the hospitals from Medicare and Medi-Cal programs. The proposed 1969-70 budget reverses this trend. If the 1968-69 percentage was applied to the 1969-70 total only \$9,740,075 (or a difference of \$405,445) would be required to maintain the current rate. On the other hand, the subsidy level is still below the actual 1967-68 experience of 19.9 percent indicating this improvement is justified.

Table 17
Human Medicine Teaching Hospitals
(San Francisco, Los Angeles, and San Diego)
Five-Year Trend in Subsidy Usage

	Total operating budget ¹	Subsidy ¹	Percent of subsidy to total budget
1965-66 -----	\$25,862,302	\$7,665,865	29.6
1966-67 -----	38,132,646	9,446,873	24.8
1967-68 -----	44,589,354	8,859,980	19.9
1968-69 (estimated) -----	54,655,949	9,103,475	16.7
1969-70 (proposed) -----	58,323,805	10,145,520	17.4

¹ Includes San Diego beginning in 1966-67.

5. ORGANIZED ACTIVITIES—OTHER

Functional Description

This function includes activities organized and operated in connection with educational departments and conducted primarily as necessary adjuncts to the work of these departments. Many dissimilar and diversified programs are supported by this budget function. State support funds are largely used in four areas: (1) elementary schools at

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Berkeley and UCLA which provide laboratories for experimentation, research and teacher training in grade school curricula; (2) vivariums at San Francisco, Los Angeles and San Diego which provide maintenance and care of animals necessary for teaching and research in the biological and health sciences; (3) medical testing laboratories and clinics which provide diagnosis for patient care; and (4) art, music and drama activity including an ethnic collection at UCLA. Other areas of state support include the dental clinic subsidy at UCLA, the arboretum at Davis and a subsidy for the California Management Review. Nonstate funded items include hospital services provided by University staff and contracted for by affiliated counties at San Francisco General Hospital, the Harbor General Hospital, the Los Angeles County Hospital and the Sacramento Hospital. In addition, support for special engineering projects of service to industry at Berkeley and intercollegiate athletics at smaller campuses are also included.

Performance

Expenditures in 1967-68 exceeded the budgeted amount of \$3,190,418 by \$300,816, or 9.4 percent. This occurs because of the historic tendency to underestimate the amount of income generated within the function. Of the total expended in 1967-68, 51 percent came from this source while General Fund support accounted for 33.2 percent and student fees provided 15.7 percent. Table 18 provides a breakdown of the source of funds, expenditures by campus and expenditures by type of activity for 1967-68.

Table 18
Organized Activities
Analysis of 1967-68 Operations

1. Source of Funds	Amount	Percent
University general funds -----	\$1,157,387	33.2
Student fees -----	547,695	15.7
Organized activity income -----	1,781,046	51.0
Other sources -----	5,106	0.1
Total -----	\$3,491,234	100.0
2. Expenditures by Campus	Amount	Percent
Berkeley -----	\$530,529	15.2
Davis -----	447,773	12.8
Irvine -----	57,755	1.7
Los Angeles -----	1,475,191	42.2
Riverside -----	59,255	1.7
San Diego -----	123,158	3.5
San Francisco -----	494,448	14.2
Santa Barbara -----	292,127	8.4
Santa Cruz -----	210	--
California College of Medicine ----	10,788	0.3
Total -----	\$3,491,234	100.0

University of California—Continued

Table 18—Continued
Organized Activities
Analysis of 1967-68 Operations

	<i>University general funds</i>	<i>Restricted funds</i>	<i>Total</i>	<i>Percent</i>
3. Expenditure by type				
School of Education—				
special schools -----	\$395,786	\$50,767	\$446,553	12.8
Engineering -----	--	270,201	270,201	7.7
Medical testing labs and				
other medical services -----	178,486	487,687	666,173	19.1
Optometry and audiology clinics -----	--	225,404	225,404	6.4
Vivaria -----	342,812	5,271	348,083	10.0
Art, music, drama activities -----	114,659	240,036	354,695	10.2
Intercollegiate athletics -----	--	579,499	579,499	16.6
Other -----	125,644	474,982	600,626	17.2
Total—Amount -----	\$1,157,387	\$2,333,847	\$3,491,234	
Percent -----	33.2	66.8		100.0

Proposed Budget

<i>1968-69</i>	<i>1969-70</i>	<i>Increase</i>	<i>1973-74</i>
\$3,820,681	\$3,931,044	\$110,363	\$4,877,091

State funds support 29 percent of the budget for organized activities—other. This budget category represents 0.8 percent of the total support budget. The proposed increase is \$110,363, or 2.9 percent above the 1968-69 level.

Of the increase only \$45,859 is related to state funding while the remaining \$64,504 in University funds will support arts and lectures and recreational activities on the various campuses. These increases are shown below.

Summary of Budget Increases

<i>Workload</i>	<i>Proposed increase</i>
Berkeley demonstration school -----	\$25,000
Santa Barbara vivarium -----	22,500
Reduce Berkeley miscellaneous -----	-1,641
Subtotal—State Funds -----	\$45,859
Increases funded by University income -----	64,504
Total -----	\$110,363

The Berkeley demonstration school project will receive an increase of \$25,000 for a new state support level of \$98,912. This project, in cooperation with the Berkeley Unified School District, provides a basis for experimentation and innovation in teaching methods with over 1,900 children participating. The increase for the Santa Barbara vivarium will provide a centralized facility for ordering, receiving and care of all animals used on the campus for instruction and research purposes.

Recommendations

We recommend approval in the amount budgeted. The increase proposed for the Berkeley demonstration school will be used to increase

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consultant stipends to participating teachers from the local school district. This recognizes the salary increases granted by the school district to these participating teachers in the past several years. The vivarium activities at Santa Barbara are justified as a necessary requirement of the instruction program.

6. ORGANIZED RESEARCH

Functional Description

The Donahoe Act specifies that the University of California shall be the primary state supported institution for research. The academic plan of the University of California states that the second major responsibility of the University is research. The fundamental objective of research, as defined by the University, is to provide for the scientific study and exploration of the natural universe and society so that the findings may be integrated into the body of knowledge. In this manner the instructional program is supported and extended by research. State-supported activity included in the Governor's Budget under this function consists primarily of support for institutes and bureaus, faculty research grants and travel to professional meetings and research in agriculture, forestry and veterinary medicine. The largest portion of the organized research budget which is received from private individuals, agencies, and the federal government is excluded from the support budget. At present California currently receives 40 percent of its total research and development expenditures from the federal government but is experiencing increasing competition for these funds. If the special Atomic Energy Commission contracts are excluded, the ratio of state dollars to federal dollars is 1 to 2.6. State support is used primarily to meet the matching requirements of the federal government and provide for the administrative functions of organized research units.

Performance

As is shown in Table 19, actual 1967-68 expenditures exceeded the budgeted amount of \$36,175,729 by 1.6 percent, or \$577,826. Also illustrated in this table, is the emphasis on the agriculture, forestry, and veterinary medicine in relation to other types of state-supported research expenditures.

Table 19

Organized Research
1969-70 Governor's Budget and Comparison of 1967-68 Budget to Actual¹

	1969-70	1967-68	
		Budgeted	Actual
Institutes and bureaus -----	\$12,557,914	\$11,410,309	\$11,999,151
Faculty research grants -----	2,213,302	1,920,357	1,920,357
Travel to professional meetings ----	414,097	361,031	361,031
Agriculture, forestry and veterinary medicine -----	21,526,057	20,527,656	20,516,640
Other -----	2,124,313	1,956,376	1,956,376
Total -----	\$38,835,683	\$36,175,729	\$36,753,555

¹ The 1969-70 figures contain program augmentations.

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A major portion of organized research expenditures is not included in the University budget because it is considered short term or non-continuing. When this is added to the amount budgeted, expenditures for 1967-68 total \$154,420,275.

Of this amount approximately \$106.7 million is for federal contracts, grants, and appropriations. Another \$13.2 million is from endowments, private grants and other sources. These sources are shown in Table 20 but do not include the \$247,891,925 in special federal research contracts for the Atomic Energy Commission.

Table 20

**Total Organized Research (Including Sponsored Research)
Sources of Actual Expenditures 1967-68**

	<i>Amount</i>	<i>Percent</i>
Federal contracts, grants, and appropriations	\$106,742,881	69.1%
State funds		
General	31,938,681	20.7
Restricted	2,673,248	1.7
Endowment	4,105,728	2.7
Private grants	7,327,151	4.7
Other sources	1,632,586	1.1
Total	\$154,420,275	100.0%

Expenditures by subject area and fund source are shown in Table 21. When compared to expenditures of 1966-67 fiscal year, the mathematical, physical and engineering sciences areas increased its percentage of the total expenditure from 29.3 percent to 34.9 percent. This was done at the expense of the agriculture and forestry area and the social sciences and other groups. The continuing emphasis on state-supported research in agriculture and forestry is still quite evident.

Table 21

**Total Organized Research by Subject Area
1967-68**

	<i>State general funds</i>	<i>University restricted funds</i>	<i>Total</i>	<i>Percent</i>
Agriculture and forestry	\$17,416,856	\$9,137,416	\$26,554,272	17.2%
Medical and related fields ¹	1,995,357	32,347,350	34,342,707	22.2
Mathematical, physical and engineering sciences research	5,819,414	48,023,799	53,843,213	34.9
Social sciences and other	6,707,054	32,973,029	39,680,083	25.7
Total	\$31,938,681	\$122,481,594	\$154,420,275	100.0%

¹ Includes veterinary medicine.

Proposed Budget

<i>1968-69</i>	<i>1969-70</i>	<i>Increase</i>	<i>1973-74</i>
\$38,325,596	\$38,835,683	\$510,087	\$49,488,289

The 1969-70 proposed budget includes approximately \$34 million in state funds, or about 88.2 percent of the total budgeted. This func-

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tion is 7.6 percent of the total support budget. Organized research is projected to increase to \$49.5 million by 1973-74.

The budget increase of \$510,087, or 1.3 percent, includes workload of \$210,087 and program augmentations of \$300,000, as shown in Table 22.

Table 22

<i>Workload</i>	<i>Proposed Increase</i>
Grants and travel—general campuses	\$91,605
Grants and travel—health sciences	42,850
University press subsidy	66,891
Other university funded activities	9,741
Total Workload	\$210,087
<i>Program Augmentations</i>	
Scripps Institution of Oceanography	\$70,000
Lick Observatory	50,000
Drug abuse	30,000
San Joaquin agricultural research center	150,000
Total Program Augmentations	\$300,000
TOTAL INCREASE, ORGANIZED RESEARCH	\$510,087

The workload increase provides funds for research grants and travel to professional meetings for the new faculty positions requested in the budget. An amount of \$395 for grants and \$70 for travel is added for each of the 197 FTE faculty positions requested, for a total of \$91,605. An additional amount of \$42,850 is added for the 84.47 FTE new faculty positions in health sciences. The increase for scientific publications of \$66,891 is based on new faculty positions in accordance with the formula developed for the 1966-67 budget. And \$9,741 is for miscellaneous activities funded from University restricted funds.

The \$70,000 program augmentation for Scripps Institution of Oceanography includes \$40,000 to establish the first of two sites for monitoring earth strain with new instrumentation for the purpose of predicting earthquakes. The remaining funds will provide for increased costs of ship operations used in the various projects and additional administrative support in the director's office.

An augmentation for Lick Observatory of \$50,000 will increase budgeted expenditures to \$628,208 in 1969-70. The increase is required for expansion of the effort to keep up with advancing technology in astrophysical research.

In 1967 the University was directed to collect and coordinate information relating to research in the field of drug abuse. The San Francisco campus has performed this workload for the past two years without additional funds. The augmentation of \$30,000 will allow the campus to continue this activity in 1969-70. Initial staffing for the new Agricultural Research Center is proposed from the \$150,000 augmentation. This new facility, constructed with federal funds and located at

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the Kern Horticultural Field Station, will perform research in soil and climate conditions of the new land areas available for irrigation from the California Water Plan.

Recommendations

We recommend a reduction of \$11,625 budgeted for faculty grants and travel. The increase in workload for faculty research grants and travel is budgeted on the basis of \$465 for each new position added. This item represents the state funding commitment to organized research that is related to enrollment determined workload. These grants allow faculty members to collect project data, perform surveys relative to their research and attend scholarly and professional meetings. Younger faculty members are especially dependent upon these funds to assist them in their scholarly work and aid them in their advancement.

The recommended reduction relates to our recommendation to delete 25 FTE faculty positions in instruction and departmental research.

We recommend the elimination of the program augmentation for the drug abuse research program for a General Fund savings of \$30,000. The drug abuse program was established in 1967-68 as a result of legislation directing the University to survey existing research activities in the field of drug abuse and to coordinate the statewide effort. A yearly report to the Legislature summarizing findings and activities is required. The University has been performing this work for the past two years at the San Francisco campus without an increase in state funds. The augmentation of \$30,000 is requested to fund the activity in 1969-70 thereby freeing for other purposes the funds used by the University in 1967-68 and 1968-69 for this program. This means that the additional state dollars will provide no increase in the level of service for the drug abuse program. In our opinion this program should be continued by the University from the present funding source or from the \$803,325 in state funds presently budgeted for organized research at San Francisco.

Growth of Scripps Institution of Oceanography

One of the contentions the University has made regarding the funding of Scripps Institution of Oceanography is that an increase in state funds generates a greater amount of outside funding. To evaluate this claim we have summarized in Table 23 actual expenditure data for Scripps from 1963-64 through 1967-68 by source of funding. Because the outside sources of revenue are not budgeted by the University we cannot provide the estimates for 1968-69 and 1969-70 so only budgeted state funds are shown. The table shows that the percent of state funds to total expenditures has consistently fallen for the past five years from 19.4 percent in 1963-64 to 13.6 percent in 1967-68 which indicates that the position of the University is a correct one. The proposed augmentation appears to be reasonable in terms of the prior year's growth trends and the research benefits that will be forthcoming to both the state and the nation.

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Table 23

Scripps Institution of Oceanography
Summary of Expenditures by Fund Source
1963-64 through 1969-70

	<i>State funds</i>	<i>Other funds</i>	<i>Total</i>	<i>Percent state funds to total</i>
1963-64 -----	\$1,544,570	\$6,409,888	\$7,954,458	19.4%
1964-65 -----	1,603,962	7,280,850	8,884,812	18.1
1965-66 -----	1,736,332	8,330,492	10,066,824	17.2
1966-67 -----	1,761,803	8,943,385	10,705,188	16.5
1967-68 -----	1,938,222	12,297,429	14,235,651	13.6
1968-69 estimated --	2,306,957	n/a	n/a	n/a
1969-70 proposed ---	2,376,957	n/a	n/a	n/a

A similar review for Lick Observatory shows a different result in Table 24. For the five-year period from 1963-64 to 1967-68 the percent of state funds to total expenditures remained relatively constant. It is evident that the program for Lick Observatory relies primarily on state funding sources for its continuance and that outside funding does not significantly react to increases in state support. The \$50,000 program augmentation represents an 8.6 percent increase over 1968-69 and is justified in terms of the expansion of graduate instruction in astronomy that has occurred with the transfer of the observatory from Berkeley to Santa Cruz.

Table 24

Lick Observatory
Summary of Expenditures by Fund Source
1963-64 through 1969-70

	<i>State funds</i>	<i>Other funds</i>	<i>Total</i>	<i>Percent state funds to total</i>
1963-64 -----	\$507,190	\$96,948	\$604,138	84.0%
1964-65 -----	548,050	179,099	727,149	75.4
1965-66 -----	568,762	107,242	676,004	84.1
1966-67 -----	639,635	121,672	761,307	84.0
1967-68 -----	530,871	139,447	670,318	79.2
1968-69 -----	578,208	n/a	n/a	n/a
1969-70 -----	628,208	n/a	n/a	n/a

The increase in agricultural activities in the San Joaquin Valley is related to the relocation of producers from the expanding urban areas. The California Water Plan will provide irrigation for approximately one million new acres on the west side of the valley. There is a need for research on the soil and climate characteristics of this region as well as a study of the adaptability and protection of the crops. The augmentation of \$150,000 for the new research station will provide the initial staff of researchers and related operating costs. This augmentation is

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the only increase for the University in agricultural organized research, representing only a 0.7 percent increase to the program.

We recommend approval as budgeted of the following three special appropriations. Included in the totals for organized research are three special research programs separately appropriated in the budget bill. Item 111 appropriates \$334,900 for research in the conversion of sea water and brackish water to fresh water, and Item 112 appropriates \$100,000 for research in dermatology. Item 113 appropriates \$100,000 from the California Water Fund to support a research program in mosquito control. All three of these programs are continued at the 1968-69 level.

7. LIBRARIES

Functional Description

Support for the current operations of the University's nine campus libraries as well as related college and school research branch and professional libraries is included in this budget function. The University's 10-year plan for library development states that its principal objective is to support adequately the academic programs of the University. Access to scholarly books, manuscripts and other documents is an integral part of University teaching and research. The goal of this 10-year plan will be reached in 1970-71 when the total collection of the University will have grown to 11 million volumes.

Performance

As shown in Table 25 actual expenditures in 1967-68 were \$19,775,921 or \$216,783 (1.1 percent) less than budgeted. Salary savings was the principal reason for this difference. All three categories of (1) books, periodicals and binding, (2) salaries and wages, and (3) supplies and equipment show expenditures less than the budgeted amount. Expenditures for books and periodicals account for 33.9 percent of the total library budget. Expenditures per FTE student and per FTE faculty show only a small reduction from the level budgeted.

Table 25
Comparison of Budgeted to Actual Library Expenditures
1967-68 Support Budget

	<i>Budget</i>	<i>Actual</i>	<i>Percent of total</i>
Books, periodicals and binding----	\$6,782,235	\$6,704,037	33.9%
Library salaries and wages-----	11,923,991	11,786,449	59.6
Supplies, equipment and other-----	1,286,478	1,285,435	6.5
Total -----	<u>\$19,992,704</u>	<u>\$19,775,921</u>	100.0%
Expenditures per FTE student----	\$230	\$226	
Expenditures per FTE faculty ----	\$3,052	\$2,996	

As in prior years the University was able to add considerably more volumes than were budgeted in 1967-68. The acquisition level exceeded the budgeted amount by 186,590 volumes or 37.5 percent. Gifts, dona-

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tions and purchases of special library collections with Regent's Opportunity Funds account for this difference. In 1967-68 there were 105 library volumes per student as compared with the budgeted number of 103, and volumes per faculty increased slightly. These data are shown in Table 26.

Table 26

Library Workload Data Comparison of Budgeted to Actual 1967-68

	<i>Budgeted</i>	<i>Actual</i>
Library volumes per FTE student.....	103	105
Library volumes per FTE faculty.....	1,406	1,436
Acquisitions	497,677	684,267
Total volumes	8,915,881	9,102,471

Proposed Budget

<i>1968-69</i>	<i>1969-70</i>	<i>Increase</i>	<i>1973-74</i>
\$22,301,023	\$24,607,662	\$2,306,639	\$33,894,820

The proposed budget increase is 10.3 percent more than the 1968-69 budget. This function represents 4.8 percent of the total support budget. State support funds provide 98.1 percent of the library budget. Library expenditures are projected to increase \$9.2 million by 1973-74.

The 1969-70 increase of \$2,306,639 is proposed entirely from the General Fund and includes an augmentation of \$100,000 for library automation. This item's workload increases and augmentation are summarized below.

Summary of Budget Increases

<i>Workload</i>	<i>Proposed Increase</i>
Volume acquisition	\$888,570
Binding expense	180,672
Acquisition and processing (78.93 FTE)	486,488
Reference and circulation (86.10 FTE)	532,499
Supplies and expenses	118,410
Totals Workload	\$2,206,639
Program Augmentation	
Library Automation	100,000
Total Increase	\$2,306,639

The increase for book purchases will allow acquisition of 621,146 volumes in 1969-70. This is an increase of 47,219 volumes over the 1968-69 level. Also included is a 6.3 percent price increase factor. Increased salaries and wages amounting to \$1,018,987 will provide for 165 new positions to be allocated between acquisition and processing (79 positions) and reference and circulation (86 positions). In support of these functions an increase of \$118,410 is included for supplies and expense. As a program augmentation \$100,000 is proposed for increased activity in library automation. These increases are identified by individual campuses in Table 27 which compares the percentage increase of dollars to enrollment. The total library increase of \$2,306,639 represents 10.3 percent as compared to a 6.3 percent increase in enrollment. The difference can be attributed to price increases, improved level of staffing for reference and circulation and the augmentation.

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Table 27

Libraries

	1968-69 Budget	Amount	Increase 1969-70 Percent increase over 1968-69	Enrollment increase 1969-70 over 1968-69 ¹
Berkeley -----	\$4,755,063	\$218,543	4.6	1.4
Davis -----	3,012,265	313,251	10.4	5.7
Irvine -----	1,582,848	474,451	30.0	30.5
Los Angeles -----	5,199,608	329,534	6.3	5.1
Riverside -----	1,392,074	162,557	11.7	10.9
San Diego -----	2,250,048	255,525	11.4	24.3
San Francisco -----	695,353	35,053	5.0	5.4
Santa Barbara -----	2,487,470	365,677	14.7	.8
Santa Cruz -----	926,294	152,048	16.4	27.3
	<u>\$22,301,023</u>	<u>\$2,306,639</u>	<u>10.3</u>	<u>6.3</u>

¹ Three-quarter average.

Recommendations

We recommend that the improved staffing levels for reference and circulation be reduced by \$147,699 to the workload level. An analysis of the components of the library workload indicates that (with one exception) all increases can be related to justifiable workload indicators. Workload for reference and circulation staff is directly related to the number of students because they are the prime user of the service. The proposed increase for this purpose is \$532,499 or 8.7 percent while the increase in student enrollment is only 6.3 percent. On the basis of this enrollment growth percentage, the increase should have been \$384,800 or a reduction of \$147,699 from the \$532,409 increase proposed.

The remaining workload increases are justified by established workload indicators. The growth in volume acquisition is reasonable in terms of the University's 10-year library plan. The goal as determined by faculty committees was 10,956,000 volumes for all campuses by 1970-71. The dollar increase for volume acquisition is based on growth in students plus price increase and this shows only a slight improvement in the rate of 75 cents per student. The volumes per student will increase from 105.7 in 1968-69 to 107.5. Table 28 shows the growth in volumes per student as it related to the 1970-71 goal of 109.2 volumes per student.

Table 28

Volumes per FTE Students
1965-66 through 1969-70

	FTE enrollment ¹	Total volumes	Volumes per FTE student
1965-66 actual -----	73,663	7,559,400	102.6
1966-67 actual -----	79,293	8,418,204	106.2
1967-68 actual -----	86,839	9,102,471	104.8
1968-69 estimated -----	91,542	9,676,400	105.7
1969-70 proposed -----	95,789	10,297,500	107.5
Library Plan Goal 1970-71 -----	100,349	10,956,433	109.2

¹ Three-quarter average.

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Increases for binding expenses and acquisition and processing staff are directly related to volume acquisitions. The increases for these functions maintain a constant relationship between 1968-69 and 1969-70. Since there is no accurate basis for measuring workload for library automation, this item was included as an augmentation. In recognition of the potential efficiencies from this improvement we would support it on a policy basis.

8. a. UNIVERSITY EXTENSION**Functional Description**

The goal of University extension is to provide educational opportunities for adults, promote participation in public affairs and to provide solutions to community and statewide problems. Continuing adult education programs are offered by University extension throughout the state.

University extension operates four basic educational programs: (1) professional upgrading; (2) cultural programs; (3) citizen responsibility; and (4) urban extension. In addition, four supporting programs are also operated: (a) low-density population areas, (b) radio and television, (c) administration, and (d) planning and development. Professional programs are designed to create educational opportunity for adults and the professional, administrative and managerial fields in order that they may keep abreast of the latest research and development in their respective fields. Cultural programs provide education in art, music, literature and humanities. Citizen responsibility programs are designed to stimulate interest in local, state, national and international problems. Urban extension includes programs in low-density population areas which provide opportunities for continuing adult education. Radio and television programs consist of film and taped extension programs which are made available to students in several areas of the state and also assist in meeting the problems of increased student population and staff shortage. Planning development is for the study of new programs.

Performance

Total expenditures for University extension in 1967-68 amounted to \$14,562,000 of which \$626,000 or 4.3 percent represented state subsidy funds. This budget includes funds from the federal government for contracts and grants as well as endowments, gifts, private grants, auxiliary activities and other sources. Over 7,600 programs were offered and registrations for 1967-68 totaled 259,091.

In 1968-69 the state subsidy was eliminated requiring this program to be self-supporting. This will result in greater concentration on courses designed for those willing to pay the higher fees and also greater efficiency will be required by extension administrators.

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Proposed Budget

1968-69	1969-70	Increase	1973-74
\$16,079,777	\$17,111,160	\$1,031,383	\$23,744,000

The proposed budget for the University extension is 3.3 percent of the total support budget. The budget is \$1,031,383 or 6.4 percent more than the current year.

Recommendation

We recommend this item be approved as budgeted. The amount requested is proposed from University sources which is primarily extension fee income. State support was eliminated from this program in 1968-69. The proposed increase of 6.4 percent is less than the projected increase in full time enrollment of 13.6 percent. Enrollment data for University extension from 1963-64 through 1969-70 is shown in Table 29.

Table 29
University Extension Enrollments
1963-64 through 1969-70

	FTE students	Percentages increase
1963-64	14,500	—
1964-65	16,283	11.9%
1965-66	18,881	12.1
1966-67	17,331	—8.2
1967-68	17,231	—0.6
1968-69 (estimated)	19,118	9.8
1969-70 (proposed)	21,750	13.6

8. b. AGRICULTURAL EXTENSION

Functional Description

Agricultural Extension is operated under the auspices of the Division of Agricultural Sciences of the University of California. Through a cooperative agreement among the University, the county boards of supervisors and the United States Department of Agriculture, Agricultural Extension serves 56 of California's 58 counties. Those services offered are consistent with the federal requirements under the Smith-Lever Act and include instruction and practical demonstration plus printing and distribution of information relating to agriculture and home economics. The purpose of Agricultural Extension is to provide a connecting link between the research laboratories and the local problem in growing, harvesting and processing agricultural products. Facilities are located at the Davis, Riverside and Berkeley campuses.

Proposed Budget

1968-69	1969-70	Increase	1973-74
\$9,587,969	\$9,587,969	—	\$9,888,000

State support funds of \$7,481,587 represents 78 percent of the Agricultural Extension budget. This budget category is 1.9 percent of the total support budget. Agricultural Extension also receives support from the federal and county governments. State and federal funds are

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used by the University to pay for central services, staff and salary and local advisers and other technical field positions. Counties provide and maintain farm advisors offices, including all clerical and support needs. There is no increase proposed for 1969-70. The program allocation of funds for continuing operations is shown in Table 30.

Table 30
Agricultural Extension 1969-70

Resource conservation use and development -----	\$470,057
Protection of forest, crops and livestock -----	1,133,667
Efficient production of farm and forest products -----	4,801,956
Efficiency in marketing and utilization of agricultural products -----	359,456
4-H and other youth -----	1,898,662
Improved nutrition and family living -----	553,008
Publications -----	371,163
Total -----	\$9,587,964

Recommendation

We recommend approval as budgeted. There is no increase proposed for the program either from state funds or other sources.

Special Legislative Report

Under direction from the Committee on Conference on the 1968 Budget Bill, the University is preparing a report on the feasibility of establishing a system of charges for services they provide. Although no specific due date for the report was included in the request, we understand it is nearing completion but at the time this analysis was written the report had not been received.

8. c. OTHER PUBLIC SERVICE PROGRAMS

Functional Description

The public service function supports the cultural and educational activity on the campuses and in nearby communities. The cultural activities provide opportunities for additional experience in fine arts, humanities, social and natural sciences and related studies. A well-balanced program of concerts, drama, lectures and exhibits are designed to be of interest to the campuses as well as to the surrounding communities.

Proposed Budget

1968-69	1969-70	Increase	1973-74
\$2,379,019	\$2,417,843	\$38,824	\$2,549,000

The proposed budget increases \$38,824 or 1.6 percent over 1968-69 and is funded from student registration fee income and ticket sales revenue. This function represents only 0.5 percent of the total support budget and includes state funds amounting to \$327,314. Student fee income is estimated at \$590,816, an increase of \$17,913 over 1968-69. Table 31 shows the budgeted expenditures by type of program and source of funding.

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Table 31
Campus Public Service 1969-70
by Fund Source

	State funds	University sources	Total
Arts, lectures and conferences -----	\$217,133	\$1,372,862	\$1,589,995
Public service—agriculture -----	--	172,900	172,900
Professional publications -----	41,571	37,000	78,571
Vocational education -----	15,431	149,971	165,402
Museums and laboratories -----	49,689	347,796	397,485
Reclassifications and upgrading -----	3,490	--	3,490
Other -----	--	10,000	10,000
Totals -----	\$327,314	\$2,090,529	\$2,417,843

Recommendation

We recommend approval as budgeted. There is no increase of state funds for this purpose.

9. GENERAL ADMINISTRATION

Functional Description

This budget function includes the responsibilities for both the Universitywide and campus administration. Universitywide personnel includes the President and administrative officers of the University and their staffs. Campus personnel classified under General Administration include budgeting, accounting, and purchasing personnel, architects and engineers, business managers, campus development staff, cashiers, personnel employees and chancellors and their immediate staff. The major responsibilities of personnel engaged in general administration is to ensure the most effective utilization of the University's resources. Expenditures for administrative services relate both to programs within the support budget (including such auxiliary enterprises as parking and residence halls) and sponsored research not incorporated in the support budget.

Performance

In 1967-68 actual expenditures totaled \$15,134,911 or \$539,091 less than the \$15,674,002 budgeted. This represented a difference of 3.4 percent from the amount budgeted.

Table 32 compares budgeted and actual percent of general administration costs by campus to this total support budget, including contracts, grants and special research funds. A variance of 0.03 percent is evident between the budget and actual relationships for the entire University for the 1967-68 fiscal year.

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Table 32

Comparison of the Percentage of General Administration—Expenditures
to the Total Support Budget, 1967-68, 1969-70¹ by Campus

	1967-68		1969-70
	Budget percent	Actual percent	Proposed percent
Berkeley -----	1.80%	1.89%	2.06%
Davis -----	2.31	2.34	2.42
Irvine -----	5.32	5.25	4.82
Los Angeles -----	1.59	1.70	1.71
Riverside -----	3.04	3.11	3.28
San Diego -----	2.25	2.29	2.22
San Francisco -----	1.77	1.76	2.01
Santa Barbara -----	2.60	2.54	2.89
Santa Cruz -----	6.95	6.98	5.76
Universitywide -----	0.72	0.70	0.84
Entire University -----	2.76	2.79	3.02

¹ Includes all University expenditures exclusive of major AEC contracts.

Proposed Budget

1968-69	1969-70	Increase	1973-74
\$18,948,695	\$20,437,989	\$1,489,294	\$25,167,633

The General Administration budget represents 4 percent of the total support budget. The budget increase is \$1,489,294 or 7.9 percent including the program augmentation. Of the total, proposed state funds account for 95.7 percent. Projections for 1973-74 indicate an increase of \$4.7 million.

Of the \$1,489,294 increase, \$1,309,294 is categorized as workload increases and the remaining \$180,000 is listed as a program augmentation. These increases are summarized below.

Workload	Proposed increase
Lump sum projection (1968-69 rate) -----	\$1,288,037
Increases funded by University income -----	21,257
Total—Workload -----	\$1,309,294
Program Augmentation	
University information system -----	\$180,000
Total Increase General Administration -----	\$1,489,294

Because workload needs are projected on the basis of a total percentage of the function, the University has not as yet determined where these funds will be used. The summary in Table 33 represents the University's present estimate as to where these funds will be allocated.

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Table 33

Preliminary Allocation of Increases by Type of Service

Chancellor's Office -----	\$379,660
Accounting -----	203,720
Purchasing -----	74,080
Personnel -----	83,340
Cashier -----	37,040
Architects and Engineers -----	46,300
Inventory -----	18,520
Business Services -----	74,080
Contract and Grant—Administration -----	9,260
	<hr/>
	\$926,000
President's Office -----	383,294
University Information System (augmentation) -----	180,000
	<hr/>
Totals -----	\$1,489,294

The amount of increase was developed by the Department of Finance on a lump sum basis using the 1968-69 percentage of General Administration to total General Fund expenditure and projecting this ratio into 1969-70. This is the method as used in the past two years.

The augmentation of \$180,000 will provide for the continuing development of integrated data programs related to budgeting, accounting, payroll, and student and personnel statistics.

Recommendations

We recommend approval as budgeted. The proposed increase including the augmentation was developed on the basis of projecting the 1968-69 ratio of administration to General Fund expenditures, thereby maintaining the existing level of service. Table 34 tests this type of measurement by tracing the proportion of administration to total expenditures and to support budget expenditures. Total expenditures include all activities except special atomic energy contracts while the support budget totals exclude other nonbudgeted sponsored research from contracts and grants. Either method of comparison shows consistency between 1968-69 and 1969-70 indicating the total increase is justified.

Table 34

General Administration

	<i>Ratio of General Administration to Total Expenditures (percentage)¹</i>	<i>Ratio of General Administration to Support Budget (percentage)</i>
1965-66 -----	2.88%	4.01%
1966-67 -----	2.81	3.94
1967-68 -----	2.76	3.87
1968-69 (Estimated) -----	3.02	4.02
1969-70 (Proposed) -----	3.04	4.00

¹ Excludes special federal research projects.

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10. INSTITUTIONAL SERVICES AND GENERAL EXPENSE

Functional Description

Many of these services are administrative in nature and include such items as clerical pools, duplicating, mail and messengers, academic senate expense and automobile pools. Some of the services relate to health and safety such as surveillance training programs in radiation safety, accident prevention, and environmental sanitation. Others relate to the University's internal and external relations such as the University Dean of Educational Relations, public information, publications and the University press.

Performance

Actual expenditures for this function in 1967-68 totaled \$9,444,863, or \$1,161,358 higher than the budgeted amount of \$8,283,505. This difference was 14 percent above budgeted expenditures and was funded by University revenue sources. The measurement used to evaluate the level of workload for this function is the ratio of Institutional Services and General Expense to the total support budget. Table 35 compares the budgeted ratio to actual for each of the campuses. In general, most of the campuses exceeded the budgeted ratio.

Table 35

Comparison of the Percentage of Institutional Services and General Expense Expenditures to the Total Budget, 1967-68, 1969-70¹

	1967-68		1969-70
	Budget Percent	Actual Percent	Proposed Percent
Berkeley -----	.73	.86	.87
Davis -----	.96	.94	.98
Irvine -----	1.13	1.96	1.13
Los Angeles -----	1.40	1.70	1.38
Riverside -----	1.00	.90	1.08
San Diego -----	.57	.79	.78
San Francisco -----	.46	.48	.53
Santa Barbara -----	.82	1.17	.90
Santa Cruz -----	1.26	1.69	1.45
Universitywide -----	.57	.59	.70
Entire University -----	1.45	1.65	1.64

¹ Includes all University expenditures exclusive of major AEC contracts.

Proposed Budget

1968-69	1969-70	Increase	1973-74
\$9,860,354	\$11,017,901	\$1,157,547	\$13,367,217

Institutional Services and General Expense accounts for 2.2 percent of the total support budget. The increase of \$1,157,547 (11.7 percent) is identified as workload. State funds comprise 53.5 percent of this function and University general funds account for an additional 10.5 percent. University general fund expenditures are proposed at \$7,050,093 which is an increase of \$985,914 or 16.3 percent over

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1968-69. By 1973-74 it is estimated the budget will exceed \$13 million. The proposed increase is summarized below.

<i>Workload</i>	<i>Proposed Increase</i>
Lump sum projection (1968-69 rate)-----	\$427,584
Data Processing -----	558,330
Increases funded by University income-----	171,633
Totals -----	\$1,157,547

Although no final allocation of the increase has been made by the University, it has presented us with a preliminary allocation as shown below.

Preliminary Allocation of Increase by Type of Service

<i>Campuses</i>	<i>Increase</i>
Environmental health and safety-----	\$81,458
Public information -----	48,306
Publications -----	65,993
Mail and messenger-----	92,289
Receiving -----	58,474
Academic senate secretariat-----	41,255
Other -----	1,792
Subtotal, campuses -----	389,567
President's Office -----	767,980
Total, Institutional Services and General Expense-----	\$1,157,547

Recommendation

We recommend that the proposed institutional services and general expense budget be reduced by \$427,584 on the basis of insufficient justification. We question the validity of the method used for determining the 16.3 percent workload increase from state funds. The amount of the proposed increase was determined by the Department of Finance in a two-step process. The first was to determine on a lump sum approach the amount of funds necessary to maintain the 1968-69 ratio of the General Fund in this function to the General Fund in the total budget. This computation resulted in an increase of \$427,584 or 7.1 percent in state funds. This approach is substantially the same as used for determining the workload increase in 1968-69. It is designed to provide an equitable increase each year without a detailed review of the individual components of the request.

Secondly, to this amount \$558,330 was added to provide for workload needs of the University's computer system for administrative data processing. This amount was based on a detailed review of workload supplied by the University for this component.

We suggest that these two steps cannot realistically be combined for determining the appropriate level of increase. The lump sum percentage approach was first proposed by the University in 1968-69 as an improved method of budgeting for this function and for general administration. It was developed to free the University from the complex task of preparing detailed justifications for the increases in the components of this function. Under this method, once the amount of increase was

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determined, the University administration was free to allocate these funds in accordance with its priority needs. On the basis of the acceptance of this new method, the University no longer provides detail justification for the increases and at this time has not even made a final determination of where the increase will be allocated. Therefore, we are unable to evaluate the need for the \$427,584 increase justified on a lump sum basis and recommend it be eliminated. Our recommendation would still provide a \$558,330 increase for data processing which represents an increase in state funds for the Institutional Services and General Expense function of 9.2 percent.

Table 36 shows the relationship between the 1969-70 proposed budget to the total budget and to the support budget. Either measurement shows a substantial increase over the 1968-69 level of service and further supports our recommendation.

Table 36
Institutional Services and General Expense

	<i>Ratio of institutional services and general expenses to total budget</i>	<i>Ratio of institutional services and general expense to the support budget</i>
1966-67 -----	1.56	2.23
1967-68 -----	1.45	2.04
1968-69 (estimated) -----	1.48	2.05
1969-70 (budgeted) -----	1.64	2.18

11. MAINTENANCE AND OPERATION OF PLANT

Functional Description

This budget function provides generally for (1) maintenance of reasonable standards of repair, utility, safety and cleanliness and (2) improvement in standards of campus facilities in accord with technological advancement. Maintenance and Operation of Plant is an essential supporting service to the University's primary teaching, research and public service programs. These plant costs include such activities as police protection, building and grounds maintenance, utilities, refuse disposal and other similar expenses.

Performance

The total expenditures for maintenance and operation of plant in 1967-68 was \$24,004,126, exceeding the budgeted amount of \$23,675,394 by \$328,732 or 1.4 percent. Expenditures in this function are evaluated on the basis of a unit cost which relates dollars to outside gross square feet. Actual unit costs in 1967-68 totaled 104.0¢ as shown in Table 37. The largest expenditures were utilities (27.0¢) and janitorial services (26.0¢). Table 38 compares budget unit costs to actual for each campus and shows that Davis, Irvine, Riverside, San Francisco and Santa Cruz were over-budgeted while the total function was under-budgeted by 2.6 percent. When budgeted outside gross square feet are

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compared to actual for these same campuses there is an apparent inconsistency. As shown in Table 39, square footage at Riverside, San Francisco and Irvine exceed the budgeted amount while Davis and Santa Cruz were less than budgeted.

Table 37
Maintenance and Operation
Actual Unit Costs by Function, 1967-68

<i>Function</i>	<i>Unit cost per square foot Actual</i>
Superintendence (Administration) -----	4.6¢
Building maintenance -----	19.4
Grounds maintenance -----	10.9
Janitorial service -----	26.0
Police -----	7.1
Refuse disposal -----	2.2
Utilities -----	27.0
Miscellaneous -----	2.2
Major repairs and allocations -----	4.6
Unit cost for total expenditures -----	104.0¢

Table 38
Maintenance and Operation Comparison of Actual to Budgeted
Unit Cost by Campus, 1967-68

<i>Campus</i>	<i>Unit Cost per Square Foot Budgeted</i>	<i>Actual</i>
Berkeley -----	90.8¢	91.8¢
Davis -----	105.6	103.1
Irvine -----	178.1	155.5
Los Angeles -----	88.5	91.0
Riverside -----	116.3	112.9
San Francisco -----	120.7	122.5
Santa Barbara -----	123.3	128.7
San Diego -----	124.1	132.2
Santa Cruz -----	141.2	135.9
All Campuses -----	102.4¢	104.0¢

Table 39
Maintenance and Operation Comparison of Budgeted to Actual
Outside Gross Square Feet, 1967-68

<i>Campus</i>	<i>Budgeted</i>	<i>Actual</i>	<i>Percent difference</i>
Berkeley -----	7,175,567	7,175,565	—
Davis -----	3,457,490	3,441,585	—0.46
Irvine -----	628,525	699,235	11.25
Los Angeles -----	6,267,214	6,267,214	—
Riverside -----	1,425,513	1,432,001	0.45
San Francisco -----	1,056,846	1,061,233	0.41
Santa Barbara -----	1,634,125	1,634,125	—
San Diego -----	1,488,127	1,488,127	—
Santa Cruz -----	517,009	480,760	—7.01
All Campuses -----	23,650,416	23,679,845	4.64

Education

Items 109-113

University of California—Continued

Proposed Budget

1968-69	1969-70	Increase	1973-74
\$27,164,896	\$30,535,994	\$3,371,098	\$43,383,900

Maintenance and Operation of Plant represents 6 percent of the total support budget and state funds of \$30,446,865 comprise 99.7 percent of this function. The budget increase is 12.4 percent, or approximately \$3.4 million. This function is estimated to increase \$12.8 million by 1973-74.

The proposed increase is \$3,371,098 and is comprised of \$3,286,478 for workload and \$84,620 for program augmentation. These funds are allocated by the University as follows.

	Proposed increase
<i>Workload</i>	
Administration	\$64,856
Building maintenance	662,210
Grounds maintenance	244,062
Janitorial	501,377
Police	201,606
Refuse disposal	109,835
Utilities	1,268,711
Miscellaneous	49,495
Major repairs	184,326
	<hr/>
	\$3,286,478
<i>Program Augmentation</i>	
Police—(Berkeley 10 FTE)	84,620
	<hr/>
Total increase	\$3,371,098

The 12.4 percent increase in this function can be measured against a growth in outside gross square feet of 9.5 percent for workload. Of the various components only three items, utilities, refuse disposal and police were budgeted in excess of this workload measurement.

The increase for utilities is 17.2 percent and is based on increased usage related to expanding cooling facilities and for normal growth. The increase for refuse disposal is also related to increasing utilization and the cost requirements are projected on the basis of fixed rates. The workload increase for police is designed to meet existing deficiencies as well as expanding student enrollments. The remaining items are projected at 1968-69 unit costs per square foot and maintain the existing level of service.

Table 40 illustrates the historical growth of outside gross square feet since 1963-64, and shows the 9.5 percent increase in the budget year.

Table 40
Outside Gross Square Feet
1963-64 to 1969-70

Year	Total outside gross square feet	Year-to-year percent increase
1963-64	15,172,177	8.8
1964-65	16,840,000	11.0
1965-66	19,406,000	15.2
1966-67	22,064,763	13.7
1967-68	23,679,845	7.3
1968-69 (Estimate)	25,371,000	7.1
1969-70 (Proposed)	27,787,400	9.5

University of California—Continued

Table 41 shows the 1969-70 square footage by campus and related unit costs. It is evident that the cost efficiencies at the larger campuses result in lower unit costs per square foot.

Table 41
Maintenance and Operation of Plant 1969-70
Budgeted Unit Costs by Campus¹

Campus	1969-70 Proposed unit cost per square foot	Outside gross square feet 1969-70
Berkeley -----	97.4¢	7,747,453
Davis -----	117.7	3,926,874
Irvine -----	131.4	1,425,813
Los Angeles -----	98.7	6,629,464
Riverside -----	121.8	1,624,856
San Diego -----	120.2	2,381,938
San Francisco -----	121.7	1,162,727
Santa Barbara -----	127.5	2,146,218
Santa Cruz -----	129.9	742,057
All Campuses -----	109.6¢	27,787,400

¹ Includes augmentation.

Recommendation

We recommend an augmentation of \$1 million to reduce the deferred maintenance backlog. This recommendation would allow a 20-percent reduction in the deferred maintenance backlog now estimated to be in excess of \$5.3 million. In our review of the 1967-68 Governor's modified budget we recommended an augmentation of approximately \$1.2 million for maintenance and operation of plant and noted that deferred maintenance was approximately \$3 million. The Legislature approved this augmentation but it was subsequently vetoed. In the 1968-69 Budget we noted the backlog had grown to \$4.2 million and again recommended a \$1.2 million augmentation which was again approved by the Legislature and again vetoed.

The supplementary report of the Committee on Conference on the 1968 Budget recommended "that the University submit a detailed list of all deferred maintenance to the Legislative Budget Committee for consideration in review of the 1969-70 operating budget." It was further specified that "this list should be based on concise definitions of the various types of deferred maintenance and arranged in priority order by project."

The University submitted a listing dated October 4, 1968, in priority order by campus totaling \$5,313,856. With this list the University requested a special budget appropriation of \$1,062,770 as the first yearly increment in a five-year plan to eliminate this backlog. The proposal was to control these funds in a central University account allowing expenditures for only those items on the master list. It was also agreed to submit any additions to the Department of Finance prior to funding.

No funds were included in the Governor's Budget to implement this plan. We feel that continually carrying such a massive backlog will require greater costs at a later date when these items are corrected.

University of California—Continued

12. STUDENT SERVICES

Functional Description

A variety of programs are included within this budget function and are generally classified according to their source of funds. Services directly related to the functioning of the instructional program are financed by general funds. These services may include admission, selection, student registration, class scheduling, grade recording, student statistical information. The services that are related to the maintenance of the students well-being are financed largely from incidental fees. These services include medical care, housing location, employment placement, counseling and cultural, recreational and athletic activities.

Performance

Actual expenditures exceeded the budgeted amount by \$177,191 or 1.0 percent. The budgeted amount was \$17,306,716 and actual expenditures were \$7,934,868. Table 42 compares the cost per student for student supported services and for state supported service from 1963-64 through 1969-70. A significant increase in student supported services occurred between 1967-68 and 1968-69 where the cost per student changed from \$129.12 to \$139.36 for an increase of 7.9 percent. This can be related to the increase in the registration fee and the resultant increase in student services. It should be noted that the state cost per student also increased at this time, indicating that state funds were not replaced by student funds.

Table 42
Student Services per Student (Headcount)
1964-65 — 1969-70

Year	Student-supported services	State-supported services
1963-64	\$101.23	\$52.19
1964-65	115.46	51.61
1965-66	124.28	52.30
1966-67	134.94	57.64
1967-68	129.12	54.94
1968-69 (estimated)	139.36	57.83
1969-70 (proposed)	140.61	58.83

Proposed Budget

1968-69	196970	Increase	1973-74
\$18,997,233	\$20,079,384	\$1,082,151	\$23,666,618

The proposed increase is 5.7 percent. This function represents 3.9 percent of the total support budget and the General Fund accounts for 29.5 percent of the \$20,079,384 proposed.

The workload increase of \$1,082,151 includes \$351,256 from state sources and \$730,895 from University restricted funds. The state fund amount was developed by projecting the 1968-69 cost per FTE student of \$61.83 for the 5,681 new FTE students. This maintains the existing level of service. For student supported services, economics of scale in such areas as student health service have caused a reduction

University of California—Continued

in the cost per FTE student from \$148.99 in 1968-69 to \$147.79 in 1969-70.

Recommendations

We recommend approval as budgeted.

13. STAFF BENEFITS

Functional Description

Staff benefits consist of the employer's share of various retirement programs, state compensation insurance and contributions toward a payment of employee's group health insurance. Funds requested for the various fringe benefit programs relate to present membership and obligations.

Proposed Budget

1968-69	1969-70	Increase	1973-74
\$26,834,517	\$28,154,274	\$1,319,757	\$38,412,200

The budget increase is 4.9 percent or \$1,319,757. Staff benefit expenditures are 5.5 percent of the total support budget and over 99.8 percent of this support is state funds.

Of the increase, \$1,252,757 is listed as workload and \$67,000 is for the program augmentation items. Tables 43 and 44 show the amount and percent of the proposed increase, as well as the employees' contribution rates.

Table 43

Proposed Total Staff Benefits for 1969-70¹

Proposed total expenditures for staff benefits include the following programs:

	1969-70	Budget request	
		Amount	Increase Percent
A. Retirement Systems			
University of California Retirement System ² -----	\$17,436,934	\$942,134	5.7%
State Employees' Retirement System-----	3,569,000	—181,900	—4.8
O.A.S.D.I.-----	680,000	—42,000	—5.8
Other (including faculty annuities)-----	3,111,235	122,435	4.1
Total Retirement Systems-----	\$24,797,169	\$840,669	3.5%
B. Other Staff Benefits			
Health Insurance-----	\$2,422,705	\$393,105	19.4%
State Compensation Insurance-----	934,400	85,983	10.1
Total Other Staff Benefits-----	\$3,357,105	\$479,088	16.6%
Total Staff Benefits—Workload-----	\$28,154,274	\$1,319,757	4.9%

¹ Includes Program Augmentation.

² UCRS includes Ad Hoc Cost of Living.

Table 44

1969-70 Retirement Programs
Employer Contribution Rates

	Percent
University of California Retirement System-----	8.25
State Employees' Retirement System-----	7.25
O.A.S.D.I.-----	4.90
Both S.E.R.S. and O.A.S.D.I.-----	12.15

University of California—Continued

Two retirement systems currently exist at the University. The majority of the University employees participate in the University of California Retirement System (UCRS). Nonacademic employees who were employed prior to October 1, 1961, may still be covered by the State Employees Retirement System (SERS). A gradual change of the proportion of nonacademic employees under the SERS to the UCRS is due to the attrition rate among older employees. This change is reflected in the budget which shows an increase to UCRS of \$942,134 while SERS will decline by \$181,900. The decline of \$42,000 for OASDI results from an expected membership decline of 2 percent. The increase for health insurance of \$393,105 results from a greater number of participants and a rate increase from \$72 to \$96. The 10.1 percent increase in State Compensation Insurance reflects prior year's experience and a small rate increase. An increase of \$128,735 is proposed for the 3 percent faculty tax sheltered annuity program related to proposed new faculty positions. A special increase of \$269,000 is requested for cost of living adjustments to UCRS annuitants similar to increases authorized for SERS annuitants.

Recommendations

We recommend a reduction of \$30,656. This reduction relates to our recommendation to eliminate 25 FTE faculty positions in the instruction and research function. The amount is determined by applying 11.25 percent of faculty salaries and wages.

Because of the estimation complexities relating to nonacademic personnel, we have not attempted to adjust this item further to reflect our other recommendations. This budget function will be adjusted to correspond to final budgetary decisions.

14. PROVISIONS FOR ALLOCATIONS

Functional Description

Provisions for Allocation is comprised of Universitywide programs and items not assigned to specific campuses. These allocations are made to the campus on the basis of workload requirements. Examples include such items as endowment income unallocated, merit increases and promotions, provisions for price increases and budgetary savings.

Proposed Budget

	1968-69	1969-70	Increase	1973-74
Provisions	\$12,301,130	\$18,808,955	\$6,507,825	\$20,460,014
Budgetary savings	—9,392,764	—10,300,164	—907,400	—13,785,041
Total	\$2,908,366	\$8,508,791	\$5,600,425	\$6,674,973

The proposed budget increase of \$5,600,425 is comprised of \$5,719,672 of General Funds and a reduction of \$119,247 from University restricted fund income. The increase in state supported items is for merit increases and price increases offset by an increase in budgetary savings. Table 45 summarizes the detail of this function for 1968-69 and 1969-70 and identifies the increases.

University of California—Continued

Table 45

University Provisions for Allocation to Campuses

Purpose	1968-69	1969-70	Increase
General Fund			
1968-69 merits and promotions unallocated	\$1,115,374	\$1,115,374	--
Academic merits and promotions	--	3,597,454	\$3,597,454
Nonacademic merit increase	--	1,730,480	1,730,480
1968-69 range adjustment unallocated	2,504,181	2,504,181	--
Price increase	--	1,299,138	1,299,138
Office furniture pool	486,901	486,901	--
Renovation funds, Berkeley	10,000	10,000	--
Revised 1968-69 special savings	—540,712	—540,712	--
Budgetary savings	—9,392,764	—10,300,164	—907,400
Totals, General Fund	\$—5,817,020	\$—97,348	\$5,719,672
Restricted Funds			
Endowment income unallocated	\$1,567,315	\$1,983,575	\$416,260
Student services and facilities	6,330,363	5,794,856	—535,507
Student fees unallocated	827,708	827,708	--
Totals, Restricted Funds	\$8,725,386	\$8,606,139	\$—119,247
TOTALS—ALL FUNDS	\$2,908,366	\$8,508,791	\$5,600,425

Merit increases and promotions will require \$5,327,934 of which \$3,597,454 is for academic classes and \$1,730,480 is for nonacademic classes. The amount for academic salaries is computed on the basis of 2.5 percent which represents a 5-percent increase for about 50 percent of all the classes. The nonacademic amount of 2 percent is based on prior years experience. The amount proposed for price increase is composed of \$780,039 for increases specifically identified in the Department of Finance price letter and \$519,099 for nonspecified items computed at 2.5 percent of the base. Budgetary savings are based on 3.5 percent of the increase in state appropriations over the 1968-69 level which averaged 3.13 percent. This increases the overall percentage to 3.15 percent.

Recommendation

We recommend an increase in budgetary savings of \$378,849 for a General Fund savings of an equal amount. This recommendation would increase the budgetary savings of the University from 3.15 percent to 3.27 percent of the General Fund appropriation before savings. The dollar needs for the University are first developed on the assumption that all positions authorized will be filled the entire year. From experience it is known that turnover, vacancies and rehires at lower steps in the salary range create salary savings that cannot be specifically identified in advance. To assure that overbudgeting does not occur for this reason, a salary savings amount based on experience is applied to the budgets of all state agencies. Because the University does not have a position control accounting system similar to the state, this concept has been applied to the entire University budget. For the past several years the University has experienced savings exceeding 4 percent.

University of California—Continued

In 1967-68 the percentage budgeted was 3.05 or \$8,331,401. The University not only met these budgeted savings but turned back to the state \$3,586,574 in General Fund balances of which over 53 percent or \$1,904,857 was excess savings. In addition to these savings, the University reallocated \$1,778,280 in nonbudgeted savings for expenditures not included in the approved state budget. With this experience we feel an increase in estimated salary savings is appropriate.

For several years budgetary savings had been calculated as 3 percent of the increase in state appropriations from the prior year. In recognition of the experience of larger savings in 1966-67, the 1968-69 Governor's Budget proposed changing this rate to 3.25 percent applied to the total state appropriation and we reported and recommended this change in our analysis. It now appears that the computation of budgetary savings in 1968-69 did not reflect this method but merely applied the 3.25 percent to the increase in state appropriation. Our recommendation to increase budgetary savings by \$378,849 adjusts for the change that should have been made last year and can be further justified in light of 1967-68 experience. The \$378,849 is computed by adjusting the 1968-69 base level to 3.25 percent before applying the 3.5 percent to the increase as proposed in the Governor's Budget.

15. SPECIAL REGENTS' PROGRAMS

Functional Description

In accordance with Assembly Concurrent Resolution No. 66 of the 1967 legislative session, the Governor's Budget contains the planned programs to be financed from the University's share of federal overhead funds. This concurrent resolution continued the policy of equal division of overhead funds between the University and the state with the state's portion being assigned as an operating income and the University's portion being used as restricted funds to finance special regents' programs.

Proposed Budget

1968-69	1969-70	Increase	1973-74
\$7,033,000	\$6,953,352	\$-79,648	\$7,632,000

Special regents programs during 1969-70 will total \$6,953,352 which is a reduction from the 1968-69 estimated level of \$79,648. Of the total approximately 41 percent, or \$2,852,000, will be expended for student aid programs and 36 percent will support programs classified as educational enrichment.

An item not previously budgeted is \$500,000 called President's Provision for Contingencies. This replaces the \$1 million contingency fund previously funded by the state that was reallocated by the University in 1968-69 to meet high priority needs.

Table 46 summarizes the proposed expenditure levels for 1969-70. More detailed explanation of these programs can be found on page 248 of the Governor's Budget.

University of California—Continued

Table 46
Special Regents' Funds
Expenditures 1969-70

SUMMARY

Student Aid:	
Graduate	\$500,000
Undergraduate	1,197,000
Loans	1,155,000
Total	\$2,852,000
Educational Enrichment:	
Innovative Projects in University Instruction	600,000
Lawrence Hall of Science	100,000
Special Library Collections	250,000
Intercampus Exchange Program	426,000
Education Abroad Program	150,000
Educational Opportunity Projects	822,000
Community Service Projects Office	145,000
Total	\$2,493,000
Faculty Study:	
Creative Arts Institute	100,000
Creative Arts Presentation	--
Institute for Humanities	250,000
Summer Faculty Fellowships	135,000
Emergency Needs—New Faculty	250,000
Total	\$735,000
Management Studies	250,000
President's Provision for Contingencies	500,000
President's Unallocated	123,352
Total Expenditures and Funds Available	\$6,953,352

Recommendation

We recommend approval in the amount budgeted.

16. URBAN CRISIS

Functional Description

This is a new function established to identify and control a new urban crisis program. The program is described as one of mission-oriented research and public service with the objective of improving the situation of the poor and the educationally disadvantaged, including the minorities of urban and rural California. To accomplish this objective the University has divided the program into six major components. These are (1) employment, (2) physical environment, (3) social environment, (4) health and medical, (5) education and (6) local and regional government. The funds for this function will be disbursed on a project basis to qualified individuals or organizations within the University whose project plans have been reviewed and approved in the Office of the President.

University of California—Continued

Proposed Budget

1968-69	1969-70	Increase	1973-74
---	\$600,000	\$600,000	\$10,000,000

¹ University funds of \$500,000 in 1968-69 are not reflected in the budget.

Listed as a program augmentation in the Governor's Budget is \$600,000 in state funds for this purpose. This initial allocation is expected to serve as "seed money" to attract outside financing from federal agencies, foundations and other nonstate sources. Although no estimate of these funds has been included in the budget, the University has anticipated finding an equal amount of outside financing. For planning purposes the University has projected a \$10 million level of state funding in 1973-74.

During the formulation of this proposal, an inventory was made of activities and projects at the various campuses to determine the extent of existing expenditures for urban crisis related activities. The University estimates that currently over \$16.6 million from all funding sources can be so identified. Of this amount \$1.8 million or 11 percent is state funds. The breakdown of these funds by teaching, research and public service and also by the six major program areas is shown in Table 47.

Table 47
University Urban Crisis Programs—1968-69
(In thousands)

Breakdown by functions	State	Total	State as percent of total
Teaching -----	\$254	\$2,776	9.1
Research -----	1,449	10,304	14.1
Public service -----	124	3,601	3.4
Totals -----	\$1,827	\$16,681	11.0
Breakdown by programs			
Employment -----	\$20	\$123	16.2
Physical environment -----	147	2,322	6.3
Social environment -----	376	4,099	9.2
Health -----	147	2,639	5.6
Education -----	980	6,942	14.1
Government -----	157	556	28.2
Totals -----	\$1,827	\$16,681	11.0

Recommendation

We recommend that the proposed \$600,000 be separately appropriated in the budget act, to be allocated to the University by the Director of Finance on the basis of approved projects.

This recommendation is made in light of our endorsement of the need and objectives of the proposed program as opposed to our reservations as to the methods of accomplishing those objectives.

The University should be commended not only for attacking this problem but for the way it has initially organized a coordinated approach. The guidelines and procedure established for the application

University of California—Continued

and review of projects appear to be workable and sound. Of particular note is the requirement that each application must include activity indicators and measures of outputs so that these may be evaluated against the stated project objectives as criteria of success.

On the other hand we have several reservations relating to the use of state funds. The lump sum amount of \$600,000 represents an investment from which the state could expect to identify the benefits but we have no way to evaluate this output. As far as we can determine, the only anticipated use of these funds is for special projects (either research-oriented or service-oriented) that at this stage of development can not be specifically identified. For this reason we are unable to identify the need for the amount requested.

A second question is where should the responsibility for coordinating the assault on the urban crisis be; with the University or with the state? The University proposal represents only a fraction of the total statewide programs related to urban problems, yet under the proposal, projects will be submitted for state financing that will be approved without statewide coordination, review or control. As an example, one of the early projects approved from regents' funds was for a project at Davis to increase the availability and quality of health care services to migrant workers. At the Department of Public Health, \$1,088,000 in federal funds is provided in 1969-70 for a special statewide coordinated program to extend high quality health service to migrant workers. We do not know whether these projects overlap or not but we think such expenditures should be coordinated at the state level to assure maximum benefits from the funds expended. Our recommendation would provide this coordination and provide a system of control over state appropriations similar to the procedures used by the federal government in allocating research funds.

Is a New University Program Developing?

This is probably one of the most significant budgetary proposals from the University in several years and we think it should be viewed carefully. Traditionally, the purposes or programs of the University have been classified into the three identifiable functions of instruction, research and public service. We are concerned that approval of this new program may either formalize an expansion of our current understanding of what public service should be or formally initiate a fourth program at the University.

The Master Plan for Higher Education specifically identifies the instruction and research functions within the University but is silent on the public service program. In the University's 10-year academic plan dated January 16, 1969, reference is made to the public service function as being "related to its programs of instruction and research, since the expertise which makes the University a valuable public resource grows out of these programs."

University of California—Continued

We are uncertain where the Urban Crisis program will fit into these existing University programs. In the Academic Plan for the University, the conceptual approach to the urban crisis is identified as being analogous to that of the Agricultural Sciences Program. Organizationally, the agricultural experiment stations serve as the research centers developing new knowledge in problem areas related to the production of food while the Agriculture Extension Service markets or supplies the knowledge in a manner which will overcome the specific problems of the user.

Our broad concern relates to the possibility of the development of a new agricultural extension service type operation with the prime purpose of direct involvement in the problems of, and possibly in conflict with, other governmental jurisdictions including the state.

HASTINGS COLLEGE OF THE LAW**Items 114 and 115 from the General Fund**

Requested 1969-70	\$1,029,974
Estimated 1968-69	809,779
Actual 1967-68	665,412
Requested increase \$220,195 (27.2 percent)	
Increase to improve level of service \$31,000	
Total recommended reduction	\$17,932

SUMMARY OF RECOMMENDED REDUCTIONS

	<i>Amount</i>	<i>Analysis page</i>
Reduce student health services	\$17,932	407

GENERAL PROGRAM STATEMENT

Hastings College of the Law was founded in 1878. It is designated by statute as the law arm of the University of California but is governed by its own board of directors. The Chief Justice of the Supreme Court of the State of California is president of the board. All graduates of Hastings are granted the juris doctor degree by the Regents of the University of California.

The program objectives of Hastings as stated in its program budget is to "prepare students to adequately and competently practice the law" and to "provide students with a knowledge of the law sufficient for independent pursuit of its practice or development." To accomplish these objectives Hastings provides a basic program of instruction with supporting programs of student services and administration. Table 1 is a summary of these programs for the three years reflected in the budget as well as funding requirements and state General Fund cost per student data.

Hastings College of the Law—Continued

Table 1
Program Expenditures and Funding Sources

	<i>Actual</i> 1967-68	<i>Estimated</i> 1968-69	<i>Proposed</i> 1969-70	<i>Increase</i>
Expenditures				
Instruction -----	\$676,393	\$808,909	\$923,533	\$114,624
Student services -----	87,438	163,150	187,954	24,804
Administration -----	315,621	372,074	453,171	81,097
Program totals -----	\$1,079,452	\$1,344,133	\$1,564,658	\$220,525
Funding				
State General Fund -----	\$665,412	\$809,779	\$1,029,974	\$220,195
Federal funds -----	46,162	53,734	53,734	--
Student fees -----	279,769	369,850	369,850	--
Nonresident tuition -----	73,010	88,800	90,000	1,200
Other reimbursements -----	15,099	21,970	21,100	-870
Funding totals -----	\$1,079,452	\$1,344,133	\$1,564,658	\$220,525

The attrition rate of first-year students was 16.3 percent in 1968 contrasted with 18.4 percent in 1967. This falling rate increases the average enrollment resulting in an estimate of 1,064 students in 1969-70, compared with 1,036 in 1968-69 and 1,003 in 1967-68. State costs per student have risen from \$663 in 1967-68 to \$782 in 1968-69 and \$968 estimated in 1969-70.

ANALYSIS AND RECOMMENDATIONS

The 1969-70 Governor's Budget includes the initial attempt to present the Hastings College of the Law budget in a program budget format in addition to the traditional line item approach, and the result of this effort is favorable. The new program budget structure affords the reader a clearer understanding of the Hastings operation. It should be pointed out that Hastings is a small and uncomplex institution with one basic program. The program budget, however, does not at this stage provide the data necessary to evaluate the need for a particular level of expenditure because of the lack of output data that can be clearly related to the input. Lacking this information, our emphasis in the budget review will be directed toward identification of the components of a particular budget increase. For this information we must rely on the line item budget.

Our analysis discusses the programs of (1) instruction, (2) student services and (3) administration and identifies the line item budget increases for each of these programs.

INSTRUCTION

We recommend approval of the instruction program. In the instruction program, expenditures are allocated to the four program elements of classroom, theory-practice, library and Law Journal. The classroom element consists of the teaching faculty and their related support and is the heart of the instruction program. In addition, practical experience is gained in moot-court operations as well as intern-type experience in legal clinics and trial practices. The Law Journal and the Law Library are available to keep students informed of developments in the legal profession.

Education

Items 114-115

Hastings College of the Law—Continued

The proposed budget for instruction is \$923,533, or 59 percent of the total support budget. This is an increase of \$114,624 or 14.2 percent over the 1968-69 fiscal year and includes \$83,624 for workload and \$31,000 for program augmentation. State support for 1969-70 amounts to \$465,213 or 50.4 percent of the instruction budget. The remaining 49.6 percent is funded by student fees and other reimbursements in the amount of \$458,320. The composition of line item workload increase and program augmentation for 1969-70 is as follows:

Workload

3.4 Faculty	\$73,711
—2 Faculty—summer session	—10,500
1 Secretary-stenographer (library)	5,500
1.2 Student assistants (library)	4,880
1 Research assistant (library)	6,300
Merit increase	1,858
Operating expense and equipment	1,875
Total workload increase	\$83,624

Program Augmentation

Library expense	31,000
Total increase	\$114,625

Improvement in Faculty Staffing Ratio

The 1969-70 budget proposes an increase of 3.4 FTE faculty positions for a General Fund increase of \$73,711. This will lower the student-faculty ratio from 37.2 to 1 as budgeted in 1968-69 to 34.8 to 1 in 1969-70.

Several factors enter into the proposed cost increase. There are 52 more students than in the 1968-69 proposed budget. Construction has provided additional space which will house a third section for the third-year class, making its class size comparable to the first two years. Finally, the number of elective courses has been increased.

Each of these factors creates a need for additional faculty positions which Hastings computes on the basis of units of teaching. Nine units is considered a full-time teaching load for a faculty member. The total unit requirements are determined and converted to faculty positions by the simple computation shown in Table 2.

Table 2
Unit Formula for Determining Faculty Requirements
1969-70

	Number of sections	Required units	Total units
First Year	3	30	90
Second Year	3	22	66
Third Year	3	22	66
Electives	—	16	70
Subtotal		90	292

Hastings College of the Law—Continued

Table 2—Continued

Unit Formula for Determining Faculty Requirements
1969-70

	<i>Total units</i>
Less units taught by administrative staff	—15
Less units taught by substitute faculty	—2
Total teaching units	275
Faculty required 1969-70 (9 units per FTE)	30.6
Faculty authorized 1968-69	27.2
Increase in FTE faculty	3.4

Summer Session One-Year Reduction

The two faculty positions normally authorized for summer session are proposed for deletion in 1969-70 for a reduction of \$10,500. Because this is a self-supporting activity from student fees, this reduction will be offset by income of an equal amount. This is a one-year only reduction to provide for remodeling the facilities during the summer of 1969 but the summer session will be reinstated in the 1970-71 budget.

Law Library Workload

Workload increases for the law library include a total of 3.2 new positions at a cost of \$16,680. Because there is no clerical assistance presently available to the library staff, one of these positions will be required for this purpose. The remaining 2.2 positions are needed to meet increased usage resulting from larger enrollments and expanded facilities. The existing library staff consists of 7.3 positions including four professional positions and 3.3 student assistants. The proposed staffing increase will allow a total staff of 10.5 positions, still well below the 1968-69 staffing level of 18 required to operate the law library at Davis which has about the same number of volumes as Hastings.

Law Library Augmentation

A \$31,000 requested augmentation represents the second year of a proposed three-year program designed to raise the library up to desirable standards. This increase added to the \$99,000 included in workload will bring the library expense allotment to \$130,000 and the total library function to \$210,817 including salaries and wages. The \$130,000 library expense budget is broken down as follows:

Volume purchases	
Continuations	\$90,000
Program augmentation	31,000
Binding expenses	6,000
Supplies and expense	3,000
Total expense	\$130,000

In our analysis last year we presented a review of the Hastings Law Library as it compared with the three University of California law libraries at Berkeley, Los Angeles and Davis. This review covered such areas as volumes per student, size of facilities, operating budgets, and

Hastings College of the Law—Continued

specific volume holdings. We noted that in almost any measure chosen the UCLA and Boalt Hall Law Libraries surpassed Hastings and that the Davis library was developing at such a fast rate that it was likely to exceed Hastings in a few years. As a result, we recommended approval of the augmentation of \$48,000. At the same time we warned that the total three-year goal of Hastings, based on University of California Law Library standards, might be excessive because of different program objectives and greater research emphasis at the university. The Hastings proposal of a \$31,000 second-year augmentation appears to have been adjusted downward to reflect this concept. On that basis we concur with the proposed augmentation.

STUDENT SERVICES

This program provides services to students in the areas of student employment, medical care and financial aid. Placement services are available to all graduating students and assistance is provided to second-year students for summer work experience. Hospital, medical and surgical benefits (including on-campus care) are provided Hastings students by contract with the University of California Medical Center at San Francisco. A counseling service is available for financial assistance and the financial aid office processes loans, scholarships and grants for the students in need of aid.

Administrative Adjustments in 1968-69

We recommend approval of the following two workload adjustments:

These adjustments were temporarily authorized by administrative action in 1968-69 and are continued in the proposed budget for 1969-70.

The first adjustment was an expansion of the financial aid element by the addition of a secretary-stenographer (\$6,600) and the inclusion of provision for student offset grants of \$30,000. These increases were financed from the estimated increase in student fee revenue of \$95,000 that resulted from an increase of the registration fees from \$219 to \$300 and the nonresident tuition from \$980 to \$1,200. These increases corresponded to the action of the Board of Regents of the University of California to which the Hastings board, as a matter of policy, conforms. The \$30,000 student offset grant proposal and the staffing improvement to the financial aid office relates to similar expenditure allocations for student aid made by the regents. The net effect of these changes is a savings to the 1968-69 General Fund appropriation of \$58,000 and these savings are projected into the budget year.

The second adjustment was to add three man-years of student pay-work study funds for an increase of \$15,060. This increased the total amount available for student payments to \$53,734 or the equivalence of 11 man-years. Because this program is financed from federal funds, no effect on the state General Fund appropriation is anticipated.

Workload Increases

The 1969-70 proposed Student Services budget of \$187,954 represents 12 percent of the total support budget, and is an increase of

Hastings College of the Law—Continued

\$24,804, or 15.2 percent over the estimated student services expenditure for 1968-69. State support of \$131,220 accounts for 69 percent of the 1969-70 program level while federal funds of \$53,734 and other reimbursements of \$3,000 make up the remainder. The workload increase of \$24,804 results from the following:

Student Medical Services (contract) -----	\$24,750
Printing -----	54
Total Workload Increase -----	\$24,804

Medical Fee Reduction

We recommend that the proposed medical services budget be reduced for a General Fund saving of \$17,932. To provide comprehensive medical services for Hastings students comparable to that provided other branches of the University of California, in 1968-69 Hastings entered a contract with the University of California Medical Center at San Francisco. The 1968-69 rate per student was set at \$70 to correspond with the average rate per student of the university system. The proposed amount of \$94,540 included in the Governor's Budget for 1969-70 is computed on a rate of about \$90 per student which was developed from preliminary discussions with university representatives. We are now informed that subsequently Hastings and the university administration have agreed to a lower rate of \$72 which reflects the budgeted cost per student at other university campuses. Applying this to the estimated 1,064 students results in a total need of \$76,608 or a reduction of \$17,932 from the amount budgeted.

ADMINISTRATION

We recommend approval as budgeted for administration. Administrative costs are not distributed to the instruction and student services program but are treated as a separate program in the Governor's Budget. The elements defined under this function include administration, admissions, registrar, plant operations and alumni. The administration element includes the executive and business management offices concerned with overall management of the college. Student admissions is concerned with screening and selecting applicants while the registrar is responsible for all records relating to the students. The alumni element is concerned with the continuing relationship between the school and former students. The activities relating to daily housekeeping, maintenance and security of the facilities are included under plant operations.

Workload Increases

Administration comprises 29 percent of the total support budget for Hastings. State support for this function is proposed at a level of \$433,541 or 95.7 percent of total program expenditure while the remaining \$19,630 is provided from other reimbursements. The proposed increase of \$81,097 is 21.8 percent more the 1968-69 fiscal year level.

Hastings College of the Law—Continued

The workload increases making up this amount are:

1 Accounting technician	\$6,600
1 Administrative assistant	9,912
6 Student assistants—maintenance	26,397
Merit increase	6,816
Operating expense and equipment	31,372
Total workload increases	<u>\$81,097</u>

The proposed new positions of administrative assistant and accounting technician are required to correct administrative deficiencies that have developed over several years. Excluding three positions assigned to plant operations, the existing administrative staff consists of only 6 professional positions. These are the dean, two associate deans, the director of the moot court, one administrative assistant and one accounting officer. Because of the lack of middle management type positions, many relatively minor problems must be handled by the associate deans. The time available for this type of work at this level is further reduced by the fact that the four highest administrative positions carry a combined teaching load of 15 units or the equivalence of 1½ faculty positions. The additional administrative assistant is therefore justified.

The accounting technician position will provide technical assistance to the accounting officer in budget preparation and control as well as maintenance of the accounting records.

The six man-years of additional student assistant's time for maintenance results from the need to provide janitorial and maintenance staff for the new building which increases the total space available by 67 percent in 1969-70. The proposed increase will bring the total man-year student assistant time to 16 and represents a 60-percent increase.

The increase of \$31,372 for operating expenses and equipment includes \$19,500 special repairs and maintenance on the old building. This will provide for refinishing the aluminum louvers and painting and patching the front of the building. These expenditures are required for one year only.

CALIFORNIA STATE COLLEGES

Items 116 and 117 from the General Fund

Requested 1969-70	\$274,833,736
Estimated 1968-69	239,377,566
Actual 1967-68	192,689,645
Requested increase \$35,456,170 (14.8 percent)	
Increase to improve level of service \$1,278,927	
Total recommended reduction	<u>\$1,835,675</u>

California State Colleges—Continued

SUMMARY OF RECOMMENDED REDUCTIONS

	Amount	Analysis page
1. Delete eight professional and three clerical chancellor's office positions and specialized training augmentations-----	\$129,323	421
2. Reduce General Fund support of International Program-----	80,000	427
3. Delete General Fund support for Academic Senate-----	112,547	428
4. Reduce general administration operating expenses-----	481,817	431
5. Augment disadvantaged student program-----	+392,700	440
6. Delete interview expense-----	45,000	442
7. Delete sabbatical augmentation-----	197,110	443
8. Reduce EDP augmentation-----	238,697	447
9. Reduce General Fund support for Dean of Students offices-----	630,000	450
10. Reduce Long Beach Dean of Students office-----	40,000	452
11. Reduce rental expense-----	173,881	462
12. Reinstate funds for year-round operations planning-----	+400,000	466
13. Increase foreign student tuition-----	500,000	478
	<hr/> \$1,835,675	

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

1. *Enrollment Projections*

We recommend that the Coordinating Council for Higher Education study and make recommendations concerning the proper method of determining state college enrollment projections. (Analysis page 413).

2. *Transfer of Probable Savings*

We recommend that the Chancellor's Office be required to transfer all indicated savings from colleges below budgeted enrollment to colleges above budgeted enrollment before requesting emergency fund assistance for the support budget related to overenrollments. (Analysis page 416).

3. *Location of Chancellor's Office*

We recommend that the Chancellor's Office be moved to the Sacramento area by January 1, 1971. (Analysis page 424).

4. *Adjustment in Comparative Institutions*

We recommend that the state colleges' list of comparative institutions be evaluated and adjusted by the Coordinating Council for Higher Education. (Analysis page 434).

5. *Admissions Procedures*

We recommend that the colleges study alternative admissions procedures. (Analysis page 452):

6. *Salary Savings*

We recommend that the Chancellor's Office review its system of implementing salary savings in terms of management understanding and controls. (Analysis page 479).

GENERAL PROGRAM STATEMENT

In accordance with the 1960 Master Plan for Higher Education, the Donahoe Act (Chapter 49, Statutes of 1960, 1st Ex. Sess.) requires the California State Colleges to provide "instruction in the liberal arts and sciences and in professions and applied fields which require more than two years of collegiate education and teacher education, both for

California State Colleges—Continued

undergraduate students and graduate students through the master's degree. The doctoral degree may be awarded jointly with the University of California. Faculty research, using facilities provided for and consistent with the primary function of the state colleges, is authorized."

Curricula

The colleges offer a diversified curricula in the social sciences, humanities, physical sciences, engineering, business, education, agriculture, mathematics, fine arts, biological sciences and foreign languages. As is customary throughout higher education, certain campuses tend to emphasize particular subject fields although all are generally oriented toward the liberal arts. While the primary function of the colleges is teaching, most colleges also engage in a limited amount of research and public service activity. Unlike the University of California, however, which maintains these activities as separate programs, those at the colleges are primarily instructionally related and are considered auxiliary to the primary teaching responsibility.

Governance

The state colleges as a system are governed by the 20-member Board of Trustees created by the Donahoe Act. The board consists of four ex officio members including the Governor, the Lieutenant Governor, the Superintendent of Public Instruction and the chancellor of the state college system and 16 regular members appointed by the Governor for eight-year terms. The trustees appoint the chancellor who serves at the pleasure of the board. It is the chancellor's responsibility as the chief executive officer of the system to assist the trustees in making appropriate policy decisions and to provide for the effective administration of the system.

The California State Colleges are presently operating 18 campuses with an estimated 1969-70 full-time equivalent enrollment of 180,815. In addition, the new California State College at Bakersfield is expected to admit students for the first time in the fall of 1970. Sites for additional colleges to be located in Ventura, Contra Costa, and San Mateo Counties are expected to be fully acquired in the current year.

Admissions

Since passage of the master plan in 1960, the colleges have restricted admission of new students to those graduating in the highest third of their high school class as determined by overall grade point averages and college entrance examination test scores. There is, however, an exception which allows admission of no more than 4 percent of the students who would not otherwise be qualified. Transfer students may be admitted from other four-year institutions or from junior colleges if they have maintained at least a 2.0 or "C" average in prior academic work. To be admitted to upper division standing, the student must also have completed 60 units of college courses. Out-of-state students must be equivalent to the upper half of the qualified California students to be admitted. To be admitted to a graduate program, the only requirement is a bachelor's degree from an accredited four-year institution.

California State Colleges—Continued
Enrollment Data

In 1969-70 the enrollment throughout the state college system is expected to increase 15,645 FTE over the revised current-year estimate which will mark the fourth consecutive year that more than 12,000 new FTE have been admitted. Table 1 shows the enrollment distribution for the 18 campuses, the off-campus centers, the summer quarter sessions and the international program.

Table 1
Average Annual Full-Time Equivalent (FTE) Enrollment

Academic Year	Actual			Estimated		Differ- ence
	1965-66	1966-67	1967-68	1968-69	1969-70	
Long Beach -----	13,181	14,537	16,090	18,270	18,850	580
San Diego -----	12,520	13,914	15,557	17,480	18,290	810
San Jose -----	15,306	16,446	17,464	18,300	18,200	-100
San Fernando Valley -----	9,408	10,327	11,684	13,300	15,600	2,300
Los Angeles -----	11,436	11,476	12,452	13,230	14,220	990
San Francisco -----	11,921	13,590	13,585	13,840	13,500	-340
Sacramento -----	6,752	7,556	8,980	10,310	11,000	690
Fresno -----	6,785	7,385	8,187	9,070	10,900	1,830
Cal Poly—SLO -----	6,804	7,434	8,102	8,970	10,260	1,290
Fullerton -----	4,236	5,273	6,438	7,770	9,040	1,270
Chico -----	5,156	5,822	6,759	7,450	8,480	1,030
Hayward -----	3,535	4,105	5,253	6,460	7,410	950
Cal Poly—KV -----	4,463	4,847	5,390	6,220	6,700	480
Humboldt -----	2,933	2,956	3,460	3,950	4,750	800
Sonoma -----	853	1,141	1,634	2,260	2,900	640
Stanislaus -----	464	704	934	1,240	1,640	400
San Bernardino -----	249	514	807	1,110	1,500	390
Dominguez -----	38	118	403	860	1,400	540
Bakersfield—OCC -----	210	233	281	360	400	40
Calexico—OCC -----	112	138	167	160	200	40
International program -----	201	265	255	300	425	125
Totals—Academic Year ---	116,563	128,781	143,882	160,910	175,665	14,755
Summer Quarter						
Los Angeles -----		447	1,904	2,120	2,650	530
Hayward -----	353	472	647	890	1,100	210
Cal Poly—KV -----	245	363	468	710	740	30
Cal Poly—SLO -----	390	405	460	540	660	120
Grand Totals -----	117,551	130,468	147,361	165,170	180,815	15,645
Increase						
Numbers -----	8,284	12,917	16,893	17,809	15,645	
Percent -----	7.6	11.0	12.9	12.1	9.6	

Table 2 shows a breakdown of full-time (more than 12 units) and part-time (12 units or less) headcount students. This demonstrates the magnitude of the total number of students which are workload in the areas of admissions, library, registration and counseling. These figures differ from FTE figures in that they represent actual headcount while one FTE represents the enrollment for 15 units of classwork. As an example, one FTE can be a single student taking 15 units, three students taking five units or five students taking three units.

California State Colleges—Continued

Table 2
Fall Term Individual Enrollment

	<i>Full-time</i>		<i>Part-time</i>		<i>Total</i>
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>	
1965-----	98,852	63.8	56,075	36.2	154,927
1966-----	110,274	65.1	59,246	34.9	169,520
1967-----	122,426	65.9	63,175	34.1	185,601

The master plan recommended that the University and state colleges achieve by 1975 a systemwide enrollment distribution wherein the lower division (freshmen and sophomores) proportion of the full-time undergraduate enrollment would be 40 percent of the total full-time undergraduate enrollment. This policy is designed to promote full usage of the community colleges. Table 3 reflects its implementation at the state colleges.

Table 3
Distribution of Enrollments—Full-Time Lower Division and Upper Division
as a Percent of Full-Time Undergraduate

	<i>Lower division</i>		<i>Upper division</i>		<i>Total</i>
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>	
1963-----	37,859	49.8	38,074	50.2	75,933
1964-----	42,046	48.4	44,872	51.6	86,918
1965-----	41,425	45.1	50,479	54.9	91,904
1966-----	41,631	41.1	59,609	58.9	101,240
1967-----	42,509	38.0	69,316	62.0	111,825

In addition to the growth in upper division enrollments, the summary in Table 4 of the total distribution of students by class level points out the shift towards a higher academic standing of students over the past five years.

Table 4
Distribution of FTE Enrollment by Class¹ Level

<i>Fall</i>	<i>Lower division</i>		<i>Upper division</i>		<i>Graduate</i>		<i>Total</i>
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>	
1963-----	41,129	41.8	45,570	46.3	11,788	11.9	98,487
1964-----	45,005	40.4	52,621	47.2	13,828	12.4	111,454
1965-----	43,859	37.4	57,991	49.4	15,466	13.2	117,316
1966-----	44,648	34.1	68,068	52.0	18,129	13.9	130,845
1967-----	45,280	31.4	78,609	54.4	20,513	14.2	144,402

¹ Class level is determined by the actual number of credit-hours achieved per student.

Table 5 demonstrates the increasing costs per student at the state colleges. This reflects a combination of factors including higher salary and operating expense costs, the teaching of more technical curriculum, and the increase in the percentage of upperdivision and graduate students. The net General Fund support figures are computed by dividing the listed appropriation amount by the estimated FTE. Proposed augmentations and expenditures for year-round operations are included.

California State Colleges—Continued

Table 5
Cost Per Full-Time Equivalent Student

	<i>Actual</i> 1967-68	<i>Estimated</i> 1968-69	<i>Proposed</i> 1969-70
Long Beach -----	\$1,111	\$1,224	\$1,261
San Diego -----	1,181	1,335	1,392
San Jose -----	1,203	1,352	1,391
Los Angeles -----	1,316	1,445	1,491
San Fernando -----	1,157	1,291	1,280
San Francisco -----	1,323	1,488	1,608
Sacramento -----	1,208	1,453	1,446
Fresno -----	1,378	1,565	1,631
San Luis Obispo -----	1,276	1,504	1,505
Fullerton -----	1,314	1,405	1,404
Hayward -----	1,296	1,547	1,504
Chico -----	1,328	1,543	1,558
Kellogg-Voorhis -----	1,381	1,532	1,671
Humboldt -----	1,736	1,930	1,875
Sonoma -----	1,837	2,163	1,937
San Bernardino -----	2,631	2,572	2,397
Dominguez Hills -----	4,081	3,072	2,652
Stanislaus -----	2,097	2,279	2,074
International Program -----	1,290	1,142	1,285
Chancellor's Office, Bakersfield and Expendable Items -----	19	26	30
Net Total General Fund Cost per FTE--	1,305	1,484	1,520
Increase over previous year-----	20	176	36
Percent increase over previous year-----	1.6	13.5	2.4

Changes Needed in Enrollment Projection Methods

We recommend that the Coordinating Council for Higher Education study and make recommendations concerning the proper method of determining state college enrollment projections. Enrollment projections for 1968-69 have been subject to significant changes. The budget for the current fiscal year was originally based on a systemwide enrollment projection of 156,265 FTE. However, a late adjustment of 5,030 FTE was made, increasing the systemwide total to 161,295 FTE and leading to a \$6.8 million lump sum item for enrollment increases listed as "provision for allocation" in the 1968-69 Governor's Budget. The change was presented too late for the individual college budgets to be revised, but the budget as passed on June 29, 1968, was based on the 161,295 FTE figure.

After a large 1968 fall registration, the Chancellor's staff stated that the budgeted 161,295 FTE figure appeared to be low and on November 19, 1968, presented data to a special Ways and Means Subcommittee hearing demonstrating that actual 1968-69 enrollments should be 169,820 FTE systemwide (8,525 FTE more than budgeted). The staff stated that no formal written request for Emergency Fund assistance had been made because they had been notified by the Department of Finance at an earlier meeting that although such funds were not available for this purpose the department would aid in presenting a special

Table 6
Impact of Limited Enrollment Policy

	Open enrollment policy ¹			Limited enrollment policy ¹			Full enrollment less limited enrollment
	Budgeted FTE	Estimated annual	Difference	Budgeted FTE	Estimated annual	Difference	
State College							
Hayward -----	6,420	6,500	80	6,420	6,460	40	-40
Pomona -----	6,050	6,200	150	6,050	6,220	170	+20
San Luis Obispo -----	8,660	9,200	540	8,660	8,970	310	-230
Chico -----	7,500	7,450	-50	7,500	7,450	-50	--
Fresno -----	8,780	9,330	550	8,780	9,070	290	-260
OCC-Bakersfield -----	360	380	20	360	360	0	-20
Humboldt -----	3,770	4,190	420	3,770	3,950	180	-240
Long Beach -----	17,690	18,920	1,230	17,690	18,270	580	-650
Los Angeles -----	13,800	13,230	-570	13,800	13,230	-570	--
Fullerton -----	7,620	8,090	470	7,620	7,770	150	-320
Dominguez Hills -----	900	860	-40	900	860	-40	--
Sacramento -----	9,770	10,800	1,030	9,770	10,310	540	-490
San Bernardino -----	1,190	1,110	-80	1,190	1,110	-80	--
San Diego -----	16,840	18,220	1,380	16,840	17,480	640	-740
OCC-Calexico -----	185	160	-25	185	160	-25	--
San Fernando Valley -----	12,900	13,900	1,000	12,900	13,300	400	-600
San Francisco -----	13,500	14,170	670	13,500	13,840	340	-330
San Jose -----	17,650	18,570	920	17,650	18,300	650	-270
Sonoma -----	1,950	2,680	730	1,950	2,260	310	-420
Stanislaus -----	1,200	1,300	100	1,200	1,240	40	-60
Academic Year FTE							
Subtotal all State Colleges -----	156,735	165,260	+8,525	156,735	160,610	+3,875	-4,650
Summer quarter and International program -----	4,560	4,560	--	4,560	4,560	--	--
Total budgeted annual FTE -----	161,295	169,820	+8,525	161,295	165,170	+3,875	-4,650

¹ As compiled from Chancellor's Office data.

California State Colleges—Continued

appropriation request to the Legislature, presumably in 1969.¹ Faced with this situation, the Chancellor's Office decided to limit enrollment to fit the existing budget. Precise limitation is difficult and it is currently estimated that actual 1968-69 enrollment will be 165,170 FTE (3,875 FTE more than budgeted). Table 6 demonstrates the impact of this policy on each campus.

In the 1968-69 Analysis of the budget we pointed out that the FTE enrollment projections are the foundation upon which the state college's budget is built. The problem last year was one of receiving projections on a timely basis so they could be built into the budget planning process. The legislative conference committee on the budget directed the Chancellor's Office to prepare a plan for the submission of revised current budget year estimates of FTE enrollments no later than the 1st of November each year. This directive has been complied with.

The problem is now one of insuring reasonable accuracy in the projections. At first glance the actual enrollments have compared well with the budgeted FTE projections as demonstrated in Table 7. However, twice in the past five years they have been over by more than 2 percent.

Table 7
The California State Colleges
Comparison of Governor's Budget Estimate with Reported
Annual Full-Time Equivalent Students

	Governor's Budget	Reported FTE	Difference between Budget estimate and reported FTE	
			Number	Percent
1963-64 -----	94,520	96,328	1,808	1.91
1964-65 -----	104,210	108,728	4,518	4.34
1965-66 -----	120,680	116,362	-4,318	-3.58
1966-67 -----	129,615	129,441	-174	-0.13
1967-68 -----	140,245	143,627	3,382	2.41
1968-69 (est.) -----	161,295	169,820	8,525	7.54

The reason past projections have not been more accurate may be because the method used to determine the budgeted figure is somewhat confusing. Currently there is a "joint" approach in which the Department of Finance develops a Phase I projection of students who will attend from 8 a.m. to 5 p.m. to be used for capital outlay budget purposes. The Chancellor's Office uses this report and information obtained from the individual colleges to project the 8 a.m. to 10 p.m. enrollment which is the basis for the support budget. Responsibility for projections belongs to the Chancellor's Office. However, there is no demographer on the staff so that projections are derived by an interaction between the three parties.

The projections for the current year have varied from the preliminary 156,265 FTE to the probable 169,820 FTE, or 8.7 percent. The low enrollment estimate for the current year was a major factor leading to the decision to limit enrollments in the spring of 1969 because of its

¹ As of this writing two bills have been introduced (AB 93 and AB 178) which attempt to deal with this problem.

California State Colleges—Continued

effect on the support budgets, rather than space considerations. The 1969-70 budget which we are now considering assumes there will be open enrollment in the budget year, but at least one college (Sacramento) has stated that it will limit enrollments in 1969-70 because of support budget considerations. On this basis we feel it appropriate to recommend a study of enrollment projection methods.

Need to Clarify Enrollment 2 Percent Policy

We recommend that the Chancellor's Office be required to transfer all probable savings from colleges below enrollment to colleges above enrollment before requesting Emergency Fund assistance related to overenrollment.

A budget policy states that the final budget for the state colleges has a two percent flexibility factor in which enrollments may be over or under by 2 percent without a need for adjusting the budget. It is reasonable to assume that such flexibility exists in a \$275 million budget. The issue is whether the 2 percent factor is determined on a systemwide basis or on a college by college approach. The difference between the two methods is significant.

In seeking additional funds for the current year overenrollments, the Chancellor's Office computed the excess FTE over 2 percent in 1968-69 to be 1,682. This computation was done on a college-by-college basis and produces a larger figure than if the computation were done on a systemwide basis which would only produce a 740 FTE increase, a difference of 942 FTE as shown below.

	Chancellor's estimate	Alternative computation
Budgeted 1968-69 FTE -----	156,735	156,735
FTE overenrollment 1968- 69 -----	3,875	3,875
FTE to be absorbed under 2 percent policy -----	(2 percent of the FTE of only the campuses which have an excess enrollment) -----	(2 percent of sys- temwide FTE, i.e., 156,735) -----
	2,193	3,135
Excess FTE in need of General Fund support	1,682 FTE	740 FTE

The Chancellor's Office college-by-college approach did not reallocate support from those campuses where enrollments are below projections (except \$100,000 in the case of Los Angeles) but only sought increases for those campuses with enrollments in excess of 2 percent. We find this approach inconsistent with the principle of fiscal flexibility allowed in Section 31.5 of the Budget Act which states that "the Trustees of the California State Colleges may approve any transfer of funds within the major budgetary functions of general administration, instruction, library, student services, plant operation, student pay-work-study, year-round operation, educational television, reimbursed activities, Chancellor's Office, international program and reim-

California State Colleges—Continued

bursments, as provided in fiscal year budgets of the state colleges and the Trustees of the California State Colleges approved by the Department of Finance. The Trustees of the California State Colleges may approve any transfer of funds between the Chancellor's Office and any state college, or between any state college and any other state college."

We feel that every possible internal savings should be used before additional support is requested from the General Fund. Colleges with enrollments less than their budget should, with respect to future expenditures, be required to make transfers to aid those colleges in excess of budget. Our alternative calculation anticipates that transfers will be made presumably from funds used for part-time faculty, and thus the General Fund would only have to support actual enrollments in excess of 2 percent.

Inadequate Program Budget Presentation

This year for the first time the proposed budget attempts to present the state colleges in a program budget format. We have been hopeful that this new presentation would be more useful as a base for our analysis and for legislative review than prior line-item presentations. We find that the program presentation generally provides good descriptive information but stops short of justifying the need for any particular activity in terms of useful output data.

Instructions issued in 1966 by the Department of Finance in Management Memo 66-16 state that objectives should be expressed in terms of specific results to be accomplished, i.e., "ends" oriented as opposed to "means" oriented. In addition, output data should then be designed to help the analyst evaluate whether or not the desired ends are being achieved. An example of the difficulty with the state college material exists in the instruction program element presentation. It states on page 261 that the objectives of instruction are to "ensure efficient, effective and relevant instructional programs—through a continual evaluation of existing programs and planning of new programs. To admit, advise, register, and award degrees to qualified students in instructional programs. . . ."

With these objectives in mind the analyst is then presented with pages of description and finally on page 264 a list of requested staff increases. On page 263 it mentions that this program will cost the General Fund \$222.4 million in 1969-70, but nowhere is there presented a breakdown of this cost figure by element, a cost-benefit discussion, or output data. The presentation is far too general for determination and analysis of the costs of different programs such as humanities, teacher education, physical education, or engineering.

Suggested Improvements in Program Budget

A review of the above instruction program objectives suggests that if output data is generated it will be "means" oriented instead of "ends" oriented. It is foreseeable that output data may be expressed in terms of instruction offered instead of in terms of students (the target group) which will not be too useful when analyzing the success

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of the Instruction Program. We suggest that objectives and output data be designed in terms of each instructional program's enrollment, retention, graduation rates and related cost. Factors that have relevance when evaluating alternatives to the current instruction program might be (1) offerings which are growing in student enrollments and those which are diminishing, (2) the offerings which retain students and those which do not, (3) offerings which have a high graduation rate and those which do not, and (4) offerings which generate graduate programs and those which do not. These data would also be important in evaluating the needs and successes of support activities such as libraries, ancillary programs, audiovisual, television services and instructional testing.

We feel that program budgeting places a burden of proof on the colleges to establish that their many programs are indeed needed. Output data, which appears to be a most important tool in establishing such need, is ignored throughout the current state college presentation. Because of this we feel that the program budget presentation leaves much to be desired for purposes of analysis. We have found it necessary to use the traditional functional discussion format which follows.

ANALYSIS AND RECOMMENDATIONS

Proposed General Fund expenditures in 1969-70 for the California State Colleges are found in items 116, and 117 and total \$274,833,736 which is a \$35,456,170 (14.8 percent) increase over current year estimated expenditures for this program. In addition, a salary increase is proposed in the amount of \$13,148,140 which we discuss under items 297, 300 and 301.

The budget is presented with an augmentation request of \$1,278,927 detailed in Table 8 and a workload request of \$273,554,809. We will comment on each part of the augmentation request in the discussion of the particular function to which it applies.

Table 8
1969-70 California State College Augmentation Request
Budget Act Item 116

<i>Function</i>	<i>Amount of request</i>	<i>Percent of total request</i>	<i>Analysis page</i>
1. Assistant general secretary -----	\$23,055	1.8	425
2. Specialized training			
a) Chancellor's office -----	22,987	1.8	426
b) Colleges -----	34,175	2.7	432
3. Interview expense -----	45,000	3.5	442
4. Sabbatical leave pay -----	197,110	15.4	443
5. Joint doctoral program -----	30,000	2.3	444
6. Instructional data processing -----	821,000	64.2	444
7. Plant security -----	105,600	8.3	464
Total -----	\$1,278,927	100%	

Table 9 shows a functional breakdown of the estimated expenditures for 1968-69 and the proposed expenditures for 1969-70 including augmentations and sources of support.

Table 9
Total Proposed Expenditures by Function and Revenues by Source
1968-69 and 1969-70
Budget Act Items 116 and 117

Items 116-117

Education

Expenditures	1968-69 <i>Estimated</i>	1969-70 <i>Proposed</i>	Percent of <i>total budget</i>	Increase <i>over 68-69</i>	Analysis <i>page</i>
Systemwide Programs					
1. Chancellor's office -----	\$3,614,384	\$4,855,764	1.3%	\$1,241,380	420
2. International program -----	352,872	546,200	0.2	193,528	426
3. Academic Senate -----	107,188	112,547	--	5,359	428
College Budgets					
4. General administration -----	17,989,345	21,133,924	5.8	3,144,579	429
5. Instruction -----	170,807,688	198,932,754	54.7	28,125,066	432
Educational television -----	394,518	446,770	0.2	52,252	438
6. Libraries -----	20,715,047	23,697,282	6.5	2,982,235	447
7. Student services -----	16,746,126	18,602,274	5.1	1,856,148	450
8. Student financial aid -----	18,669,487	24,168,930	6.6	5,499,443	453
9. Plant operation -----	27,599,093	31,243,535	8.6	3,644,442	461
10. Year-round operations -----	7,181,107	8,961,416	2.5	1,780,309	464
11. Research and special projects -----	5,716,755	6,327,802	1.7	611,047	468
12. Summer session -----	7,808,122	8,106,307	2.2	298,185	471
13. Extension -----	2,457,016	3,195,011	0.9	737,995	473
14. Auxiliary enterprises -----	5,659,902	6,056,283	1.6	396,381	474
15. Other reimbursed activities -----	1,782,896	1,926,104	0.5	143,208	476
16. Salary savings -----	-5,404,837	-8,081,551	-2.2	-2,676,714	478
Salary increase -----	--	13,148,140	3.8	13,148,140	
Expenditure Totals -----	\$302,196,509	\$363,379,492	100.0%	\$61,182,983	
Revenues					
General Fund—Support -----	\$239,377,566	\$274,833,736	75.6%	\$35,456,170	
General Fund—Salaries -----	10,420,821	13,148,140	3.6	2,727,319	
Total General Fund -----	\$249,798,387	\$287,981,876	79.2	\$38,183,489	
Student fees -----	22,127,901	27,620,264	7.6	5,492,363	
Reimbursements -----	3,789,604	15,479,729	4.2	11,690,125	
Federal funds -----	17,988,118	22,657,597	6.2	4,669,479	
Other funds -----	8,116,918	9,251,294	2.5	1,134,376	
Federal overhead payments -----	375,581	388,732	0.3	13,151	
Revenue Totals -----	\$302,196,509	\$363,379,492	100.0%	\$61,182,983	

California State Colleges—Continued

SYSTEMWIDE PROGRAMS AND ADMINISTRATION

Within the California state college system, there are three statewide programs: the Chancellor's Office, the International Program and the Academic Senate.

I. CHANCELLOR'S OFFICE

Functional Description

The chancellor is the chief executive officer of the State College Board of Trustees and is responsible for the implementation of all policy determinations enacted by the board. The Chancellor's Office, located in Los Angeles, carries out this overall responsibility in several ways. It conducts research into college operations for the purpose of providing the trustees with information needed to allow the board to make decisions on the system's general welfare. It compiles the annual budget based on the individual requests of the colleges, formulates justifications for expansion of programs, reviews position classifications, formulates salary requests and performs a fiscal management function which consists of administering the annual budget within the limits of certain controls specified by the Legislature and coordinating its activities with the Departments of Finance and General Services which are required by law to approve certain contracts and expenditures. The office has principal divisions concerned with student affairs, academic affairs and faculty and staff affairs which enable it to carry out its coordinative responsibilities.

Proposed Workload Budget

<i>Actual</i>	<i>Estimated</i>	<i>Proposed</i>	<i>Increase</i>	
<i>1967-68</i>	<i>1968-69</i>	<i>1969-70</i>	<i>Amount</i>	<i>Percent</i>
\$2,650,360	\$3,721,572	\$4,783,522	\$1,061,950	28.5%

The 1969-70 workload budget proposes an expenditure of \$4,783,522 for the Chancellor's Office which is \$1,061,950 or 28.5 percent more than for the current year. The existing authorized staff of 229.7 positions is proposed to be augmented by a total of 45 (19.6 percent), 11.5 of which will be reimbursed.

Enrollments are projected to increase 9.6 percent in the budget year. Even if the Chancellor's Office workload were directly related to increased enrollments this would not account for the substantial proposed increase in the budget year. Positions for this office relate more directly to the increasing level of college coordination and control, and consequently must be justified on that basis. We have reviewed the justification presented and can recommend approval of 34 of these positions on a workload basis. After the necessary adjustments related thereto the Chancellor's Office would, under our proposal, receive approximately \$4.6 million or a \$900,000 (24.1 percent) increase over the current year.

Approval of Workload Positions

We recommend approval of 22.5 positions supported by the General Fund and 11.5 positions supported by reimbursements, all of which are justified on a workload basis.

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The General Fund positions include: (a) one clerical position for the executive vice chancellor, (b) one legal counsel position and one-half clerical position to help handle the accumulated workload in the general counsel's office, (c) one professional and one clerical position in academic planning to direct the academic aspects of the conversion to program budgeting, (d) one auditor and one-half clerical position to begin an internal management audit program in the business affairs office, (e) one clerical position to help support the heavy workload in the auxiliary and business services office, (f) one clerical position in central administrative services to handle the workload in the area of purchasing, stockroom inventory controls and documentation, (g) one professional position and one and one-half clerical positions to aid with personnel workload in the faculty and staff affairs office, and (h) 12 EDP positions which will be discussed separately.

Deletion of Workload Positions

We recommend that eight professional and a total of three clerical positions shown in Table 10 be deleted from the Chancellor's Office budget request for a General Fund savings of \$106,366.

Table 10
Positions Recommended for Deletion from
Chancellor's Office Proposed
1969-70 Budget

<i>Position title</i>	<i>No. of positions</i>	<i>Salary range</i>	<i>Amount</i>
General Administration:			
(a) Governmental Affairs:			
Intermediate file clerk -----	0.5	\$415-505	\$2,550
(b) Institutional Research:			
Research technician III -----	1	950-1,155	11,400
(c) Legal:			
Senior legal stenographer -----	0.5	556-676	3,336
(d) Public Affairs:			
Intermediate typist-clerk -----	0.5	415-530	2,676
(e) Student Affairs:			
Research technician I -----	1	644-783	7,723
Business Affairs:			
(f) Vice Chancellor:			
Intermediate stenographer -----	0.5	446-543	2,745
(g) Auxiliary and Business Services:			
Special projects coordinator -----	1	1,337-1,625	16,044
Assistant administrative analyst ---	1	783-950	9,396
(h) Budget Planning and Administration:			
Associate budget analyst -----	1	1,155-1,405	13,860
Staff services technician -----	1	584-710	7,008
(i) Central Administrative Services:			
Assistant administrative analyst ---	1	783-950	9,582
(j) Physical Planning and Development:			
Assistant architectural engineer ----	1	1,213-1,475	14,556
Intermediate stenographer -----	1	446-543	5,490
Totals -----	11	--	\$106,366

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The discussion which follows deals with each position in the order in which it appears in Table 10.

(a) The clerical staff augmentation (\$2,550) in the governmental affairs office (located in Sacramento) is requested to handle filing duties in the office which currently has three professional and two clerical positions. We believe that clerical duties have increased in this office principally due to the transfer of an additional professional position to Sacramento from Los Angeles in 1968 without the transfer of clerical support for that position. We recommend that 0.5 position for temporary help be transferred from Los Angeles instead of augmenting the budget.

(b) The institutional research office proposes one professional position (\$11,400) in order to handle the backlog of reports requested principally by the chancellor and the trustees. This office currently has 13 positions and costs approximately \$200,000 per year. It produces reports which are generally of an informational and advisory nature. We believe that backlog is only a factor in justifying positions for an office of this type. It will always have backlogs because the nature and variety of reports that it may desire to produce are extensive and are controllable in large measure only by the availability of funds. Last year's budget provided major financial support (\$480,000) for two EDP centers which will also be producing informational reports. We recommend that this requested staff augmentation be deleted.

(c) The proposed clerical support for the legal office is justified on the basis of two additional attorneys, but the budget proposes only one additional attorney. We recommend that half the clerical support be deleted for a savings of \$3,336.

(d) The public affairs clerical augmentation (\$2,676) is proposed on the basis of "increased public interest and its reaction to student activism and demonstrations." Although we see this as a workload factor, we do not recommend that the budget be built on the assumption that it be a permanent workload. During times of high public interest some help can be temporarily attached to this office from the central clerical pool. We believe that it is not necessary to provide permanent staff to deal with workload peaks.

(e) The student affairs office proposes a technician position (\$7,723) on the basis that there is a need to perform bibliographic and data search work to assist the existing seven professional positions. This requested position does not appear to be necessary. Bibliographic and data search work can be obtained through campus libraries, the chancellor's institutional research group and even student assistants.

(f) The business affairs budget proposes a clerical position on the basis of supporting two requested auditors, but the budget only proposes one of the auditors. We recommend that the clerical position be reduced one-half for a savings of \$2,745.

(g) The auxiliary and business services office is requesting two professional positions (\$25,440). The first is to be a coordinator of campus operations dealing with research and special projects which are usually

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foundation sponsored. It has always been our position that foundations should pay all General Fund costs associated with obtaining overhead reimbursements from the federal government. If this position is to aid the foundations in this area, it too should be funded from federal reimbursements and not the General Fund. The second position in this office is requested on much the same basis as the student affairs office request, i.e., to assist in the collection of data. We recommend against it on the basis that the Chancellor's Office has large data collection capabilities within the existing budget.

(h) The budget planning office is proposing one professional and one technical position (\$20,868) to design, develop and implement a program budget for the state colleges. This office currently is authorized 11 professional budget positions while there are 10 additional budget analysts located at the campus level. We agree with the concept that conversion to program budgeting deserves specific attention and we have recommended two positions in the academic affairs office. However, the existing budget staff consisting of 21 positions should be able to deal adequately with program budgeting within the existing level of support.

(i) The central administrative services office is requesting one professional position (\$9,582) to provide assistance in planning, developing and administering the \$4.7 million Chancellor's Office budget. Independent of the large budget planning staff, the office already is authorized one budget and one accounting position for fiscal management. Under these circumstances we do not see the need for more budget staff and cannot recommend the proposed position.

(j) The physical planning and development office proposes one professional and one related clerical position (\$20,046) to aid in the review of building plans. In light of the recent defeat of Proposition 3 which would have provided bond funds for capital outlay and the lack of significant increases in the availability of other funds for capital outlay, we do not anticipate an increase in the workload of this office. We recommend that these two positions be deleted.

Electronic Data Processing

We recommend that the Chancellor's Office be directed to give high priority to developing space utilization reports through the regional EDP centers. We recommend approval of the proposed EDP workload budget for 1969-70.

Of the proposed workload staff increase, \$45,642 is for half-year funding of 12 staff positions, rental of EDP equipment and supplies for the EDP program authorized by the Legislature last year. This program which is explained thoroughly on page 444 of this Analysis consists of authorizing a northern regional center (San Jose), a southern regional center (Los Angeles) and a central coordination staff, and is designed primarily to provide data for management purposes. The southern center began operation in January 1969, while the northern center is scheduled to begin operations May 15, 1969. The current

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authorized budget for these centers provides enough staff to operate two shifts. The proposed budget augments this by an extra shift beginning January 1, 1970, in order to fully utilize the equipment at the centers. Workload at the centers will consist of (a) permanent administrative reports such as accounting data, personnel data and admissions, (b) nonpermanent administrative reports such as institutional studies which are rendered from time to time and (c) instructional materials. It is anticipated that by January 1, 1970, administrative work will represent 80 percent of the total workload of the centers.

The regional center approach is one that we have been encouraging because it is a less expensive alternative than having large computer installations on each of the 18 colleges. Under the regional approach full utilization of equipment can be realized and output data can be better controlled in terms of providing uniform data and evaluating the usefulness of it.

We recommend that highest priority be given to classroom space utilization reporting. In seeking information on classroom utilization we find that little state college data is available. There is confusion in the chancellor's office between the academic affairs office, the institutional services office and the physical planning and development office as to which has responsibility for space utilization reporting. A full discussion of space utilization is found on page 326 of this analysis. Better usage of existing classroom space can save millions of dollars in capital outlay expenditures. The components of the utilization problem are well suited for EDP analysis, but we have observed no major effort to make utilization reports an output of the chancellor's EDP system. Significant strides have been made in various universities throughout the United States in applying computer technology to this important problem. With the increased technical and machine capability of the state colleges, we recommend that high priority be given to the establishment of a complete student, faculty and facilities scheduling program that will provide optimum utilization of facilities.

Proposed Move of Chancellor's Office to Sacramento

We recommend that the Chancellor's Office be moved to the Sacramento area by January 1, 1971, and be located in leased facilities.

We recommend that the trustees plan a permanent headquarters in the Sacramento area and that the Legislature approve funds for planning and declare its intention to build a permanent facility.

We recommend that in the event plans are not made for the construction of a permanent facility, efforts be made to incorporate the Chancellor's Office into a larger office building to be constructed as needed in the Sacramento area.

The Conference Committee of the 1968 Legislature directed that "the Legislative Analyst shall study and report to the 1969 legislative session on the most efficient and economical location of the Chancellor's Office, taking into consideration travel and other related operating costs." We reported on this matter to the Legislature in January 1969. In this report we consider the reasons for the current location in Los

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Angeles and the policy argument against moving. We considered alternative locations including Fresno, San Luis Obispo, Oakland, San Francisco, San Diego and Sacramento. Finally we discussed the saving involved in building a permanent facility for the Chancellor's Office as opposed to continuing with long-term leases. Based on our finding we have concluded that:

- (a) The policy arguments for locating the Chancellor's Office in Los Angeles are inadequate.
- (b) There are no annual cost savings of renting a Los Angeles headquarters instead of a Sacramento headquarters.
- (c) Moving the Chancellor's Office to the Sacramento area within two years would cost approximately \$200,000.
- (d) Moving the Chancellor's Office to a Sacramento state facility within two years may be impractical, but commercial facilities could be used.
- (e) There are problems inherent in locating the Chancellor's Office on a state college campus.
- (f) The long-range savings related to construction would favor a downtown Sacramento permanent state facility. We also believe that the state facility should house more than one agency because of high land costs and to allow joint facilities such as auditoriums to be utilized efficiently.

Augmentation Request for Chancellor's Office

Assistant General Secretary -----	\$23,055
Specialized training -----	22,987
Total -----	\$46,042

We recommend the approval of the assistant general secretary and related clerical position at \$23,055 provided that they be one-half reimbursed in 1970-71 and fully reimbursed in 1971-72.

The budget proposes an assistant general secretary position and clerk (\$23,055) to be primarily responsible for raising private funds for college projects. In addition, the positions will be responsible for relations with and the development of alumni groups. It is proposed that the program be one-half reimbursed in 1970-71 and fully reimbursed in 1971-72 from interest income.

While it has not been clearly stated in the budget, the nature of this proposal is such that funds raised by this position should be deposited into an endowment fund which would, in turn, be invested. Interest so generated would pay for these positions. We recommend against an unreported endowment fund arrangement on the basis that such could lead to the creation of major new programs requiring continuing state support without legislative review as has been the case at the University of California and with some college foundations. On the other hand, we recommend approval of these positions if the funds raised by it are clearly reported in the budget and used to pay for this program by 1971-72.

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Specialized Training

We recommend deletion of \$22,987 in specialized training funds.

The budget proposes \$57,162 in specialized training, \$22,987 of which is for the Chancellor's Office to fund 1.5 liaison positions. The positions will evaluate campus needs, disseminate information and coordinate program development. The remaining \$34,175 of the program is budgeted at the college level to fund training and expenses associated with staff attending institutes, conferences and specialized courses.

We believe that specialized training is desirable in certain programs but the need varies among the colleges because of differing personnel situations. The funds should be budgeted in general administration of the individual colleges for allocation by the local management staff. We do not believe that it is necessary to have a full-time chancellor's coordination and liaison staff for specialized training.

2. INTERNATIONAL PROGRAM

Functional Description

The purpose of the international program is to afford selected students the opportunity for one year of study in a foreign country. The program was established in 1963 and at that time provided opportunities for study in six foreign universities for 108 students. Since then, the program has grown to its 1968-69 level of 300 students with the addition of four other institutions. Countries currently participating in the program include Formosa, France, Germany (two institutions), Italy, Japan, Spain (two institutions) and Sweden (two institutions). The program is divided into two parts including two months of intensive language training prior to attendance followed by 9 or 10 months (two semesters) at the participating institutions as a regular student.

Performance

Program enrollment is shown in Table 11.

Table 11
International Program Enrollment

Year	Budgeted enrollment	Actual enrollment
1964-65	238	212
1965-66	290	201
1966-67	230	265
1967-68	270	257
1968-69	300	---
1969-70 (Proposed)	425	---

Admission to the international program is limited to upper division and graduate students who can demonstrate a minimum comprehension of the language of the country to which they will be sent. Faculty committees conduct interviews with applicants to determine eligibility.

The costs of the program are shared by the students and the state with the students being responsible for transportation, living expenses and any fees and the state for administration and some instructional costs up to the limit of the number of students in the program times the state support for each regular FTE enrollment. Table 12 shows the actual and estimated costs of the program.

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Table 12
International Program—Costs and Funding

	<i>Actual</i>	<i>Estimated</i>	<i>Proposed</i>	<i>Increase</i>	
	<i>1967-68</i>	<i>1968-69</i>	<i>1969-70</i>	<i>Amount</i>	<i>Percent</i>
General administration ----	\$75,861	\$121,213	\$160,088	\$38,875	32.1%
Instruction ----	276,799	283,624	387,132	103,508	36.5
Student services ----	1,278	66,597	75,787	9,190	13.8
Salary savings ----	--	-2,972	-3,150	-178	--
Total program costs ----	\$353,938	\$468,462	\$619,857	\$151,395	32.1%
Reimbursements					
Student fees ----	\$-23,819	\$-25,800	\$-43,350	--	--
Miscellaneous ----	--	-89,990	-30,307	--	--
Net Total—General Fund --	\$330,119	\$352,672	\$546,200	\$193,528	54.8%
Enrollment ----	257	300	425	125	41.7
Cost per student ----	\$1,285	\$1,176	\$1,285	\$109	
Material and service fee paid per student ----	76	86	102	16	

Recommended Funding Change

We recommend that the General Fund share of this program be reduced \$80,000. This reduction is to be offset by increased support from reimbursements which are being held in reserve. The 1969-70 budget reflects for the first time the total staff of the international program. Previously, this budget had reflected only those positions supported by the General Fund while, in fact, there were additional positions supported from unscheduled reimbursements. In the current year, \$89,990 in reimbursements were scheduled to provide an additional 9.9 positions as shown in the budget. This is not a staff augmentation. It is a scheduling of existing staff and reimbursements which accurately reflects total program costs.

The reimbursements for this program are generated from two sources. The first is from excesses in the amounts students pay for the program which includes transportation, room and board. The second and larger source is from the sale of vacant seats on the various charter flights run by the program.

In the current year the excess reimbursements are scheduled to pay for 19.2 percent of this program. However, in the budget year it is proposed that the reimbursements pay for only 4.9 percent of the program with the student fees and General Fund supporting the remainder. Table 13 demonstrates the relationship.

Table 13
International Program
Cost Related to Source of Funding

	<i>Estimated</i>	<i>Proposed</i>	<i>Change</i>
	<i>1968-69</i>	<i>1969-70</i>	
Total program cost ----	\$468,462 (100%)	\$619,857 (100%)	\$+151,395
General Fund share ----	352,672 (75.2%)	546,200 (88.1%)	+193,528
Reimbursement share ----	89,990 (19.2%)	30,307 (4.9%)	-59,683
Student fee share ----	25,800 (5.6%)	43,350 (7.0%)	+17,550

The chancellor's office believes that the program should retain the excess reimbursements to provide for contingencies and that the General

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Fund should fund more of the program in order to place it on an equitable basis with the support received by other academic programs. We do not agree with this reasoning in that (a) contingencies of a major magnitude have not materialized since the program's inception in 1964-65, (b) this is a unique program which provides a service to and generates revenue from clientele outside of its program responsibility (the extra charter seats) and (c) the benefits to the State of California are subjective and do not support the conclusion that the General Fund should increase its share of the program by the proposed \$193,528. We support the scheduling of the reimbursement as was done in the current year to reflect total program costs and recommend that the proposed General Fund share for 1969-70 be reduced by \$80,000 and offset by increased reimbursements reflecting the same share of support as in the current year.

3. ACADEMIC SENATE**Functional Description**

The Academic Senate is the official organization representing the state college faculty on all campuses. Its members are chosen by the full-time faculty on each campus under procedures that differ by campus and it holds meetings on the average of five times per year. Representatives of the senate regularly attend meetings of the board of trustees and are often asked for opinions on various matters affecting academic policy.

Proposed Budget

Funds for the Academic Senate's activities are used to permit its officials released time from normal academic responsibilities and are estimated at \$107,188 in the 1968-69 fiscal year. The budget year proposes an expenditure of \$112,547 to provide for participation by the faculties of the colleges in the formulation of systemwide policy relating to the colleges. A discussion of college governance with particular reference to the role of the student is provided on page 311 of this analysis in which we support the general conclusion that the governance system should provide for improved communication between all segments of the academic community.

Change in Function of Academic Senate**Policy Option**

As a policy option we recommend the deletion of \$112,547 in General Fund support for the Academic Senate.

As discussed previously, the Academic Senate was created and funded for the purpose of aiding the policy formation process. This role is being modified somewhat due to recent actions of this organization. On January 16, 1969 the Academic Senate, by a vote of 35 to 4, resolved to make possible the conduct of an election to determine if the faculties of the colleges wished to select an agent to negotiate for the purpose of achieving a written contract or agreement governing the faculties' terms and conditions of employment. In addition, it urged

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the faculties to support the selection of a negotiating agent and announced the intention of the Academic Senate to be considered as a bargaining agent if the vote is favorable. In a separate document the senate stated that the intent of this action was based on a "desire to break the present impasse, deescalate the crises and successfully resolve the issues facing the system."

We believe that this action may be justified as a move to establish a more responsible faculty representation. However, the action does appear to change the role of the senate and the Legislature should consider the effect of this change in role on continued General Fund support of this organization. If the Legislature endorses the concept that the faculty contracts should be negotiated, then the Academic Senate would appear to be the most representative group to deal with. If the Legislature does not endorse the concept, then it should request the senate to cease these activities. Alternatively, if the Academic Senate desires this bargaining status "... financially independent of the Board of Trustees . . .", as is stated in the brief supporting the proposal approved by the senate, then endorsement by the Legislature would appear to call for deletion of the appropriation for support of the senate.

4. GENERAL ADMINISTRATION

Functional Description

This function includes the executive and business management activities of each college. The executive section includes the offices of the college president, vice presidents for administration and academic affairs, and a publications manager and related staff. It is responsible for general administration of the college, educational planning, facilities planning and public relations. The business management subfunction is divided into the business managers' office, accounting, personnel, purchasing, and general institutional services such as telephone operation, property management and central duplicating.

Performance

Table 14 indicates the expenditures, actual and proposed for general administration by object category.

Table 14
Expenditures for General Administration

	<i>Actual</i> 1967-68	<i>Estimated</i> 1968-69	<i>Projected</i> 1969-70	<i>Proposed increase</i>	
				<i>Number</i>	<i>Percent</i>
Personal services ----	\$9,602,929	\$12,511,567	\$14,478,265	\$1,966,698	15.1%
Operation expense ----	4,352,922	5,258,518	6,381,817	1,123,299	21.3
Equipment -----	115,842	219,260	239,667	20,407	9.3
Totals -----	\$14,071,693	\$17,989,345	\$21,099,749	\$3,110,404	17.2%

Proposed Workload Budget

For 1969-70 the proposed expenditures as shown total \$21,099,749, an increase of \$3,110,404, or 17.2 percent over the estimated amount for 1968-69. On a cost per academic year FTE basis, the figures are \$111 and \$120 for 1968-69 and 1969-70 respectively.

Table 15
Proposed Expenditures for General Administration 1969-70

Proposed Expenditures for General Administration 1969-70							Estimated FTE academic year 1969-70	Cost per academic year FTE
Personal services								
	Executive	Business management	EDP services	Operating expense	Equipment	Total		
Long Beach -----	\$247,467	\$620,882	\$157,501	\$483,456	\$27,115	\$1,536,421	\$18,850	\$82
San Diego -----	272,939	624,302	142,928	555,912	10,824	1,606,905	18,290	88
San Jose -----	275,432	639,875	131,240	526,016	27,852	1,600,415	18,200	88
San Fernando Valley -----	251,509	567,922	149,694	576,237	14,770	1,560,132	15,600	100
Los Angeles -----	267,324	544,174	143,590	556,393	19,857	1,531,338	14,220	108
San Francisco -----	277,057	584,664	143,440	584,100	19,321	1,608,582	13,500	119
Sacramento -----	258,791	478,461	146,780	389,342	13,014	1,286,388	11,000	117
Fresno -----	244,157	490,903	143,159	376,768	16,744	1,271,731	10,900	117
Cal Poly-San Luis Obispo -----	241,164	457,941	149,965	363,926	8,413	1,221,409	10,260	119
Fullerton -----	257,064	429,515	90,183	368,002	8,558	1,153,322	9,040	127
Chico -----	250,421	426,574	78,816	303,997	19,399	1,079,207	8,480	127
Hayward -----	259,650	426,009	85,020	294,310	12,790	1,077,779	7,410	145
Cal Poly-Kellogg Voorhis -----	267,538	393,108	82,976	252,117	10,613	1,006,352	6,700	150
Humboldt -----	231,584	335,431	65,989	236,282	7,185	876,471	4,750	184
Sonoma -----	193,984	289,391	46,327	164,281	2,884	696,867	2,900	240
Stanislaus -----	185,941	206,279	39,369	98,483	7,016	537,088	1,640	327
San Bernardino -----	193,825	222,320	48,379	106,961	4,751	576,236	1,500	384
Dominguez Hills -----	208,642	214,963	55,963	105,484	4,514	589,566	1,400	421
Bakersfield -----	151,756	87,987	--	39,750	4,047	283,540	--	--
Workload Totals -----	\$4,536,245	\$8,040,701	\$1,901,319	\$6,381,817	\$239,667	\$21,099,749	175,665	\$120
Augmentation -----				\$34,175		\$34,175		
Totals -----	\$4,536,245	\$8,040,701	\$1,901,319	\$6,415,992	\$239,667	\$21,133,924	175,665	

California State Colleges—Continued
High Operating Expenses

We recommend a general administration operating expense reduction of \$481,817.

The proposed increase for operating expenses for general administration totals \$1,123,299 which is 21.3 percent over the current year (Table 16). We believe that this increase is quite large in the absence of an unusual situation which justifies it. Expenses such as printing, travel and communications are controllable through good management and should be limited to no more than normal price increases and costs related to staff increases. The Department of Finance's economic price letter issued August 2, 1968, states on page 11 that "operating expenses for 1968-69 and 1969-70 should generally be budgeted at 2.5 percent above average price level for 1967-68 except where otherwise noted." The exceptions range from 4 percent to 12 percent (communications). Considering that there have been staff increases and that a predominant item in general administration operating expenses is communications, we recommend an operating expense increase of up to the 12 percent level but not to the proposed 21.3 percent level. Our recommendation totals \$5,900,000 which is \$481,817 below the proposed figure.

Table 16
General Administration
Expenditures for Operating Expenses—1967-68 to 1969-70

	<i>Actual</i> 1967-68	<i>Estimated</i> 1968-69	<i>Proposed</i> 1969-70	<i>Proposed increase</i>	
				<i>Numbers</i>	<i>Percent</i>
Printing -----	\$422,455	\$523,849	\$626,436	\$102,587	19.5
Travel—in-state --	516,129	584,678	660,464	75,786	12.9
Travel—out-state	208,685	388,202	430,925	42,723	11
Communications --	2,044,366	2,126,975	2,841,809	714,834	33.6
College memberships	55,131	65,990	77,573	11,583	17.5
ADP rental and expenses -----	710,123	926,979	1,153,066	226,087	24.3
Planning and com- munity relations--	14,874	23,169	27,315	4,146	17.8
Supplies and Services -----	329,438	397,988	476,883	78,895	19.8
Other -----	51,721	220,688	87,346	—133,342	--
Totals -----	\$4,352,922	\$5,258,518	\$6,381,817	\$1,123,299	21.3

The budgeted increase for 1969-70 includes 108.6 new positions including 12.5 in the executive function, 7.4 for automatic data processing, 88.7 in business management, accounting, personnel, purchasing and general institutional services which contain such items as printing, travel, communications and automatic data processing expense and rental. The new positions in the executive subfunction are primarily clerical and are justified on the basis of increased workload associated with increased enrollment. The new positions for business management, accounting, personnel, purchasing and general institutional services are all computed according to established formulas and reflect the needs of the system in the budget year.

California State Colleges—Continued

Augmentation

We recommend approval as budgeted of \$34,175 in specialized training.

The budget proposes an augmentation in this function of \$34,175 to be used for specialized training. The proposal involves the training of administrative staff in the areas of personnel, budget and EDP management applications. The colleges have been deficient in specialized training funds, and in light of the management reporting deficiencies we encountered while making our space utilization study, we support the need for this augmentation. Because each campus has different training needs we propose that the use of the funds be determined by the administrative officers of each college.

5. INSTRUCTION

Functional Description

The instructional function includes all expenditures for classroom instruction and supporting services excluding those for the international program which are budgeted under the Chancellor's Office. The budget presentation of this item consists of the categories of instruction and instructional services with the former subdivided into administration, instructional faculty, technical and clerical and special programs. Instructional services include salaries, operating expenses and equipment for audiovisual services, educational television, master teacher payments to local school districts, special lecture services and college farm operations.

Three other instructional programs (excluding the international program) which are not presented in this section of the college budgets are those for summer sessions, extension and year-round operations. The first and second of these programs are fully reimbursed activities supported by student fees and are presented under the category of "reimbursed activities." The third, year-round operations, is isolated in its own category as a separate program. Proposed expenditures for instruction in 1969-70 are shown in Table 17.

Proposed Budget	Estimated	Proposed	
Actual 1967-68	1968-69	1969-70	Change
\$138,731,260	\$170,807,688	\$198,932,754	\$28,125,066

The instruction function as shown in Table 17 is proposed at a total of \$198,932,754 for 1969-70 which is a 16.4 percent increase over the current year. Personal services are the largest part of this function consisting of \$187,223,303 or 94.1 percent of the total.

Instructional Administration

Of the above amount \$12,397,258 (6.2 percent) is provided for instructional administration consisting of deans, planning staff, coordinators and department chairmen. In prior years we have objected to the use of certain instructional administration positions on the basis that the "division chairmen" positions were used as a pool of released time to free department or division chairmen from teaching responsibilities

Table 17

Proposed Budget for Instruction—1969-70

	<i>Personal services</i>				<i>Operating expense and equipment</i>					
	<i>Instructional administration</i>	<i>Teaching faculty</i>	<i>Technical and clerical assistance</i>	<i>Instructional services and special programs</i>	<i>Adminis- tration and teaching expense</i>	<i>Recruit- ment expense</i>	<i>Instruc- tional services</i>	<i>Special programs</i>	<i>Equipment</i>	<i>Total</i>
Long Beach -----	862,468	15,833,878	1,660,724	264,853	725,725	46,311	89,222	3,500	287,395	19,774,076
San Diego -----	1,015,254	15,233,761	1,706,903	1,386,928	692,320	31,583	110,265	30,278	308,287	20,515,579
San Jose -----	\$1,358,325	\$16,428,975	\$1,743,703	\$395,935	\$698,068	\$35,902	\$111,813	\$87,344	\$232,091	\$21,082,156
San Fernando										
Valley -----	850,348	11,699,434	1,259,372	198,323	599,000	56,874	76,100	5,500	260,818	15,005,769
Los Angeles -----	928,763	12,810,302	1,331,023	308,744	551,900	26,470	111,900	800	176,834	16,246,736
San Francisco --	908,637	13,637,922	1,500,732	991,868	505,800	26,394	114,845	57,120	171,560	17,914,878
Sacramento -----	776,051	9,164,828	960,876	532,235	420,640	32,741	48,650	6,023	166,215	12,108,259
Fresno -----	815,814	9,490,665	1,072,319	1,314,931	433,906	51,735	63,090	112,270	217,352	13,572,082
Cal Poly—San										
Luis Obispo ---	922,598	8,895,636	905,826	329,272	421,440	41,918	45,297	83,988	197,599	11,843,574
Fullerton -----	624,472	7,072,236	812,944	130,743	348,600	31,560	33,475	7,300	145,050	9,206,380
Chico -----	608,954	6,986,094	750,457	437,533	337,170	25,006	32,960	92,450	126,214	9,396,838
Hayward -----	596,578	6,041,896	687,725	113,602	275,652	23,799	48,041	--	114,400	7,901,693
Cal Poly—Kellogg-										
Voorhis -----	599,763	5,851,411	581,004	264,205	269,325	19,665	28,759	73,500	108,449	7,796,081
Humboldt -----	458,384	4,495,235	496,283	341,101	181,120	23,489	27,265	18,490	96,041	6,137,408
Sonoma -----	262,160	2,615,662	333,552	49,996	108,650	21,794	22,600	--	71,370	3,485,784
Stanislaus -----	230,409	1,430,745	168,359	44,856	61,600	10,076	14,699	1,000	35,350	1,997,094
San Bernardino --	242,490	1,353,368	143,966	39,823	57,100	7,071	15,060	--	28,691	1,887,569
Dominquez Hills --	232,627	1,283,479	152,356	36,691	52,000	8,275	8,088	1,000	30,966	1,805,482
Bakersfield -----	103,163	27,620	5,025	--	1,000	9,900	--	--	5,498	152,206
Workload										
Totals -----	\$12,397,258	\$150,353,147	\$16,273,149	\$7,181,639	\$6,741,016	\$530,563	\$1,002,129	\$580,563	\$2,780,180	\$197,839,644
Augmentations --		\$197,110		\$821,000		\$45,000		\$30,000		\$1,093,110
Totals -----	\$12,397,258	\$150,550,257	\$16,273,149	\$8,002,639	\$6,741,016	\$575,563	\$1,002,129	\$610,563	\$2,780,180	\$198,932,754

California State Colleges—Continued

without ever clearly articulating the duties and functions such administrators were to perform. This practice existed in spite of the fact that the position of division chairman had been eliminated through reorganization.

During the current year an extensive proposal was presented by the Chancellor's Office which more clearly articulates the workload of the instructional administrators. The new formula allocates positions at the college, school and department levels. Deans at the college level will have responsibilities in the areas of academic planning, undergraduate and graduate studies, instructional service, extension programs and summer sessions. At the school level deans will be budgeted according to the number of faculty, majors and departments to be supervised. Division chairmen will only be justified at colleges not large enough to be organized into schools and only department chairmen will be recognized at the department level. This new staffing arrangement is incorporated into the workload budget under the rationale that the revised formulas more accurately reflect workload duties and in subsequent years savings are anticipated from improved academic planning and a reduction in the number of additional department chairmen.

We have reviewed this proposal and recommend its approval. We feel that this organization will give the colleges the staffing capabilities not only to deal with the college workload, but in addition to devote more attention to the proper structuring of program budget components. The instruction function is by far the largest in the state college budget and needs such attention.

Faculty Staffing Formula

Instructional teaching faculty is proposed at \$150,353,147 on a workload basis. This request is based on the traditional faculty staffing formula and consists of an increase of 1,348.9 new positions in 1969-70 due to enrollment increases. The formula determines faculty needs by assigning courses to one of six types, each requiring a different number of hours in class and in preparation. From this it is possible to compute the number of courses that will make up a full program for each faculty member based on a normal course load equivalent of 12 units which normally requires 12 hours per week in the classroom and 24 hours per week in preparation. For faculty members teaching one or more graduate courses, however, the teaching load is reduced to the equivalent of 10 units on the assumption that more outside preparation is required for each hour in the classroom.

Revision Needed in List of Comparative Institutions

We recommend that the state colleges list of comparative institutions used for salary and other justification purposes be critically evaluated and revised by the Coordinating Council for Higher Education to more properly reflect similarity between comparative institutions assigned to the same function as the colleges. It has been argued by the Chancellor's Office and faculty groups that the faculty staffing formula discussed above should be revised to reduce the teaching workload of faculty in

California State Colleges—Continued

accordance with comparison institutions. The 1968 Conference Committee on the Budget requested the Coordinating Council for Higher Education to report information on faculty workload at comparison institutions in order to gain information on this subject. The council found that "in terms of any specific indicator of faculty load or student faculty ratio, there is a wide variation in faculty load among departments." "... information is sparse and fragmentary in most institutions." The council concludes that "data on faculty workload generally are not used nor found to be necessary in management decisions within higher education . . . no firm conclusions can be drawn relative to faculty load comparisons between the California institutions and their comparison institutions."

We feel that these findings are rather alarming considering the hundreds of millions of dollars spent on faculty salaries throughout these institutions. In prior years we have not challenged the list of comparison institutions, but the findings of the coordinating council raise serious questions as to whether the state colleges as defined in the Master Plan are indeed comparable to all of the following institutions:

State College Comparative Institutions

- | | |
|-----------------------------------|-----------------------------------|
| 1. Bowling Green State University | 10. University of Minnesota |
| 2. Brandeis University | 11. State University of New York |
| 3. Brooklyn College | (Albany) |
| 4. Brown University | 12. Northwestern University |
| 5. University of Colorado | 13. University of Oregon |
| 6. Iowa State University | 14. Pennsylvania State University |
| 7. University of Kentucky | 15. Purdue University |
| 8. University of Massachusetts | 16. Rutgers State University |
| (Amherst) | 17. Southern Illinois University |
| 9. Michigan State University | 18. Wayne State University |

Concerning student-faculty ratios, the council found that the disparities in definitions are so great that the ratios applied in only three institutions are susceptible to gross comparison with the state colleges. Yet two of these three institutions are among the top 40 in the country in production of doctoral degrees, a fact which invalidates application of the ratios for comparative purposes with the state colleges.

Concerning teaching hours at the undergraduate level it was found that four institutions required a 12-unit load, four averaged 9 to 12 and seven averaged six to nine units. At the graduate level the numbers were less specific, but they showed that the state colleges unit load was as good as or better than four institutions while the state colleges load was heavier than 11 institutions.

The major factor which interferes with comparisons based on the above data is the research workload. The state college workload factor does not require research. However, 12 of its comparison institutions have a research obligation within their faculty workloads. In addition, 17 of the 18 comparison institutions are universities which grant doctorate degrees, and 13 of these are among the 100 principal doctorate granting institutions in the United States.

California State Colleges—Continued

Based on the above considerations we believe that perhaps the only valid conclusion to be drawn from the coordinating council's report is that the council is comparing the state colleges to the wrong institutions. The state colleges are prohibited from having professional schools such as law and medicine, they are restricted from conducting extensive research because this is the primary function of the university system, and, finally, they grant doctorate degrees only on a very limited basis under a joint program with the university. Despite these considerations the current list of comparison institutions grants the colleges status with major universities which conduct the above activities as primary functions.

Student-Faculty Ratios

Student-faculty ratios are an index to levels of academic support provided by the budget. Ratios for the past four years are reflected in Table 18.

Table 18
Student-Faculty Ratios
1966-67 to 1969-70

	<i>Student-faculty ratio</i>
1966-67 -----	16.30 to 1
1967-68 -----	16.38 to 1
1968-69 -----	16.21 to 1
1969-70 (estimated) -----	16.02 to 1

Curricula Trends

An additional index (Table 19) which relates to the student-faculty ratio is the trend towards a greater percentage of the curricula being taught at the graduate and upper division levels. Thus increases in the number of more advanced courses would have the effect of lowering the student-faculty ratios because advanced course enrollments are generally smaller. If student-faculty ratios remained constant or increased while more FTE by level of instruction was shifting to the upper division and graduate levels, then there would be evidence that the level of instructional support might be decreasing.

Table 19
State College FTE Enrollments by Level of Instruction

	<i>Actual</i> 1967-68		<i>Estimated</i> 1968-69		<i>Proposed</i> 1969-70	
	<i>FTE</i>	<i>Percent</i>	<i>FTE</i>	<i>Percent</i>	<i>FTE</i>	<i>Percent</i>
Lower division -----	64,460	44.9	67,080	42.8	71,320	40.7
Upper division -----	71,487	49.8	81,030	51.7	93,920	53.6
Graduate -----	7,680	5.3	8,625	5.5	9,990	5.7
Totals -----	143,627		156,735		175,230	

When Table 18 is related with Table 19 we see that student-faculty ratios have not gone up despite the shift upwards in the level of instruction and it can be concluded that these indexes support the conclusion that the level of instructional support has not decreased in recent years.

California State Colleges—Continued
Operating Expenses

Operating expenses shown in Table 20 for the instructional function are determined partially by formula and partially on an individual justification basis. Administration and teaching and audiovisual expenses are entirely supported from the student materials and service fee and are set in the budget year at a sum equivalent to \$40 per FTE student. Faculty recruitment expenses are determined by the application of a percentage increase related to price increases and additional positions needed which accounts for increases in the cost of travel. Television costs and those for laboratory schools and most other special programs are determined by prior expenditure experience.

Table 20
Expenditures for Instructional Operating Expense

	Actual 1967-68	Estimated 1968-69	Budgeted 1969-70	Proposed increase Amount	Percent
Administration and teaching -----	\$4,314,941	\$4,784,941	\$6,741,016	\$1,957,010	40.9%
Master teachers -----	321,338	469,020	536,798	67,778	14.5
Special lectures -----	39,127	62,575	69,125	6,550	10.5
Faculty recruitment					
Moving allowance -----	105,544	240,199	306,130	65,931	27.4
Recruitment travel -----	91,197	134,949	163,821	28,872	21.4
On-campus interviews -----	26,587	48,120	60,162	12,042	25.0
Television -----	66,857	86,803	104,943	18,140	20.9
Audiovisual services -----	218,949	244,726	291,263	46,537	19.0
Laboratory schools -----	38,087	40,150	42,000	1,850	4.6
Special programs -----	313,891	381,323	501,608	120,285	31.5
Other -----	13,769	58,410	36,955	-21,455	-36.7
Totals -----	\$5,550,287	\$6,550,281	\$8,853,821	\$2,303,540	35.2%

Material and Service Fee Increase

A significant increase of \$1,957,010 is proposed for administration and teaching in 1969-70. This amount is determined by increasing the instructional services share of the material and service fee from \$31.50 per FTE to \$40 per FTE. This increase is based on two factors (a) a 10.4 percent price index increase since the fee was set in 1963 which constitutes approximately \$3.25 of the \$8.50 fee increase and (b) "upgrading in the level of support to keep pace with the rapidly changing requirements of the academic programs" which constitutes the remaining increase of \$5.25 or a total of approximately \$900,000. This latter part of the increase relates to the (a) shift towards more upper division and graduate student instruction (Table 19) which is more expensive in terms of materials, especially in the sciences and arts and (b) a shift in curricula towards more technical programs. We have reviewed the justification and believe the increase is justified.

The remaining instructional operating expense increases consist of \$246,530 to be expended on master teacher programs, special lectures, recruitment, television expense, audiovisual services, laboratory schools and special programs. The audiovisual element is supported by the material and service fee. The increases generally reflect price and workload increases except in the special programs element which contains \$70,000 for the Moss Landing marine biology station.

Table 21

General Fund Supported Special Programs—1969-70

	Laboratory schools	Master of social work	College farm	Television broadcasting	Off campus centers	Centers for economic education	Joint doctoral programs	Natural resources program	Moss landing	Center for technical education	Totals
Long Beach -----											
San Diego -----	\$164,669	\$598,167		\$446,770	\$263,976		\$51,603				\$1,525,185
San Jose -----						\$10,204			\$118,581		128,785
San Fernando Valley -----											
Los Angeles -----							49,378				49,378
San Francisco -----	324,588	280,804					62,357			\$107,713	775,462
Sacramento -----		347,163									347,163
Fresno -----	141,269	434,153	\$230,883		348,265						1,154,570
Cal Poly-San Luis Obispo -----			248,898								248,898
Fullerton -----						12,209					12,209
Chico -----	141,244		275,445								416,689
Hayward -----											
Cal Poly-Kellogg Voorhis -----			70,500								70,500
Humboldt -----	193,978							\$10,090			204,068
Sonoma -----											
Stanislaus -----											
San Bernardino -----											
Dominguez Hills -----											
Bakersfield -----											
Totals -----	\$965,748	\$1,660,287	\$825,726	\$446,770	\$612,241	\$22,413	\$163,338	\$10,090	\$118,581	\$107,713	\$4,932,907

California State Colleges—Continued
Special Programs

Special programs in the colleges include laboratory schools, master of social work programs, college farms, television broadcasting, off-campus centers, joint doctorals and miscellaneous activities, including the marine studies facility at Moss Landing, centers for economic education and a natural resources program at Humboldt. The identifiable costs for these programs and the campuses conducting them are shown in Table 21.

Centers for Economic Education

We recommend approval of the centers for economic education at the existing level of service.

In response to conference committee language directing our staff to study the effectiveness and adequacy of the two existing centers for economic education supported by the General Fund, we visited the centers and reviewed their operations. We found that California in fact has five centers, one privately funded at Pomona College and four centers in the state college system located at the San Diego, Sacramento, Fullerton and San Jose campuses. The latter two are funded by the state General Fund while the former two are supported by the individual colleges through departmental released-time. Each center is staffed by a faculty director who is released from six units of teaching, a part-time clerk and some work study, graduate assistant or volunteer aid. The centers operate within a nationwide organization headed by the Joint Council on Economic Education with 45 affiliated state councils (California has a council in the northern and one in the southern part of the state) and 53 campus level centers throughout the United States.

The basic purpose of the centers is to (a) promote the teaching of economics in elementary and secondary schools and (b) to aid in developing curriculum, providing proper materials, and training incumbent or future teachers in the subject matter. The need for this service is generated from national and state surveys which demonstrate a deficiency in economic education in the general populace and particularly among schoolteachers who were providing instruction in economics.

During 1967-68 the center at San Jose conducted two six-week teacher training institutes funded by the National Science Foundation and the U.S. Office of Education, developed a curriculum for secondary schools entitled Econ 12, made presentations to school districts, worked on college teaching techniques in economics and developed a reference library and service for public school use. Similar activities took place at Fullerton with particular emphasis placed on setting up a pilot project in the Tustin Elementary School District, developing extension courses for in-service teachers and developing college courses in economic education. In addition to the two state funded centers, we visited the Sacramento center which conducts similar programs.

We found that the centers are moving toward their stated goals and that they appear to have vigorous leadership. The communication between the centers is good with each contributing and benefiting

California State Colleges—Continued

from the findings of the others. The question of their adequacy is a matter of judgment. The centers maintain that they are part of a "movement" and in 1968 requested funding for four additional centers plus a coordinator in the Chancellor's Office. Proponents of the program have stated that they envision a total of six state-supported centers (two existing and four proposed) as only a first step in a major effort to educate the citizens of California. This plan would involve more centers and could well be the start of a major new program area. There are no estimates of eventual cost but it could be substantive if it is to have any observable effect on California's economic literacy.

The real question concerns the long-term effort. On that question, we can find very little justification for establishing a comprehensive and expensive program for economic education outside of the already established centers. Ways for the existing centers to insure a basic level of economic understanding are to persuade school districts to offer courses, to require college training in economics for teachers, or even to establish a special credential for economics teachers if it could be demonstrated that there was sufficient need. The regents and the trustees could also be urged to insure that economics would be a basic part of the liberal arts breadth requirements. Inasmuch as we are dealing with the long run, we feel that it is reasonable to assume that economic illiteracy can be reduced easily, effectively and less expensively through regular educational channels in cooperation with the existing centers.

Educational Opportunity Programs

We recommend that the California State Colleges support budget be augmented by \$392,700 to fund special programs for those students admitted as disadvantaged exceptions. We recommend that the Chancellor's Office prepare an annual report on the performance of the Educational Opportunity Programs and the use of state funds for these programs. The report should be made to the Joint Legislative Budget Committee by November 1st of each year.

An extensive discussion of the background and status of Educational Opportunity Programs can be found on page 316 of this analysis.

The Legislature reviewed this matter in the 1968 Regular Session and passed Resolution Chapter No. 157 (ACR 65), Chapter 1410 (AB 765) and SB 125 (vetoed). Resolution Chapter No. 157 expresses legislative intent that the additional 2-percent-exception rule should be applied in the public institutions of higher learning "provided that the students so admitted participate in a program established to assist them at a state college or university campus."

Senate Bill No. 125 would have appropriated \$500,000 from the General Fund to be shared equally by the university and the state colleges for the initiation and development of on-campus educational opportunity programs for the disadvantaged. This legislation was vetoed on the rationale that it duplicated Assembly Bill No. 765.

California State Colleges—Continued

Assembly Bill No. 765 (Chapter 1410) creates the "College Opportunity Grant Program"¹ of 1,000 grants to be funded in the 1969-70 budget to provide financial assistance for undergraduate study by disadvantaged students who may not be eligible for state scholarships awarded by conventional selection procedures but who evidence potential for successful college study. This is designed as a pilot demonstration program to assist disadvantaged students by using experimental methods and subjective judgments as well as conventional selection methods. California public community or junior colleges are designated as the primary institutions for the additional opportunities for higher education provided by the opportunity grant program.

Senate Bill No. 125 differed from Assembly Bill No. 765 in that it provided administrative funds to establish on-campus programs in the university and colleges instead of direct grants to the students. Thus, in light of the veto, this function remains unfunded from state sources.

The impact of these developments is that the state is in the position of adopting policies and admission procedures which aid otherwise ineligible disadvantaged students to enroll in institutions of higher education. However, it has not provided the institutions with program funds needed to deal with the special problems that these students bring with them. In the short run there have been temporary reallocations of facilities and services from existing operations. In the long run this is poor management because it reduces support for regular programs justified on the basis of other academic needs.

The budget augmentation figure of \$392,700 which we recommend is designed to support one coordinator, clerical help and tutorial costs on the 15 colleges with more than 4,500 FTE. The remaining three colleges would receive funds for faculty release time and a reduced amount of tutorial assistance. Cost details are shown in table 22.

Table 22

Cost Data for Recommended EOP Program Augmentation			
<i>Colleges with more than 4,500 FTE (15)</i>		<i>Colleges with less than 4,500 FTE (3)</i>	
Coordinator	\$12,000	0.5 Coordinator (release-	
Clerical	4,000	time)	\$6,000
Staff benefits	1,600	Tutors	2,500
		O.E.	600
Salaries total	\$17,600	Total per college	\$9,100
O.E.	1,760		
Tutors	5,000		9,100
			× 3
Total per college	\$24,360		
	\$24,360	3 colleges	\$27,300
	× 15	Total Program costs	\$392,700
15 colleges	\$365,400		

¹ Discussed in the budget analysis of the Scholarship and Loan Commission (page 488).

California State Colleges—Continued

Instructional Augmentations Proposed

Interview expense	\$45,000
Sabbatical leave pay	197,110
Joint doctoral program	30,000
Instructional data processing	821,000
Total	\$1,093,110

Interview Expense

We recommend that the requested \$45,000 augmentation for interview expense be deleted. The 1969-70 budget proposes a \$45,000 augmentation for interview expense on the basis that the colleges will be recruiting some 1,600 faculty and the need for increased funds is accentuated by significant distance factors. The current workload budget for recruitment provides \$60,612 for interviews in addition to \$163,821 for recruitment travel and \$306,130 for moving allowance as shown in Table 23.

Table 23
Workload Budget
State College Recruitment Expenses

	Actual 1967-68	Estimated 1968-69	Proposed 1969-70	Increase	
				Dollars	Percent
Moving allowance	\$105,544	\$240,199	\$306,130	\$65,931	27.4%
Travel	91,197	134,949	163,821	28,872	21.0
Interviews	26,587	48,120	60,612	12,492	25.9
Totals	\$223,328	\$423,268	\$530,563	\$107,295	25.3%

The proposed augmentation of \$45,000 would increase interview funds to \$105,612 which more than doubles the current year level of \$48,120. The increase is requested on the basis that the current level of support only provides an average of \$25 per position. While this may be accurate it is also true that more than half of the new faculty comes from California as shown in Table 24.

Table 24
Sources of New Full-Time Faculty for 1968-69
California State Colleges¹

Faculty	Number	Percent
Other California state college campuses	89	5.3%
University of California	102	6.1%
California private colleges	82	4.9%
California junior colleges	40	2.4%
Other U.S.	433	25.8%
Foreign colleges	40	2.4%
Sub total	786	46.9%
Graduate study		
California state colleges	36	2.1%
University of California	140	8.4%
California private colleges	56	3.3%
Other (out-of-state and foreign)	239	14.3%
Sub total	471	28.1%

California State Colleges—Continued

Table 24

Sources of New Full-Time Faculty for 1968-69
California State Colleges—Continued¹

Other	Number	Percent
Elementary or secondary education -----	100	6.0%
Industry and private practice -----	130	7.8%
Independent research and service agencies -----	44	2.6%
Government -----	59	3.5%
Other -----	86	5.1%
Sub total -----	419	25.0%
TOTAL -----	1,676	100.0%

¹ Source: Coordinating Council for Higher Education report 68-21, page A-5.

Thus, in terms of identifiable out-of-state faculty, the 1968-69 budget provided \$71.60 per faculty (\$48,120 ÷ 672). The budget states that 1,600 faculty will be recruited in 1969-70 which is comparable to the 1968-69 level. The 1969-70 workload budget proposes to increase interview funds by 25.9 percent (Table 23) and we see no reason for the \$45,000 augmentation which provides over a 100 percent increase in these funds to recruit an equal number of faculty as in 1968-69.

Sabbatical Leave Pay

We recommend that the \$197,110 for additional sabbatical leaves be deleted. The budget proposes an augmentation of \$197,110 for sabbatical leave pay to fund a total of 46 additional leaves. The current workload budget provides \$1,765,420 for 412 regular leaves and \$425,000 for 100 special leaves. This is enough for approximately 5 percent of the full-time faculty. The budget justifies this augmentation on the basis that "provisions for sabbatical leaves are considerably lower than at most other colleges and universities, and particularly at the comparison institutions."

Prior to July 1966, the trustees had established a ceiling on the number of regular sabbatical leaves at the equivalent of 5 percent of the number of full-time faculty at the rank of assistant professor or above. A further limitation was established by the Legislature in prior Budget Acts to the effect that funds will be provided only for sabbaticals for full-time teaching faculty. In accordance with the 5-percent-limit policy, the Legislature has approved successive augmentations, including the legislative augmentation of 1965, aimed at bringing the level of support up to that sufficient to provide leaves each year for 5 percent of the full-time teaching faculty above the rank of instructor.

In July of 1966 the board of trustees amended its policy to remove any limit on the number of leaves. This action was taken in consideration of the fact that there was a backlog in the number of faculty eligible for leaves which is estimated to be 3,256 in 1969-70. The Legislature has not formally adopted the "no limit" policy and because of this we recommend that the augmentation be deleted since (a.) there is no substantial evidence that the 5-percent-limit policy places the colleges in an unfavorable competitive position and (b.) the cur-

California State Colleges—Continued

rent workload budget provides leaves slightly in excess of 5 percent of the full-time faculty above the level of instructor as shown in Table 25 below.

Table 25

Sabbatical and Special Leaves Provided in 1969-70 Workload Budget	
Full-time faculty above level of instructor-----	9,779
	× 5%
Five percent leave limit-----	489
Leaves Provided in Workload Budget:	
Regular-----	412
Special-----	100
Total-----	512

In addition, the justification appears to be in conflict with information gathered by the Coordinating Council for Higher Education in its 1968-69 salary report number 67-17. The council found that of the 18 comparative institutions (see page 435 of the analysis for the list) eight provide sabbatical leaves after six years of service with compensation at full pay for a half-year's leave and half-pay for a full year's leave. Four other institutions supplement sabbatical leaves with other paid leaves. One institution provides 60 percent of full pay for a year's leave. The five remaining institutions do not have sabbatical leave programs. Four of the remaining five institutions grant special leaves for research, in one case with two-thirds of full pay for a year's leave.

These are University institutions as we noted previously when we raised questions as to whether the state colleges are indeed being compared to the proper group because 17 of them grant doctorates and 13 are among the top 100 doctorate granting institutions in the nation. Because of the state colleges competitive status on sabbatical leaves we do not believe the augmentation is necessary.

Joint Doctoral Program

We recommend approval of \$30,000 for the joint doctoral program at San Diego. The budget proposes an augmentation of \$30,000 for a joint doctoral program in genetics at San Diego State College. The Master Plan provides that the university has the sole authority in public higher education to award the doctoral degree, except it may agree with the state colleges to award joint doctoral degrees in selected fields. The budget request continues this program which already exists for other subjects on three campuses as shown on page 438, Table 21 of this analysis.

Instructional Data Processing

Functional Description

In the *Analysis of the Budget Bill, 1968-69*, this office expressed concern over the lack of progress in obtaining sufficient funding to upgrade the obsolete automatic data processing (ADP) equipment that was found to exist on all state college campuses. This topic was further developed in a special report to the Senate Finance and Assem-

California State Colleges—Continued

bly Ways and Means Committees entitled *Automatic Data Processing in the California State Colleges*, released on March 1, 1968. This report surveyed national trends concerning the use of computers in higher education and specifically discussed the situation in the California State Colleges. It was pointed out that the colleges were ill-prepared to meet the challenge of effective utilization of ADP in either the administrative or instructional areas. A program to develop uniform administrative systems for all colleges had been funded by the Legislature but little progress was evident. With respect to the use of the computer for instruction of students in programming and related disciplines, we found that all 18 colleges had acquired their ADP equipment and developed their programs in an independent manner.

In light of the above situation, we recommended that:

1. A concentrated systems design effort should be undertaken by the central systems group in the Chancellor's Office to accomplish installation of an administrative services ADP system which should be uniform and mandatory for all state colleges. Such a system would dramatically improve, in our judgment, the ability of the Chancellor's Office and campus administration to make effective management decisions.

2. Funds be provided to install two modern third-generation medium-scale electronic computers, one at a college site in southern California and one at a college site in northern California. The southern site was to be operational by October 1, 1968, and the northern site operational by May 1, 1969.

3. The regional computer centers should be used primarily for the improvement of the management of the state colleges, and therefore the services to be provided would be in the areas of student services, business management, library and personnel administration.

4. The instructional data processing program should be considered a separate program for fiscal year 1968-69, and the colleges should retain their small scientific computers to primarily serve the instructional program.

As a result of discussions before the fiscal committees of the Legislature last year, the Budget Act of 1968 contained funding in the amount of \$480,100 to establish two regional computer centers.

Progress During 1968-69 is Satisfactory

Two regional computer centers are now being established—one at the State College at Los Angeles and the other at the State College at San Jose. The third-generation computer systems have been selected, and the installation by the Chancellor's Office of a uniform administrative system for the 18 campuses is progressing satisfactorily.

A Division of Information Systems has been established within the office of the chancellor and a staff assembled to provide leadership in systems development, programming and implementation of the administrative system. The operating procedures of the regional centers for the first year will have the individual college campuses physically transport the data to the centers, with reports scheduled for return on a 24 to 48-hour turn-around time.

California State Colleges—Continued

Substantial progress has been made in designing the administrative systems with an end result of improved management practices within the state colleges and the office of the chancellor. An allotment expenditure ledger has now been programmed and will be available in February for use by all college campuses. This program will provide a machine-readable data base of all financial transactions within the state college system. Expansion and modification of this data base will assist in automating other areas of business management such as purchasing, payroll, accounts receivable and claims preparation. Also ready for implementation in the near future will be a personnel system and a system to automate the college admission and scheduling process. Pilot tests are to begin soon on a system to improve operation of the state college libraries.

Current Augmentation Request for Data Processing

It was recognized when funds were made available for installing the two regional centers that the need to upgrade the computer facility on each college campus was to be the next item of priority. This \$821,000 augmentation request, therefore, will allow the replacement of existing obsolete campus computers with new third-generation, high-speed, small-scale computers which will also be linked to the regional centers by communication lines and devices to permit transfer of data. For the five newer and smaller colleges, remote high-speed terminals, rather than computers, will be installed which will also be linked to the regional computer centers. The regional center computers will be modified to permit the exchange of data between the individual college campuses and the regional centers.

With this general upgrading of equipment, all colleges in the state college system will have access to high-level programming languages, such as Cobol and Fortran, and will have the capability to provide computer service as needed to the instructional program. Although the administrative and instructional needs have been separated in planning up to now, this new program will permit the use of the small-scale computers on the campuses as devices to process certain administrative programs in addition to instructional data processing. Similarly, instruction needs can be served in some instances by the regional centers when the college computers are overloaded or when a large computing facility is necessary. The instructional program will have priorities on the college campuses, and the administrative program will have priority in the regional centers.

This augmentation will therefore allow the state colleges to procure modern small-scale electronic computers with either magnetic tape or magnetic disc capability, depending on the size of the campus, and also permit the procurement of remote terminal devices which will consist of card readers and punchers. The colleges at San Jose and Los Angeles will utilize the facilities at the regional centers. The necessary devices for communication of data and cost for lines to carry data are included in this request as are EDP managers for seven campuses which are currently without proper supervisory personnel.

California State Colleges—Continued

Phased Installation of College Computers Recommended

1. We recommend that the \$821,000 augmentation for data processing for instructional programs be reduced in the amount of \$238,697, thereby providing for a phased installation of computer capability on the college campuses at a total cost of \$582,303.

2. We recommend that the chancellor's information systems office report on its progress and plans towards implementing the program funded by this augmentation to the Joint Legislative Budget Committee by January 15, 1970.

We are in agreement as to the need for upgrading computer facilities on the campuses. However, we are not in accord with the augmentation request for \$821,000 because this figure assumes full-year funding for almost all campuses with installation to occur simultaneously at most of the locations. In our opinion, a phased installation schedule as presented in Table 26 would permit more adequate planning, a more realistic implementation schedule and allow the Division of Information Systems personnel to more carefully coordinate and assist the campuses with their installation problems. This plan would also reduce the funding required for fiscal year 1969-70 from \$821,000 to \$582,303 for a saving of \$238,697. The full year funding requirement for 1970-71 fiscal year would then be \$891,184.

Table 26

Phased Funding Summary of 1969-70 ADP Augmentation

Institution	Installation date				Total cost
	8/15/69	9/1/69	10/1/69	1/1/70	1969-70
Southern Center -----	X				\$29,899
Northern Center -----	X				21,252
Stanislaus -----		X			22,561
San Bernardino -----		X			25,556
Dominguez Hills -----		X			18,835
Sonoma -----		X			25,410
Long Beach -----		X			17,364
San Francisco -----		X			34,169
San Fernando -----		X			53,397
San Luis Obispo -----		X			27,966
San Diego -----			X		37,298
San Jose -----			X		25,770
Los Angeles -----			X		11,154
Sacramento -----				X	27,968
Fresno -----				X	19,036
Chico -----				X	35,128
Fullerton -----				X	29,348
Kellogg-Voorhis -----				X	32,764
Hayward -----				X	41,479
Humboldt -----				X	31,362
Chancellor's Office ---				X	14,587
Total -----					\$582,303

6. LIBRARIES

Functional Description

The library function at the state colleges includes such operations as the acquisition and processing of books, pamphlets, periodicals and

California State Colleges—Continued

other documents, the maintenance of the catalog and indexing systems, the distribution of reference services to students and faculty, and the supervision and administration of these activities. The operation is similar to that found at liberal arts institutions that emphasize undergraduate education and teaching before research. They do not specialize to the extent that is evident in large universities but tend to offer a general purpose facility strongly oriented to undergraduate instruction. Recently the college libraries have attempted to expand their offerings and to increase specialization in response to the steady expansion of master's degree programs.

Organization is by subject field (history, engineering, art, English, etc.) with special sections for government documents, periodicals, reference materials, art materials, etc. Part of the master plan for building construction calls for the allocation of library space to accommodate approximately 25 percent of the college's student FTE projected three years ahead of the time the building will be occupied.

The budget for library expenditures is composed of five categories including personal services, books, periodicals, supplies and services, and equipment. In addition, the library function includes allocations for general administration, plant operation and maintenance, and institutional expenses. Inasmuch as these are not directly relatable to the library function, they are budgeted under general administration and plant operation.

Performance

The total actual, estimated and proposed expenditures for libraries are shown in Table 27.

Table 27
Total Library Expenditures

	<i>Actual</i> 1967-68	<i>Estimated</i> 1968-69	<i>Budgeted</i> 1969-70	<i>Proposed increase</i>	
				<i>Amount</i>	<i>Percent</i>
Personal services ----	\$8,593,026	\$12,091,801	\$13,775,927	\$1,684,126	13.9%
Books -----	3,955,353	6,004,844	6,921,001	916,157	15.2
Periodicals -----	599,443	689,406	785,700	96,294	13.9
Supplies and services	1,054,056	1,645,313	2,032,199	386,886	23.5
Equipment -----	193,837	283,683	182,455	-101,228	-35.7
Totals -----	\$14,395,715	\$20,715,047	\$23,697,282	\$2,982,235	14.4%

With the allotted resources the library program is trying to achieve a minimum of 40 volumes per FTE student. The status of this program is shown in Table 28.

Table 28
Total Library Volumes and Volumes per FTE

	<i>Previous total</i>	<i>Volumes added</i>	<i>Total</i>	<i>Academic Volumes year per FTE student</i>	
<i>Actual</i>				<i>FTE</i>	
1965/66 -----	2,770,377	482,263	3,252,640	116,165	20.8
1966/67 -----	3,252,640	667,345	3,919,985	128,686	30.5
1967/68 -----	3,919,985	565,813	4,485,798	143,267	31.3
<i>Estimated</i>					
1968/69 -----	4,485,798	826,364	5,312,162	156,735	33.9
1969/70 -----	5,312,162	917,703	6,229,865	175,240	35.6

Table 29

Proposed Library Expenditures, 1969-70

	<i>Personal services</i>	<i>Books</i>	<i>Periodicals</i>	<i>Supplies and services</i>	<i>Equipment</i>	<i>Totals</i>	<i>Total volumes 1969-70</i>
Long Beach -----	\$1,154,674	\$658,240	\$50,000	\$177,060	\$7,269	\$2,047,243	\$532,706
San Diego -----	1,335,094	655,238	82,316	184,388	1,415	2,258,451	634,315
San Jose -----	1,025,756	341,925	75,000	104,231	30,370	1,577,282	561,139
San Fernando Valley -----	1,234,777	723,702	67,500	197,801	27,431	2,251,211	509,430
Los Angeles -----	1,087,608	491,739	68,006	139,936	-	1,787,289	544,118
San Francisco -----	870,018	334,148	44,300	94,613	15,965	1,359,044	447,297
Sacramento -----	952,618	486,036	60,000	136,532	14,823	1,650,009	407,504
Fresno -----	993,826	555,415	40,053	148,867	12,491	1,750,652	404,663
Cal Poly-San Luis Obispo--	820,518	413,311	50,000	115,828	14,594	1,414,251	315,605
Fullerton -----	768,880	415,536	60,000	118,884	7,602	1,370,902	346,102
Chico -----	766,526	412,958	45,150	114,527	7,640	1,346,801	333,594
Hayward -----	839,357	547,444	30,000	144,361	11,992	1,573,154	355,769
Cal Poly-Kellogg Voorhis--	512,578	234,673	25,000	64,918	3,066	840,235	218,876
Humboldt -----	436,533	228,178	25,075	63,313	9,557	762,656	174,038
Sonoma -----	275,322	117,825	19,000	34,206	1,322	447,675	129,550
Stanislaus -----	184,725	62,336	10,000	18,084	1,954	277,099	92,615
San Bernardino -----	213,556	94,706	23,300	29,502	736	361,800	109,306
Dominguez Hills -----	242,443	147,591	11,000	39,648	3,727	444,409	107,904
Bakersfield -----	61,118	-	-	105,500	10,501	177,119	-
Totals -----	\$13,775,927	\$6,921,001	\$785,700	\$2,032,199	\$182,455	\$23,697,282	6,224,531

California State Colleges—Continued

Proposed Budget

We recommend approval as budgeted. The proposed library budget for 1969-70 totals \$23,697,282 which is shown by college in Table 29. This budget represents an increase of 14.4 percent over the current year and consists of 187.3 new positions of which 129.8 are for processing, 54.5 are for public services and three are for supervision. Library positions are budgeted according to a formula related to the processing and maintenance of books and public service. The personnel increase is in accordance with existing standards and we recommend approval.

The total budgeted expenditure for books is \$6,921,001 and for periodicals, \$785,700, for an increase of \$1,012,451. These funds will be used to continue the program of book and periodical acquisition which began in 1965-66 and which is intended to produce a ratio of 40 books per student by 1974-75. The allocation is determined in two parts, first for a "deficit entitlement" which provides an annual increase in the number of books per student based on the 1965-66 FTE and the ongoing increase which is computed by multiplying the annual FTE increase by 40. The result of this calculation is the volume increase.

Supplies and services includes the cost of periodical binding, book processing materials and other miscellaneous library resources and is budgeted on the basis of 25 percent of the proposed expenditures for books and periodicals. In 1969-70 it is estimated at \$2,032,199.

7. STUDENT SERVICES

Functional Description

The student services function includes a wide variety of services to students which are not related to the instructional program and which are financed partially or completely from revenues from the student materials and service fee. For budgetary purposes, services are identified by Office of the Dean of Students, admissions and records, student personnel (counseling and testing, foreign student counseling, activities and housing, and placement), health services and equipment. All student financial aids administration are budgeted under a separate category. With the exception of the dean's office and admissions and records, all of the above mentioned activities are financed by the revenue from the materials and service fee.

Proposed Budget

<i>Actual</i>	<i>Estimated</i>	<i>Proposed</i>	<i>Change</i>	
<i>1967-68</i>	<i>1968-69</i>	<i>1969-70</i>	<i>Amount</i>	<i>Percent</i>
\$13,869,349	\$16,746,126	\$18,602,274	\$1,856,148	12%

Proposed expenditure for 1969-70 shown in Table 30 totals \$18,602,274 which is a \$1,856,148 (12 percent) increase over the current year estimate.

Recommendations

Dean of Students Offices

We recommend a General Fund reduction of \$630,000 for support of the dean of students offices to be offset by increases in the material and service fee.

Table 30

Proposed Expenditures for Student Services, 1969-70

	<i>Dean of students office</i>	<i>Admissions and records</i>	<i>Student personnel</i>	<i>Health services</i>	<i>Equipment</i>	<i>Totals</i>	<i>Academic year 1969-70 estimated FTE</i>
Long Beach -----	120,116	507,238	582,974	475,914	28,959	1,715,201	18,850
San Diego -----	72,969	474,654	627,012	479,567	15,847	1,670,049	18,290
San Jose -----	\$76,406	\$471,070	\$744,837	387,177	27,194	1,473,845	15,600
San Fernando Valley ----	73,242	459,655	526,577	\$511,856	\$23,271	\$1,827,440	18,200 FTE
Los Angeles -----	77,275	489,792	546,091	368,778	31,126	1,513,062	14,220
San Francisco -----	78,015	419,387	577,046	356,802	22,985	1,454,235	13,500
Sacramento -----	75,279	383,948	416,518	289,152	15,537	1,180,434	11,000
Fresno -----	68,642	310,899	465,236	284,034	5,805	989,498	10,260
Cal Poly-San Luis Obispo	76,033	223,467	400,159	297,096	17,341	1,159,214	10,900
Fullerton -----	63,431	339,393	327,248	224,094	13,267	967,433	9,040
Chico -----	70,239	221,753	392,784	230,019	10,732	925,527	8,480
Hayward -----	80,923	243,159	363,199	156,596	13,508	857,385	7,410
Cal Poly-Kellogg Voorhis	69,683	196,093	332,609	194,196	8,670	801,251	6,700
Humboldt -----	58,612	134,146	213,153	107,309	4,046	517,266	4,750
Sonoma -----	53,034	127,937	184,442	94,248	4,145	463,806	2,900
Stanislaus -----	51,269	90,617	122,102	42,069	1,685	307,742	1,640
San Bernardino -----	54,894	83,236	140,856	44,949	3,706	327,641	1,500
Dominguez Hills -----	58,395	84,886	161,557	55,787	3,481	363,606	1,400
Bakersfield -----	31,051	45,247	-	-	11,341	87,639	-
Totals -----	\$1,309,508	\$5,306,077	\$7,124,400	\$4,599,643	\$262,646	\$18,602,274	175,665 FTE
<i>General Fund -----</i>	<i>\$1,309,508</i>	<i>\$3,073,377</i>	<i>-</i>	<i>-</i>	<i>\$65,000</i>	<i>\$4,447,885</i>	
<i>Material and Service Fee</i>	<i>-</i>	<i>-</i>	<i>\$7,124,400</i>	<i>\$4,599,643</i>	<i>197,646</i>	<i>11,921,689</i>	
<i>Application Fee -----</i>	<i>-</i>	<i>2,232,700</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>2,232,700</i>	

California State Colleges—Continued

In addition, we recommend that General Fund support for the dean of students office at Long Beach be reduced by \$40,000 to be offset against the material and service fee.

The budget proposes an expenditure of \$1,309,508 from the General Fund for support of the dean of student offices. No additional positions are proposed although a substantial increase is incorporated into the dean's office at Long Beach. Last year's budget authorized 4.5 positions for that dean's office and without making workload adjustments, this year's budget reflects 17.1 positions in this same office. We have reviewed this transaction and have determined that this office, supported by the General Fund has shifted 10.6 student assistant positions (approximately \$40,000) into it to provide an EOP program from other student services subfunctions formerly supported by student fees. As we discussed on page 316 of this analysis we believe these EDP programs are necessary and we do not oppose this program. We do believe however, that the material and service fee should continue to fund those positions which have been borrowed since this is still a student service activity. A General Fund reduction of \$40,000 would result from such a change in funding.

Student Fee Support for Dean of Student's Office

As mentioned previously and demonstrated in Table 30 most of the student services function is supported by fees except for the Dean of Student's Office and part of the Admissions and Records Office. Student fees are expended in support of activities other than instruction which are peripheral to the general college program but enhance the well being of the student. Examples of such activities are health services, student placement and counseling. In last year's analysis of the University of California, we recommended that part of the activities of the Dean of Student's Office be supported by student fees under the above rationale. The Legislature agreed and adjusted the university's budget according to a 50-50 formula. We recommend that this policy be extended to the state colleges for 1969-70.

Suggested Inquiry into Admissions Procedures

We recommend that the colleges study alternative admissions systems and report their recommendations to the Joint Legislative Budget Committee by November 1, 1969.

Admissions and records is budgeted at \$5,036,077 for 1969-70 with 67.9 proposed new positions. Staff size is determined on the basis of the size of the institution, the number of applications for admission, and the number of limited students. The Chancellor's Office has maintained that the workload of these units is high and that the workload formula should be revised to allow larger staffing. When viewed as a statewide program much of the workload of this function involves duplication due to multiple applications by students. The records of a student applying to five state colleges are evaluated five times. With en-

California State Colleges—Continued

rollment limitations, the magnitude of multiple applications will increase creating more of a workload problem than currently exists.

Under these circumstances we feel that the colleges should study alternative admissions programs. One example might be a centralized staff which evaluates the student records once and sends a notice of eligibility to the colleges chosen by the student. Another example might be accepting certificates from high schools and community colleges as to a student's eligibility and standing. We feel that additional enrichment of the existing formula is not justified until the colleges thoroughly evaluate alternative admission programs.

The student personnel function is budgeted at \$7,124,400 in 1969-70 with 44.9 proposed new positions. This section provides counseling, testing, housing and placement services and is fully supported from student material and service fees. The new positions are justified in accordance with workload standards based on the size of the school and the number of individual students.

Health services is budgeted at \$4,599,643 for 1969-70 with 30.2 proposed new positions. This program is designed to provide health services on an emergency and short-term basis. It does not furnish hospitalization and is fully supported from student fees. Regular campus staff is restricted from the use of these services except in the case of emergencies and first aid.

8. STUDENT FINANCIAL AID**Functional Description**

The programs devoted to assisting students in the completion of their higher education are varied and have grown rapidly in recent years, particularly at the federal level. The form of student aid offered by the colleges is either a loan, a direct award or a "package" combining several forms of aid. A direct award is generally offered to students with need and may take the form of a California State Scholarship if the student is of high academic merit and in substantial financial need, an NDEA loan, a part-time job under the Work-Study Program or some other program. For students with a much greater need, i.e., a student receiving little or no parental assistance, the college financial aid administration will generally construct a "package" program consisting of a loan, a grant, and a part-time job.

The concept of the "package program" has grown out of the recognition by higher education and government officials that the demand for scholarship and grant funds is greater than the available supply. Of all the student aid money allocated within the college system each year, only about 14 percent is in the form of scholarships and grants. Given this fact, it is incumbent upon the college administrations to insure that the existing funds are disseminated as equitably as possible among the qualified applicants. Further, federal regulations under the Educational Opportunity Grant Program state that only 50 percent of any student's financial needs may be from this program, which necessitates adoption of the package approach.

Table 32

Proposed Expenditures and Reimbursements for Student Financial Aid Administration, 1969-70

	<i>Business management</i>	<i>Student services</i>	<i>Off-campus work-study</i>	<i>Operating expense and equipment</i>	<i>Subtotal</i>	<i>Reimbursements</i>		<i>Totals</i> ¹
						<i>Off-campus work-study</i>	<i>NDEA administration</i>	
Long Beach -----	31,553	75,464	7,062	1,108	115,187	7,062	9,018	99,112
San Diego -----	57,484	90,473	3,542	6,944	158,443	3,542	18,000	136,901
San Jose -----	\$56,146	\$94,449	\$60,000	\$6,996	\$217,591	\$60,000	\$48,110	\$109,481
San Fernando Valley ----	48,081	73,453	12,823	5,857	140,214	12,823	9,850	117,541
Los Angeles -----	46,149	80,932	14,800	7,539	149,420	14,800	25,171	109,449
San Francisco -----	45,929	82,798	8,000	9,161	145,888	8,000	27,000	110,888
Sacramento -----	26,745	67,608	4,132	9,835	108,320	4,132	14,098	90,090
Fresno -----	30,438	74,422	10,037	2,163	117,060	10,037	11,687	95,336
Cal Poly-San Luis Obispo	19,023	62,921	1,181	1,864	84,989	1,181	12,142	71,666
Fullerton -----	23,312	55,348	5,588	2,906	87,154	5,588	5,822	75,744
Chico -----	24,280	60,271	4,723	3,405	92,679	4,723	12,974	74,982
Hayward -----	22,883	53,098	4,724	3,411	84,116	-	10,849	73,267
Cal Poly-Kellogg Voorhis -	20,375	45,539	16,531	2,773	85,218	16,531	6,750	61,937
Humboldt -----	17,068	40,456	2,400	2,175	62,099	2,400	13,615	46,084
Sonoma -----	10,032	31,357	6,000	973	48,362	6,000	3,771	38,591
Stanislaus -----	6,607	20,878	690	800	28,975	690	2,900	25,885
San Bernardino -----	6,677	19,160	-	955	26,792	1,215	737	24,840
Dominguez Hills -----	6,391	21,619	2,952	716	31,678	2,952	448	28,278
Bakersfield -----	-	-	-	-	-	-	-	-
Totals -----	\$499,173	\$1,050,246	\$165,185	\$69,581	\$1,784,185	\$161,676	\$232,937	\$1,389,572

¹ Supported by material and service fee.

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Student Financial Aid Administration

Student aid administration is separated into three subfunctions including business management, student services and off-campus work study. The personnel involved are basically responsible for processing aid applications and insuring that all funds are correctly distributed to the recipients and loans repaid by previous recipients.

Total expenditures for the budget year are proposed at \$1,784,185 and are shown together with applicable reimbursements in Table 32. Expenditures for the past, current and budget years are shown in Table 31.

Table 31
Expenditures for Student Financial Aid Administration

	<i>Actual¹ 1967-68</i>	<i>Estimated 1968-69</i>	<i>Proposed 1969-70</i>
Personal services	\$567,009	\$1,032,109	\$1,714,604
Operating expenses and equipment	1,188	36,555	69,581
Totals	\$568,197	\$1,068,664	\$1,784,185

¹ Totals are incomplete inasmuch as operating expenses, equipment and staff benefits are only partially identifiable.

The 1969-70 budget proposes a \$715,521 increase in this subfunction including 89.3 additional positions. For the first time financial aids administration is funded totally from student fees and federal reimbursements without General Fund assistance based on the rational that the primary benefit of this program falls on the student. We support this new funding arrangement. In addition, the proposed new positions are based on a workload standard for the first time. This standard was determined on a basis of the number of regular students and appears reasonable.

Performance

The current expenditure level of student financial aid programs is not possible to predict precisely due to the many overlapping jurisdictions administering them, including the federal government, state government and the collegiate institutions themselves. In addition, there are a great many sources of funds other than governmental and educational agencies including alumni groups, banks, private and semipublic foundations and private interests. Finally, a major source of financial aid is part-time jobs which are often allocated on an informal basis and not reported.

Although there are a large number of student financial aid programs utilized, the state colleges are responsible for the administration of only five. These programs include the Educational Opportunity Grant Program, the National Defense Student Loan Program, the Nursing Student Loan Program, the Work-Study Program and the Nursing Educational Opportunity Grant Program, all of which are supported primarily from federal funds. In 1968-69 these programs accounted for a total of \$17,600,823 in loans and grants, a total that is expected to increase to \$22,386,745 in the budget year. Table 33 lists the college administered programs.

California State Colleges—Continued

Table 33

College Administered Financial Aid Programs

Program Funds	<i>Actual</i> 1967-68	<i>Estimated</i> 1968-69	<i>Budgeted</i> 1969-70	<i>Proposed</i> increase
Work-Study Program	\$6,214,928	\$7,896,778	\$8,707,955	\$811,177
NDEA Student Loan Program	5,720,357	7,218,345	9,162,543	1,947,198
Educational Opportunity Grants	1,676,288	2,280,475	4,192,300	1,911,825
Nursing Educational Oppor- tunity Grant Program...	29,120	45,625	96,725	51,100
Nursing Student Loan Program	95,888	159,600	224,222	64,622
Totals	\$13,736,581	\$17,600,823	\$22,386,745	\$4,785,922
General Fund Share	\$2,956,040	\$4,178,753	\$5,042,756	\$864,003

Certain changes have taken place during the past year primarily as a result of the creation of the state's College Opportunity Grant Program and the Federal Higher Education Amendments of 1968. The state grant program is discussed in the analysis of the Scholarship and Loan Commissions' budget on page 488 of this Analysis and the amendments of 1968 are incorporated into the program descriptions which follow.

1968 Federal Limitation on Student Aid

A general limitation on student aid was enacted in 1968 providing that:

"(a) If an institution of higher education determines, after affording notice and opportunity for hearing to an individual attending, or employed by, such institution, that such individual has been convicted by any court of record of any crime which was committed after the date of enactment of this act and which involved the use of (or assistance to others in use of), force, disruption, or the seizure of property under control of any institution of higher education to prevent officials or students in such institution from engaging in their duties or pursuing their studies, and that such crime was of a serious nature and contributed to a substantial disruption of the administration of the institution with respect to which such crime was committed, then the institution which such individual attends, or is employed by, shall deny for a period of two years any further payment to, or for the direct benefit of, such individual under any of the programs specified in subsection (c). If an institution denies an individual assistance under the authority of the preceding sentence of this subsection, then any institution which such individual subsequently attends shall deny for the remainder of the two-year period any further payment to, or for the direct benefit of, such individual under any of the programs specified in subsection (c).

(b) If an institution of higher education determines, after affording notice and opportunity for hearing to an individual attending, or employed by, such institution, that such individual has willfully refused to obey a lawful regulation or order of such institution after the date of enactment of this act, and that such refusal was of a serious nature

California State Colleges—Continued

and contributed to a substantial disruption of administration of such institution, then such institution shall deny, for a period of two years, any further payment to, or for the direct benefit of, such individual under any of the programs specified in subsection (c).

(c) The programs referred to in subsections (a) and (b) are as follows:

(1) The Student Loan Program under Title II of the National Defense Education Act of 1958.

(2) The Educational Opportunity Grant Program under Part A of Title IV of the Higher Education Act of 1965.

(3) The Student Loan Insurance Program under Part B of Title IV of the Higher Education Act of 1965.

(4) The College Work-Study Program under Part C of Title IV of the Higher Education Act of 1965.

(5) Any fellowship program carried on under Title II, III, or V of the Higher Education Act of 1965 or Title IV or VI of the National Defense Education Act of 1958."

Work-Study Program**Functional Description**

The Work-Study Program is authorized under Title IV, Part C, of the Higher Education Act of 1965 as amended to provide part-time employment to students who need financial assistance to continue their educations. The only requirements for participation in the program are that the student be in good standing (not on academic probation) and that he spend no more than 15 hours per week on the job. The program is open to all students. Preference is generally given to those with a demonstrated financial need generally as part of a financial aid package.

The mechanics of the program involve a student's applying to the institution for a work-study job. The college will then draw on its job sources which generally include academic assistantships, community agency work, work in schools for handicapped children, and employment in private nonprofit enterprises. When possible, the colleges attempt to employ students in activities that are related to their course of study. In all cases, the employing agency supplies the necessary matching funds and the participating colleges pay the students from funds received from the federal government. The program regulations do not require the matching share to be in cash and may be in the form of tuition, books or room and board waivers. In the state colleges, however, no waivers of this type are provided.

Performance

Each year since the inception of the program, the Legislature has made a special appropriation for the work-study matching requirement which in the current and budget years amounts to \$92,720 and \$65,940 respectively. Federal regulations allow the colleges to use as matching funds part of the money allocated for the hiring of student assistants out of the overall General Fund appropriation to the institution. This amount is expected to increase from \$684,344 to \$809,960 in 1969-70.

California State Colleges—Continued

In addition, employers from private nonprofit agencies will contribute an estimated \$869,954 to the program in the budget year. Total expenditures for the program are shown in Table 34.

Table 34
Work-Study Program Expenditures

On-campus employment:	<i>Actual</i> 1967-68	<i>Estimated</i> 1968-69	<i>Budgeted</i> 1969-70	<i>Proposed</i> <i>Increase</i>
State share				
Student assistants' funds	\$271,762	\$684,344	\$809,960	\$125,616
Appropriation for matching funds				
—General Fund	380,204	92,720	65,940	—26,780
Total—State Share	\$651,966	\$777,064	\$875,900	\$98,836
Federal share	\$3,034,946	\$3,064,628	\$3,482,285	\$417,657
Subtotal—On-campus	\$3,686,912	\$3,841,692	\$4,358,185	\$516,493
Off-campus employment:				
Employing agencies	\$415,400	\$884,357	\$869,954	\$—14,403
Federal share	2,112,616	3,170,729	3,479,816	309,087
Subtotal—Off-campus	\$2,528,016	\$4,055,086	\$4,349,770	\$294,684
Total program funds	\$6,214,928	\$7,896,778	\$8,707,955	\$811,177

When the program was originally established, the federal government assumed 90 percent of the costs of the program with the intention of reducing this share to 75 percent in 1967-68, with the participating agencies supplying the remainder. The possibility of the state's assuming 25 percent of the cost of the program was recognized by an additional allocation in the 1967-68 Governor's Budget but no additional funds were allowed for an expansion of the program to account for the increases in enrollment. Because of this, the Legislature appropriated an additional \$111,766 for matching funds which was intended to provide the state share of the additional student need.

In August of 1967 Congress acted on the amendments to the Economic Opportunity Act and reduced the federal percentage to 85 percent instead of 75 percent. As a consequence, the Department of Finance allocated only one-third of the special appropriation in the amount of \$37,255 to account for the 5 rather than 15 percent decrease in federal support. This, however, still left the problem of the remainder of the work-study funds which were budgeted on the presumption of 75 percent federal support.

The Department of Finance recognized that the figures listed for 1967-68 would be incorrect to the extent that state matching funds were overstated and the question became one of which source or sources to reduce. Because the student assistants' contribution from 1966-67 to 1967-68 increased from \$205,815 to \$605,399 for a 194 percent increase while the state appropriation for matching funds increased from \$76,303 to \$114,195 for a 49.7 percent increase, it was decided to show any savings as a reduction in the students assistants' share. We agreed that this was a reasonable approach. The Higher Education Amendments of 1968 have modified the matching requirement to 20 percent state, 80 percent federal and the 1969-70 budget is prepared on this basis.

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The National Defense Student Loan Program

Functional Description

The National Defense Student Loan Program is authorized under Title II of the National Defense Education Act and under the Higher Education Act of 1965, Title IV, Part D, as amended. It is intended to provide loan funds at institutions of higher learning from which needy students may borrow at low interest rates to enable them to complete their college training. The available federal funds are distributed among the states in the proportion that the full-time equivalent enrollment in that state bears to the total full-time college enrollment in the nation. When this state allocation is determined by the U. S. Office of Education, it is divided among the state's institutions of higher education according to applications submitted by each. Students may then apply directly to the college for assistance. The program from its inception has required a 10-percent match from state funds.

Undergraduate students desiring assistance under the program may receive up to \$1,000 for each full year of schooling to a maximum of \$5,000. For graduate students, the rates are \$2,500 and \$10,000 respectively. Repayment of the loans is made over a 10-year period beginning one year after the borrower has ceased to be a full-time student. Interest is at 3 percent per year on the declining balance and does not start to accrue until the beginning of the repayment period. The only exception to this general procedure is that borrowers who become full-time teachers in public elementary or secondary schools are entitled to have as much as 50 percent of the loan canceled at the rate of 10 percent for each full year of teaching. These loan cancellation amounts then become available to the colleges for matching purposes. An important amendment was made to this program in 1968. After June 30, 1970, administrative costs will be supported in an amount equal to 3 percent of the principal amount of loans made during the fiscal year.

Table 35
National Defense Education Act Funding

Year	Total U.S. expenditures	California allocation	California percent	State college allocation	State college percent of California allocation
1965-66 -----	\$179,285,000	\$14,319,514	8.0%	\$4,420,440	30.9%
1966-67 -----	175,927,000	15,565,970	8.8%	4,686,090	31.5%
1967-68 -----	189,654,482	17,096,490	9.0%	5,720,357	33.5%
1968-69 (est.) ----	195,000,000	17,550,000	9.0%	7,218,345	41.3%
1969-70 (est.) ----	200,000,000	18,000,000	9.0%	9,165,543	50.0%

Centralized Processing Outstanding Student Loans (NDEA)

The 1968 Legislative Conference Committee on the budget directed the Chancellor's Office to submit alternative plans for the centralization of outstanding loans under the National Defense Student Loan Program. Particular attention was directed toward contracting with a private agency for this purpose. The Chancellor's Office rendered a report on this subject to the Joint Legislative Budget Committee. The cost projection for 1969-70 to 1973-74 shows that it would cost

California State Colleges—Continued

the Chancellor's Office \$873,480 and an outside agency \$757,500 to perform the necessary work. The conclusion that an outside agency would be less expensive does not necessarily follow. The report does not determine the cost of the collection system at each college, nor does the cost estimate for the Chancellor's Office consider the offsetting savings resulting from the transfer of existing positions from the colleges which are presently assigned the duties discussed. The report estimates that \$15,000 would be needed in 1969-70 to determine the costs of loan collection at the college level which would then provide a basis of comparison with a centralized system. There is no specific request for the \$15,000 in the proposed budget, however the Chancellor's Office has \$46,500 in contract services for 1969-70 which we recommend can be used for the completion of this required legislative report.

Nursing Student Loan Program**Functional Description**

This program (Public Health Services Act, Title VIII, Part B, as amended by the Health Manpower Act of 1968) is designed to assist the states in providing an increasing number of trained nurses. Toward this end, the federal government provides grants for the expansion or construction of facilities (Part A of Title VIII) and grants and loans for student nurses. Grants are \$1,500 limited in amount to \$2,000 times 10 percent of the full-time nursing enrollment. The loan provision is very similar to the previously discussed NDEA student loan program including a 10-percent state matching requirement and a 50 percent maximum forgiveness provision for nursing students who subsequently become full-time professional nurses employed by public or nonprofit private institutions or agencies. The maximum loan amount that a student may receive for an academic year is \$1,500 which is repayable at a 3-percent interest rate beginning nine months after the borrower ceases to be a full-time student.

Performance

In 1968-69 it is estimated that state matching funds will constitute \$15,960 for the 10-percent share with the federal government supplying \$143,640 for a total allocation of \$159,600. In 1969-70 the state matching funds are proposed to be \$22,422 with the federal government supplying \$201,800 for a total of \$224,222.

Nursing Educational Opportunity Grant Program**Functional Description**

This program was established in 1966 by adding Part D to Title VIII of the Public Health Services Act to provide scholarships to nursing students who would not otherwise be able to continue their education. The maximum amount of the award is \$800 per year.

Performance

In 1967-68 the first year the program was funded, the state colleges received \$19,500 which is included for budgetary purposes in the overall appropriation of \$2,362,500 for the Educational Opportunity Grant Program discussed below. In 1968-69 and the budget year, the

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allocation is separately budgeted and is estimated at \$45,625 and \$96,725 respectively all from federal funds.

Educational Opportunity Grants

Functional Description

The Educational Opportunity Grant Program was created by Title IV-A of the Higher Education Act of 1965 with an initial appropriation of \$58 million of which California received approximately \$5.9 million in the 1965-66 fiscal year. The program, which requires no state matching funds, is designed to assist undergraduate students of "exceptional financial need" who show academic promise. The U.S. Office of Education requires that the grant amount be no more than 50 percent of the student's total needs and that such grants shall annually range from \$200 and may be no more than the lesser of \$1,000 or one-half of the total assistance given to the student by any other source, with an additional \$200 per year for students in the upper half of their class during the preceding year. Average grants are estimated at \$591 per student for 1967-68 and \$586 per student for 1968-69.

Performance

Budgeted expenditures for the program are listed in Table 33.

9. PLANT OPERATION

Functional Description

The plant operation and maintenance function includes all activities of a custodial nature to maintain the physical facilities of the colleges, including electrical maintenance, plumbing, heating repairs, painting, grounds maintenance and janitorial services. In addition, the function includes all costs for utilities, motor vehicle operation, campus security and college farm operation. It does not include any activities associated with dormitory or parking lot operation inasmuch as these are budgeted as self-supporting activities through special funds.

Performance

Cost per square foot data is shown in Table 36. The workload increase amounts to 1.521 cents per square foot which is a 7.2 percent increase over the current year.

Table 36
Cost per Square Foot of Building Area

	<i>Actual</i> 1967-68	<i>Estimated</i> 1968-69	<i>Budgeted</i> 1969-70	<i>Change from</i> 1968-69
Administration	\$.057	\$.057	\$.059	\$.002
Maintenance of structures.....	.780	.781	.758	— .023
Maintenance of grounds.....	.164	.166	.159	— .007
Plant security .....	.055	.060	.057	— .003
Utilities .....	.195	.209	.212	.003
All other .....	.110	.133	.271	.138
Subtotals	\$1.361	\$1.406	\$1.516	\$.110
Augmentation	—	.013	.005	— .008
Totals	\$1.361	\$1.419	\$1.521	\$.102

California State Colleges—Continued
Proposed Workload Budget

Table 37
Total Expenditures for Plant Operation

	<i>Actual 1967-68</i>	<i>Estimated 1968-69</i>	<i>Budgeted 1969-70</i>	<i>Proposed increase Amount</i>	<i>Percent</i>
Administration -----	\$950,871	\$1,184,196	\$1,237,156	\$102,960	9.1
Maintenance of structures -----	13,322,277	15,570,559	17,219,952	1,649,393	10.6
Maintenance of grounds -----	2,697,824	3,324,596	3,571,399	246,803	7.4
Plant security -----	946,798	1,122,716	1,292,544	169,828	15.1
Motor vehicle operation -----	553,090	677,903	787,379	109,476	16.1
Utilities -----	3,398,058	3,901,089	4,353,166	452,077	11.5
Rental -----	556,567	914,881	1,370,879	455,998	49.8
Other operating expenses and equipment -----	261,823	578,580	915,565	336,995	58.2
Special projects -----	345,407	374,573	389,895	15,322	4.1
Totals -----	\$23,032,715	\$27,599,093	\$31,137,935	\$3,538,842	12.8

Total expenditures for plant operation are proposed at \$31,137,935, which constitutes a \$3,538,842 or 12.8 percent increase over the current year level of expenditure. A total of 233 new positions are proposed, consisting of 164 for structure maintenance, 16.5 for ground maintenance, 21 for security, 6.5 for motor vehicle operations and 25 for administration. The positions are budgeted to meet current workload formulas associated with existing campus space and the approximately 2 million square feet of additional space scheduled to come on line in 1969-70. As shown previously in Table 36 the cost-per-square-foot data reflects no significant increase in this service cost over the level provided in the current year.

Rented Classroom Space

We recommend a deletion of \$173,881 for rental expense at Chico, Fresno, Humboldt, and Sacramento on the basis that existing permanent facilities are not fully utilized.

The 1969-70 budget proposes an expenditure of \$1,370,879 for the rental of additional space. This is an increase of \$455,998, or 49.8 percent over the current year expenditure for this function. Rented space can be additional offices, labs or classroom space. On page 326 of this analysis we discuss the utilization of existing classroom space. We find that the state colleges have neither instituted formal space utilization reports into their data requirements at the Chancellor's level nor, in most cases, at the college level. We had to locate the particular person on each campus who has custody of the class sheets in order to get the data on hours scheduled per room. Often there was only one copy of this material which, if lost or destroyed, would take hundreds of man-hours to duplicate. The only student-station occupancy per room data we could locate was useless for this purpose because it was in the course section report, which is not designed to relate with classroom

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capacity. As shown in Table 38 maximum five-day-week classroom usage totals 70 hours. While we realize that a requirement of 100-percent utilization would not be realistic, we believe that a utilization requirement of 75 percent of the time available (49 hours) is reasonable. The colleges we surveyed educate 63 percent of the budgeted FTE, and only one of them, Fullerton, uses its classroom space 49 hours per week, as is shown in Table 38.

Table 38
California State Colleges—Classroom Space Utilization Data, Fall 1968

	<i>Hour usage</i>		<i>Total hours of use weekly</i>
	<i>8 a.m. to 5 p.m. (5 days)</i>	<i>5 days 5 p.m. to 10 p.m.</i>	
Perfect utilization	45.0	25.0	70.0
75 percent utilization	34.0	15.0	49.0
State colleges (actual)			
San Diego	37.0	9.0	46.0
Chico	29.3	3.5	32.8
Fullerton	35.6	13.5	49.1
Sacramento	37.9	9.1	47.0
Long Beach	35.3	13.3	48.6
Fresno	40.5	5.7	46.2
San Jose	38.7	7.4	46.1
San Fernando Valley	29.8	6.3	36.1
Average usage	35.5	8.4	43.9

We believe that, as long as existing classroom facilities are not being utilized to the recommended level of 75 percent, additional funds for the rental of temporary space should not be authorized. Exception to this policy should be made at Dominguez Hills and Bakersfield because their permanent facilities are in the construction phase.

As stated previously, the 1969-70 budget proposes an increase of \$455,998 for a total of \$1,370,879 to provide rental facilities. All of the funds in the increase are to be used for needed faculty office space. However, part of the authorized total carried over from 1968-69 is used to rent classroom space. A detailed breakdown systemwide of how much classroom space is rented is shown in Table 39.

Table 39
Schedule of Rent Expenses

	<i>Rent expense</i>				<i>Special repairs¹</i>
	<i>Total</i>	<i>Classroom</i>	<i>Faculty office</i>	<i>Administrative office</i>	
Chico	\$272,257	\$90,781	\$136,526	\$44,950	\$11,650
Fresno	151,500	20,000	109,700	21,800	21,800
Fullerton	18,336	--	14,871	3,465	--
Hayward	30,064	--	20,064	10,000	--
Humboldt	58,209	13,700	31,948	12,561	5,000
Bakersfield	24,000	--	--	24,000	--
Long Beach	100,450	--	80,600	19,850	3,000
Los Angeles	3,000	--	--	3,000	--
Dominguez Hills	241,497	105,970	44,340	91,187	--
Sacramento	145,250	49,400	92,450	3,400	--

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Table 39
Schedule of Rent Expenses—Continued

	<i>Rent expense</i>				<i>Special repairs</i> ¹
	<i>Total</i>	<i>Classroom</i>	<i>Faculty office</i>	<i>Administrative office</i>	
San Bernardino	--	--	--	--	--
San Fernando	63,945	--	63,945	--	--
San Francisco	67,500	--	67,500	--	--
San Jose	43,240	--	40,877	2,363	--
Sonoma	37,768	--	18,273	20,833	14,833
Stanislaus	15,048	--	15,048	--	--
Cal Poly—SLO	--	--	--	--	--
Cal Poly—KV	19,228	--	17,728	1,500	1,500
San Diego	79,587	--	56,361	23,226	--
Totals	\$1,370,879	\$279,851	\$808,893	\$282,135	\$57,783

¹ Included in "Special Repairs" are these corresponding special costs as installation and utility hookup expenses related to faculty office space for new positions.

Except in the case of Dominguez Hills we recommend that classroom rental funds be deleted for a savings of \$173,881.

Augmentation—Plant Operations

Security Officers—\$105,600.

We recommend approval of the security augmentation of \$105,600. The budget proposes to augment the plant security element by \$105,600, which funds 21 positions to implement a security plan intended better to recognize the college's responsibility for the personal safety of students, employees and visitors on the campus. In effect, the plan is a proposed change in the current workload formula used in budgeting for security. The change would (a) provide a minimum of five security officers for 24-hour seven-day coverage, (b) provide fractional increments in staff according to campus square footage, and (c) provide for additional staff in accordance with individual enrollments. Under this plan a large college such as Long Beach will receive a staff of 15.5 positions, which is only slightly more than the current formula provides, while medium-size colleges will receive a larger staff than currently is provided. We believe the plan is based on reasonable components and recommend its adoption.

10. YEAR-ROUND OPERATIONS

Functional Description

Year-round operation of the state college system on a quarter calendar was ordered by the trustees in 1964 as the result of recommendations by the the Coordinating Council for Higher Education and a legislative directive embodied in Senate Concurrent Resolution No. 24 of the 1964 General Session. At that time, it was decided to convert all campuses to three-quarter operation (fall, winter and spring) and to phase in the fourth or summer quarter at the several campuses over a period of years as soon as the need for it arose and adequate planning could be conducted. Since then, the basic objective of converting all campuses by 1975 has not changed although some revisions have been made in

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the dates at which some colleges will move to full-year use. Table 40 indicates the conversion schedule.

Table 40
Schedule for Conversion to Quarter System and Year-Round Operations

	<i>Begin planning for year- round operations</i>	<i>Conversion to quarter system</i>	<i>First summer quarter</i>
Long Beach -----	1970-71	1972-73	1972
San Diego -----	1973-74	1975-76	1975
San Jose -----	1969-70	1971-72	1972
San Fernando Valley -----	1969-70	1971-72	1972
Los Angeles -----	1964-65	1967-68	1967
San Francisco -----	1966-67	1971-72	1971
Sacramento -----	1973-74	1975-76	1975
Fresno -----	1972-73	1974-75	1974
Cal Poly—San Luis Obispo ¹	---	---	1966
Fullerton -----	1969-70	1971-72	1972
Chico -----	1969-70	1971-72	1972
Hayward ¹ -----	1964-65	---	1965
Cal Poly—Kellogg-Voorhis ¹	---	---	1966
Humboldt -----	1966-67	1967-68	1970
Sonoma -----	1972-73	1974-75	1974
Stanislaus ¹ -----	1973-74	1965-66	1974
San Bernardino ¹ -----	1972-73	---	1973
Dominguez Hills ¹ -----	1971-72	---	1972
Bakersfield ² -----	---	---	---

¹ Began operation on the quarter system.

² Undetermined at present.

Performance

Table 41 demonstrates the cost of the summer quarter in relation to regular quarters at the four colleges currently operating on a year-round basis.

Table 41
Fourth Quarter Operating Costs Compared to Regular Quarter Costs

	<i>General Fund cost of Fourth Quarter</i>	<i>Fourth Quarter FTE Annualized</i>	<i>Fourth Quarter cost per FTE</i>	<i>Regular Quarter cost per FTE</i>
Hayward				
1966-67 -----	\$569,605	472	\$1,207	\$1,464
1967-68 -----	727,787	650	1,119	1,296
1968-69 -----	1,192,083	890	1,339	1,547
1969-70 -----	1,354,687	1,100	1,231	1,554
Los Angeles				
1967-68 -----	\$2,852,470	1,900	\$1,500	\$1,316
1968-69 -----	3,508,930	2,120	1,655	1,445
1969-70 -----	4,578,166	2,650	1,727	1,477
Kellogg-Voorhis				
1966-67 -----	289,171	363	797	1,303
1967-68 -----	375,013	460	815	1,381
1968-69 -----	784,241	710	1,104	1,532
1969-70 -----	989,028	740	1,336	1,671
San Luis Obispo				
1966-67 -----	329,669	405	814	1,203
1967-68 -----	368,158	460	800	1,276
1968-69 (est.) -----	748,351	540	1,386	1,504
1969-70 -----	863,238	660	1,303	1,610

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At three of the four colleges the cost of the summer quarter is below the regular quarter cost. According to the most recent Coordinating Council report, the fourth quarter costs at Los Angeles are higher than the regular quarter costs due to (a) actual enrollments being less than budgeted, (b) the policy of offering full scope of courses, and (c) the need for more publicity concerning the availability of the summer quarter.

Proposed Budget

We recommend that \$400,000 in planning funds for year-round operation be included in the budget of the California State Colleges in order to continue the conversion to year-round operations on schedule at Chico, Fullerton, San Fernando Valley and San Jose.

A full discussion of the year-round operation issue is found on page 321 of this Analysis. Our position is that the financial estimates on year-round operation indicate that while there will be short-run increases in operating expenses, they will be more than offset by long-run decreases in capital expenditures. The first such estimate was offered in February 1964 by the Coordinating Council for Higher Education which concluded that under year-round operation at the University and state colleges operating costs between 1967 and 1975 would increase by \$109.7 million in 1963 constant dollars but that capital outlay savings in the same period would amount to \$177.2 million for a net savings of \$67.5 million. Using preliminary data in last year's analysis we offset the capital outlay savings against (a) the costs of a lower summer quarter student faculty ratio, (b) of cycling from two semesters to three quarters, and (c) of planning and conversion. Our analysis produced a net higher education saving of \$43.4 million by 1975-76, which, although tentative, was not disproved. For further evidence we recommended that the Coordinating Council for Higher Education study this matter and report to the Joint Legislative Budget Committee prior to November 1, 1968.

1968 Restudy Confirms Substantial YRO Savings

The council contracted with a private management consulting firm in early 1968 to reevaluate the concept of year-round operation in both segments of higher education. The report was rendered in October of 1968 and shows that the decision to initiate year-round operation will produce significant savings to the state. It is estimated that the University and the state colleges will save \$85 and \$12 million respectively through 1975-76.

After reviewing the report and comments on it from the University and state colleges the council passed the following resolutions on February 3, 1969:

Resolved, That the Coordinating Council for Higher Education advise the Governor, the Legislature, the Trustees of the California State Colleges and the Regents of the University of California that it concurs with these recommendations; specifically, that the concept of year-round operations is sound and can result in significant total

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cost savings for the University of California and the California State Colleges, both in the short term and the long term; and be it further

Resolved, That the Council advises the Regents of the University and the Trustees of the California State Colleges that those campuses and colleges not now offering a summer quarter should be analyzed by the respective governing boards to determine those where cost savings can be realized and initiate planned conversion for them at the earliest practical date, consistent with the conversion planning schedule recommended by the consulting firm; and be it further

Resolved, That the Council request the Trustees of the California State Colleges and the Regents of the University of California to request their staffs to study the effects of scope and breadth of summer quarter course offerings and the resultant effects on enrollment toward the determination of whether the already significant financial benefits of year-round operations can be increased and to report these findings to the Council by December, 1969; and be it further

Resolved, That the Council request the Governor and the Legislature to provide the necessary financial support now and in the future so that the greatest potential savings from year-round operations can be realized.

Year-round programs are currently operating at the Berkeley and Los Angeles campuses of the University and the Hayward, Kellogg-Voorhis, San Luis Obispo and Los Angeles State Colleges. During the calendar year 1969 the Santa Barbara campus of the University and Humboldt State College were scheduled to operate a summer quarter for the first time, but funds have not been included in the 1969-70 budget for this purpose.

The Governor's Budget for 1968-69 did not include planning funds for the continuance of year-round operation at the state colleges on the rationale that higher operating expenses would prevent long-run savings. This action was amended by the Legislature which added \$396,241 into the budget to provide planning funds at San Fernando Valley, Chico, San Jose and Fullerton, but the Governor vetoed the augmentation on the basis that the Coordinating Council was studying year-round operation and funds should be withheld pending completion of the study. This action is continued in the proposed 1969-70 budget in that the funds requested by the colleges for planning at the four colleges have not been included in the Governor's Budget.

Inconsistent Management Policy

Continued delay of implementation creates an inconsistent management policy whereby some colleges and University campuses have been converted to year-round operation while others scheduled to convert have been postponed without a clear explanation of the delay. The results of this situation are to cause confusion in the academic community as to when a particular campus will convert, whether or not those that have converted are getting the proper management and financial support, and whether or not the program will be withdrawn completely. The potential savings and efficient use of capital resulting

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from year-round operation leads to the conclusion that the conversion should continue on schedule. We believe that it is inconsistent for the budget to provide a minimum of capital outlay funds and also to defer programs which offer better utilization of existing facilities.

Our recommended augmentation is in accordance with last year's legislative action. It provides \$100,000 per campus at Chico, Fullerton, San Fernando Valley and San Jose and is consistent with amounts proposed in the 1968 restudy of year-round operations and those actually spent for planning at Los Angeles when it converted to year-round operation.

Postponement at Humboldt

The trustees have proposed to begin a summer quarter at Humboldt in 1969 simply because the college's administration wants to do it. Enrollment projections show that only 70 FTE could be expected during the 1969 summer quarter at a cost of \$427,729 or \$6,110 per FTE. In light of the isolation of Humboldt's location and the consequential low FTE we believe that this proposal is a poor one. Year-round operation should be given priority at large urban campuses where it can be financially feasible.

11. RESEARCH AND SPECIAL PROJECTS

Functional Description

In recent years, the state colleges have attracted increasing amounts of money from a variety of nonstate sources for research and special project activities. The vast majority of these activities are supported by federal funds and are generally administered by the college foundations.

Special projects include workshops, special events, special training programs (consisting primarily of Peace Corps training programs at San Francisco State College and California State Polytechnic College at San Luis Obispo), institutes and pilot projects. Table 42 shows the foundations' and colleges' activities in the above areas in the past, current and budget years.

Table 42

Expenditures by Foundations and Colleges for Research and Special Projects

	<i>Actual</i> 1967-68	<i>Estimated</i> 1968-69	<i>Proposed</i> 1969-70	<i>Change</i>
Foundations				
Research	\$2,949,412	\$2,901,000	\$2,741,000	\$-160,000
Workshops	122,501	117,000	122,000	5,000
Special events	1,150,210	1,106,000	1,041,000	-65,000
Institutes	2,758,489	3,005,000	2,600,000	-405,000
Special training programs	9,748,828	9,505,000	8,970,000	-535,000
Subtotals	\$16,729,440	\$16,634,000	\$15,474,000	\$-1,160,000
Colleges				
Research	193,293	311,608	259,601	-52,007
Special projects	3,971,314	5,405,147	6,068,201	663,054
Subtotals	\$4,164,607	\$5,716,755	\$6,327,802	\$-611,047
Grand totals	\$20,894,047	\$22,350,755	\$21,801,802	\$-548,953

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Foundations**

The foundations are nonprofit corporations established by the colleges for the purposes of administering federal and other nonstate funds without the administrative complications associated with operations conducted through state procedures. Specifically, the foundations have the authority to grant credit, incur losses, accumulate surpluses and perform similar functions available to corporations generally. The most important characteristic they have, however, is their ability to make transactions rapidly and with great flexibility.

Federal Overhead Funds

When a foundation receives a grant from the federal government, the conditions of the grant usually include a provision for the payment of certain costs which relate to its administration and generally amount to between 10 and 20 percent of the cost of the project. These payments are known as indirect cost reimbursements or federal overhead payments and are usually in excess of actual administrative overhead costs inasmuch as the groups and individuals conducting the projects utilize state-supported facilities. Surpluses generated when overhead payments exceed the project administrative costs are retained by the foundations to be used as seed money for future grants, to pay for the state colleges' Washington, D.C., office, to fund reserves and to fund miscellaneous projects. Included in the latter category have been expenditures for computers, building repairs, opportunity land purchases, public relations, institutes and various campus research projects. According to the Chancellor's Office, overhead payments amounted to \$1,086,122 in 1965-66, \$1,699,976 in 1966-67, and \$1,941,308 in 1967-68.

We have maintained that the federal overhead payments are paid as reimbursements to the college to compensate for the use of its facilities and services, most of which are supported by the General Fund. Because the funds are handled through the foundations, reimbursements to the General Fund are paid only when required, and the foundations have been able to develop surplus funds with which to carry on their own programs independently of legislative control. Thus indirectly the state provides support for the special foundation programs from overhead cost reimbursements retained by the foundations, yet it has no control over these activities.

Of the \$722,336 in overhead funds received in 1964-65, only \$35,090 or 4.9 percent was returned to the state. In 1965-66, the funds increased to \$1,086,122 and the state's share to \$73,338. Consequently in the 1966 analysis we proposed that 50 percent of the surplus overhead funds that were retained by the foundations be reimbursed to the state for a reduction in General Fund support of \$350,000.

The trustees opposed this reduction with the result that the status quo was maintained for a one-year period, but the Senate Finance and Assembly Ways and Means Committees directed the Chancellor's Office and the Department of Finance to prepare a plan for the 50-percent reimbursement in future fiscal years. This plan was submitted, but, in-

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stead of requiring a 50-percent reimbursement, it noted the opposition of the trustees and the academic senate to any reinstatement of funds and then recommended a 25-25 plan.

The 25-25 Plan

Each foundation retains a minimum of \$25,000 from overhead funds, and 25 percent of the balance is reimbursed to the General Fund. Although this plan was adopted we have maintained our opposition to it because it still allows the foundations to accumulate surpluses for independent expenditures. In the 1967 analysis we recommended a reimbursement of \$450,000, corresponding to 90 percent of the funds retained by foundations that were not used for actual administrative costs. This recommendation was not adopted although a second recommendation to take grant control away from the foundations and give it to the colleges was adopted by the conference committee which directed a study by the Chancellor's Office and the Department of General Services.

The 1967 Foundation Report

In November 1967 the Chancellor's Office presented a "progress report" recommending administrative modifications pursuant to the committee requests. The primary recommendation involved the establishment of a special revolving fund to which all foundation funds would be appropriated and which would be administered by the business offices at the individual colleges. The program aspects would be managed by a new division at each college to be known as the "Division of Research and Related Special Projects." The control over the fiscal and program aspects would be almost entirely in the hands of the colleges with little or no control exercised by the Departments of Finance and General Services. The Chancellor's Office felt that this was the only way in which to retain the needed flexibility in programming and financing that existed with the foundation arrangement.

1968 Legislative Directive

The Chancellor's proposal was discussed during the 1968 Legislative session but was found to be unacceptable. We again proposed that additional reimbursements be paid from overhead payments and the issue was resolved by the conference committee which directed that "the Chancellor's Office shall develop a program to charge all foundations, all governmental and nongovernmental cost fund operations as well as any public or private groups or organizations for the lease or rental of state owned property . . . The program is to be submitted . . . not later than July 1, 1969." It is intended that the General Fund would receive enough reimbursements under this fee system to offset its costs; any surplus would be retained by the foundation.

Clarification of Legislative Intent Needed

The committee language is broader than just applying to research foundations. It expresses a policy that to the extent any private or non General Fund organization uses state college property it should

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pay a proper reimbursement. Thus the July 1, 1969 report should delineate a system to charge all users of college property including research foundations. The Department of Finance has maintained that the committee also intended that the report should include a fee schedule for charging dormitories for the cost of the land on which they are located. Currently, the dormitories are operated under the policy of setting a rental rate that covers maintenance, operating costs and bond retirement payments on the buildings. It has been the long-standing policy of the Legislature that on-campus dormitories contribute to the academic environment and to the better care of students enrolled at the state colleges. Under this policy the Legislature has not required the dormitories to reimburse land costs nor did it discuss changing this policy during the 1968 session. This issue is separate from the overhead payments which are funds intended for paying support costs but are being used for other purposes. Prior legislative policy contradicts the Department of Finance's position and would not call for the July 1, 1969 report to include charges to dormitories for land use.

Foundations Allege Bankruptcy

As discussed earlier, the overhead payments currently reimburse the General Fund on a 25-25 plan wherein each foundation keeps the first \$25,000 in overhead payments and reimburses 25 percent of the remainder to the state. The state's share amounts to \$423,120 in 1967-68, \$375,581 in 1968-69 and \$388,732 in 1969-70.

In 1967-68 the foundations received \$17.5 million in federal funds and a total of \$1,941,308 in overhead payments of which the state share was \$423,120 (21.8 percent). With the remaining funds the foundations paid their administrative costs and funded a variety of on-campus programs. The Chancellor's Office maintains that this arrangement is bankrupting the foundations and some of them may have to close. We have reviewed the 1967-68 expenditures that the foundations are engaged in and find that actual administrative expenses were \$1,326,322 (68 percent) of the actual overhead expenses received, leaving a surplus of \$614,986. This surplus was then used for a variety of expenditures, including land purchases, a multitude of small faculty grants, repairs, public relations and campus projects. However, when the state seeks its reimbursement under the 25-25 plan the foundations claim to face bankruptcy if forced to pay the state. We believe that there is a problem of reversed expenditure priorities, and the claims of bankruptcy are unrealistic. The administrative costs and the state reimbursement should be paid before the surplus expenditures are made in order for the foundations to maintain a balanced financial position.

12. SUMMER SESSION**Functional Description**

The summer sessions are self-supporting activities conducted by all but two of the colleges (Cal Poly-SLO and Dominguez Hills) for students desiring early enrollment from high school, enrichment, acceleration or an increase in credit hours for professional reasons. The types

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of programs vary to some extent with campuses offering two six-week sessions, one six-week and one five-week session or one two-week session, one six-week session and one three-week session. Regardless of the format, the maximum number of units that may be taken is 11 at almost all campuses. Unlike the regular program, matriculation at the college is not required for admission to the program.

Performance

	<i>Actual</i> 1967-68	<i>Estimated</i> 1968-69	<i>Proposed</i> 1969-70	<i>Change</i>
Summer session -----	\$6,652,212	\$7,808,122	\$8,106,307	\$298,185

Summer session activities are budgeted under the functional category of reimbursed activities, which also contains expenditures for auxiliary organizations and other instructionally related activities. The proposed 1969-70 budget for summer sessions is \$8,106,307, an increase of \$298,185 over the \$7,808,122 estimated for 1968-69. These amounts are not delineated by function and the expenditures for staff benefits and equipment are among similar expenditures for other services. As shown in Table 43 enrollments in summer sessions have remained fairly constant. This is partially due to the shift of students to summer quarters.

Table 43
Summer Session Enrollment

	<i>Net</i> <i>individual</i>	<i>Student</i> <i>credit-hours</i>	<i>Student</i> <i>credit-hours</i> <i>per individual</i>	<i>Equivalent</i> <i>annual FTE</i>
1963 -----	67,508	331,309	4.9	11,044 FTE
1964 -----	69,333	N/A	--	N/A
1965 -----	68,866	335,644	4.9	11,188
1966 -----	72,663	347,227	4.8	11,578
1967 -----	74,357	338,762	4.6	11,292

Proposed Budget for Summer Sessions

We recommend approval as budgeted. In prior years we commented that the variations in summer session expenditures among the several budget functions was quite large and we speculated on the possibility of a lack of uniformity in accounting practices and in service levels. Last year we stated that it would be desirable for the Chancellor's Office to investigate the accounting practices of the individual colleges relative to these expenditures and the level or levels of service that are offered throughout the system. The Legislature considered the matter and directed the Chancellor's Office to study summer session activities at the colleges, particularly in regard to systems of accounting for summer session expenditures and report to the Joint Legislative Budget Committee on or before November 1, 1968.

Postponed Summer Session Report

On October 31, 1968 the Chancellor's Office notified the Joint Legislative Budget Committee that the report could best be handled in two phases. The first, an interim report rendered in December 1968, and the second a final report to be completed by June 30, 1969, after a

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major task force studies this subject. The committee agreed to this arrangement. The interim report found that (a) there is currently no policy which requires either a uniform or minimum level of support for the various budgetary functions except that total expenditures shall not exceed income and (b), since present accounting practices vary with respect to classification of expenditures as well as to the degree of detail maintained, the data collected to date did not lend itself to meaningful analysis.

The report concluded that the preliminary work "clearly indicates the need to develop and implement a uniform accounting and reporting system. This system of accounting and reporting will be based upon a detailed analysis and reclassification of fiscal records maintained at the campuses where summer sessions are held. Where appropriate, accounting practices as set forth by the National Association of College and University Business Officers will be adopted. This uniform accounting and reporting system will be established prior to the 1969 summer session. Hopefully, the adoption of this system will provide more meaningful data for future analysis and subsequent implementation of appropriate standards."

13. EXTENSION

Functional Description

Extension programs are offered at 14 colleges to assist persons employed in government agencies, school districts, industries and other organizations in the furtherance of their educations. Like the summer session, this is a self-supporting public service program operated by the colleges. It offers both credit and noncredit courses in a large number of fields including accounting, education, engineering, the natural, physical and social sciences and the humanities. In addition to regular coursework, the state college extension also offers workshops, institutes, conferences and consultant services.

Performance

In recent years, college extension programs have increased in utilization. Table 44 shows the number of individuals participating, the total production of student credit hours and the equivalent annual FTE using the most recent data available.

Table 44
Extension Enrollment

	<i>Net individuals</i>	<i>Student credit-hours</i>	<i>Equivalent annual FTE</i>
1962-63 -----	26,652	94,505	3,150
1963-64 -----	34,133	118,650	3,955
1964-65 -----	37,776	139,377	4,645
1965-66 -----	39,786	141,107	4,704
1966-67 -----	43,758	141,536	4,718

Proposed Budget

The budget proposes a \$3,195,011 expenditure for the extension program in 1969-70 as shown in Table 45.

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Table 45
Expenditures for Extension Program

	<i>Estimated 1968-69</i>	<i>Proposed 1969-70</i>	<i>Change</i>	
			<i>Number</i>	<i>Percent</i>
Personal services -----	\$2,056,387	\$2,573,631	\$517,244	25.1%
Operating expense and equipment -----	400,629	621,380	220,751	55.1
Totals -----	\$2,457,016	\$3,195,011	\$737,995	30.0%

The 1967 Legislature enacted Chapter 1543, creating the State College Extension Programs Revenue Fund, which became effective as of January 1, 1968. This is a revolving fund to which all extension program funds are appropriated without regard to fiscal years. All expenditures are shown in the Governor's Budget. The advantage of this type of fund for the colleges is that it will enable them to carry balances or surpluses forward from one fiscal year to the next eliminating the need to revert any existing reserves to the General Fund.

Table 46
Extension Program Revenue Fund

	<i>Actual 1967-68</i>	<i>Estimated 1968-69</i>	<i>Proposed 1969-70</i>
Accumulated surplus, July 1 -----	—	\$1,050,084	\$1,050,839
Revenues -----	\$1,304,953	2,457,771	3,247,751
Total Resources -----	\$1,304,953	\$3,507,855	\$4,298,590
Expenditures -----	254,869	2,457,016	3,195,011
Accumulated surplus -----	\$1,050,084	\$1,050,839	\$1,103,579

14. AUXILIARY ENTERPRISES

Functional Description

Auxiliary enterprises fall basically into two categories, those operated by nonprofit, on-campus corporations and those financed through special nongovernmental cost funds.

Bookstores and Cafeterias

The first category includes such services as bookstores and cafeterias which are generally managed by private corporations established to contract with the colleges for the operation of this type of service. Although called foundations, they should not be confused with the state college foundations responsible for the administration of research and special project activities discussed previously. Neither income nor expenditures for the operation of these services are reported in the Governor's Budget.

Dormitories and Parking

The second category includes dormitory and parking services which are financed through special funds. Although they are not included in the overall budget totals, the income and expenditures for these funds are included in the budget. The first of these two funds to be established was the College Auxiliary Enterprise Fund in 1949. It was created by the Legislature to accept title to dormitory buildings which have been

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constructed by the Federal Public Housing Administration for veterans. The anticipated revenue and expenditures for this fund in the budget year are \$162,067 and \$156,521 respectively. Currently married-student housing is sponsored at San Jose State College (148 units), Chico State College (22 units), and Stn Francisco State College (84 units). All of these units are approximately 25 years old, having been built for World War II veterans and their families. The remaining colleges provide an off-campus housing reference service for married students but they do not sponsor such housing.

College Housing Construction Policy

The policy of the Board of Trustees has been that the funds available for housing construction should be allocated first to provide for single students and secondly to provide for married students. Rationale for this policy is (1) most of the single students are minors, many of whom are away from their parental environment for the first time and the college has a duty to provide proper housing, and (2) limited construction funds can provide more single student units than married student units because the former can be constructed in a dormitory fashion with community bathrooms, etc., instead of having a bathroom, living room and kitchen in each unit. By following this policy, the Board of Trustees has not provided for the construction of married student housing in the past nor does the current five-year plan include such facilities.

The larger of the two funds concerned with housing activities is the State College Dormitory Revenue Fund. This fund was established by the Legislature in 1957 for the construction of housing facilities for students and was financed in part through a loan in the amount of \$13,763,000 from the Federal Housing and Home Finance Agency (now the Department of Housing and Urban Development—HUD) at an interest rate of 2½ percent. In addition, \$16,484,353 was received from the State Construction Program Fund. Subsequently, HUD agreed to purchase \$35 million in revenue bonds at an interest rate of 3 percent with a term of 40 years for the construction of an additional 6,000 student residence units and an increase in cafeteria capacity of 6,800 seats. Table 47 presents income and expenditures for this program.

Table 47

Income and Expenditures for the State College Dormitory Revenue Fund

	<i>Actual</i> 1967-68	<i>Estimated</i> 1968-69	<i>Projected</i> 1969-70
Income			
Accumulated surplus	\$2,021,168	\$1,794,350 ¹	\$1,717,405
Revenue	3,235,143	6,380,655	7,349,262
Total resources	\$5,256,311	\$8,175,005	\$9,066,667
Expenditures			
Expenditures	\$2,419,751	\$4,017,554	\$4,351,797
Debt service requirements	1,042,210	2,440,046	2,469,190
Operating reserve	26,057	—	—
Total encumbrances	\$3,488,018	\$6,457,600	\$6,820,987
Net operating surplus	\$1,768,293	\$1,717,405	\$2,245,680

¹ Includes prior year operating reserve.

California State Colleges—Continued

Parking Services

Parking services are provided through the State College Parking Facilities Program which is financed by the State College Parking Revenue Fund, also a nongovernmental cost fund which was added by the Legislature in 1965 (Chapter 1282, Statutes of 1965). Prior to the establishment of this fund, the construction and maintenance of state college parking facilities was a General Fund operation with expenditures shown by line item in each college budget. The present fund was established in response to the colleges' contention that there was an additional need for new parking space at the same time that parking revenues were exceeding expenditures and being reimbursed to the state. The Legislature agreed and created the new revolving fund under which any year-end surpluses are retained in the fund for future parking needs. Table 48 lists the fund's income and expenditures.

Table 48
Income and Expenditures State College Parking Revenue Fund

	<i>Actual 1967-68</i>	<i>Estimated 1968-69</i>	<i>Proposed 1969-70</i>
Income			
Accumulated surplus	\$1,242,388	\$1,981,387 ¹	\$2,716,550
Interest income	41,309	60,000	62,500
Revenues	2,587,892	2,499,458	3,033,864
Total income	\$3,871,589	\$4,540,845	\$5,812,914
Expenditures			
Current expenses	\$1,292,005	\$1,450,325	\$1,547,965
Transfers	420,000	—	—
Debt service requirements	178,197	373,970	428,569
Operating reserve	91,388	—	—
Total expenditures	\$1,981,590	\$1,824,295	\$1,976,534
Net operating surplus	\$1,889,999	\$2,716,550	\$3,836,380

¹ Includes prior year operating reserve.

15. OTHER REIMBURSED ACTIVITIES

This category includes miscellaneous reimbursements from state college foundations and other auxiliary organizations and nongovernmental agencies. Many of the miscellaneous items are not separately identified in budget presentations. In addition, reimbursements from the residence hall programs are not separately reported but are included in the overall figure for auxiliary organizations. All other expenditures have been discussed in other sections of this analysis.

	<i>Actual 1967-68</i>	<i>Estimated 1968-69</i>	<i>Proposed 1969-70</i>
Miscellaneous reimbursements from auxiliary organizations	\$1,287,922	\$1,782,896	\$1,926,104

STUDENT FEES

Program Description

Student fees fall into six identifiable categories other than for parking and extension. Included are the materials and service fee, nonresi-

California State Colleges—Continued

dent fees, application fees, catalog fees, fees for summer session and miscellaneous fees. A further delineation would separate out-of-state students from foreign students but this distinction is not made in the budget presentation. Total fee income from these sources is listed in Table 49.

Table 49
Student Fees by Type and Year

Regular session	<i>Actual</i>	<i>Estimated</i>	<i>Proposed</i>	<i>Proposed Increase</i>	
	1967-68	1968-69	1969-70	Amount	Percent
Materials and service fee -----	\$14,631,406	\$15,904,041	\$20,916,012	\$5,011,971	31.5%
Nonresident tuition -----	2,630,542	2,910,781	3,099,236	188,455	6.5
Application fee -----	1,713,107	2,123,728	2,232,700	108,972	5.1
Catalog fee -----	70,605	161,883	183,441	21,558	13.3
Miscellaneous -----	1,134,639	1,027,468	1,188,875	161,407	15.5
Summer session -----	6,652,212	7,808,122	8,106,307	298,185	3.8
Total -----	\$26,832,511	\$29,936,023	\$35,726,571	\$5,790,548	

Proposed Budget

The materials and service fee for 1968-69 is set at \$86 per year for full-time students attending semester system colleges and \$87 per year for full-time students attending quarter system colleges. Limited students pay \$44 and \$45 at semester and quarter-system colleges respectively.

The 1969-70 budget proposes to raise this fee by \$16 to a total of \$102 primarily due to the increases in instructional support discussed on page 437. Table 50 shows the expenditures supported by the materials and service fee and the related share of the \$102.

Table 50
Materials and Service Fee Expenditure Breakdown, 1969-70

<i>Function</i>	<i>Total expenditures</i>	<i>Share of materials and service fee</i>	<i>Percent of total</i>
Instruction services -----	\$7,032,279	\$36	34.9%
Health services -----	4,599,643	22	21.8
Student personnel -----	7,124,400	36	34.9
Financial aids -----	1,389,572	8	8.4
Total expenditures -----	\$20,145,894	\$102	100.0%
Total revenue -----	\$20,916,012		
Difference -----	+\$770,118		

We have analyzed each expenditure function supported by these fees in their appropriate sections of this analysis and recommend their adoption. In addition, we have recommended (on page 450 of this analysis) that fees be extended to fund one-half of the dean of students element at a cost of \$650,000. This increase is of such a minor magnitude that a change in the \$102 fee level is not necessary because the fee is adjusted according to a three-year expenditure averaging system and there is a \$770,118 surplus built into the budget year fee income.

California State Colleges—Continued

NONRESIDENT TUITION

Functional Description

Currently, tuition for out-of-state students is set at \$890 per year which is determined by a formula involving the prorating of a faculty member's time devoted to teaching plus a related amount for clerical time, operating expenses and equipment. Tuition payments for foreign students are currently set at \$255 where they have been since 1963.

Recommendation for Raising Foreign Student Tuition

We recommend that foreign student tuition be increased from the current rate of \$255 per year to \$623 per year for an increase in reimbursements and a decrease in state support of approximately \$500,000.

In 1963 nonresident tuition was set at \$360 and foreign student tuition at \$255 (70 percent of nonresident). Since then, out-of-state tuition has been increased to \$890. However, there has not been a corresponding increase in foreign student tuition. In light of this, it seems reasonable that some adjustment should be made in foreign student tuition.

Arguments Concerning Foreign Student Tuition

Higher education officials argue that foreign students make a major contribution to campus life in that they increase awareness among American students of the cultures of other people throughout the world. For this reason, we do not believe that foreign student tuition should be as high as that for nonresident students, where the benefit received by California students is less apparent. However, in recognition of the rapidly rising costs of the instructional program at the state colleges and the fact that foreign student tuition has not been increased since 1963, we believe it reasonable to establish the rate at 70 percent of that for nonresidents which would produce a fee of \$623. This percentage figure is chosen inasmuch as it prescribes the relationship between the two tuition figures existing in 1963. Given the 1967 foreign student population of 3,300 students, this would produce an increase in reimbursements of approximately \$1,200,000 assuming a 15-unit load by all 3,300 students. It is reasonable to assume that the proposed fee would cause some reduction in foreign students and in the units they take (the fee is levied on a per unit basis) so we only anticipate a \$500,000 reimbursement increase and General Fund decrease.

16. SALARY SAVINGS

Functional Description

Salary savings is the amount budgeted for personal services that is not spent due to vacancies, delays in filling authorized positions and turnover where an employee leaves and is replaced by another employee at a lower salary. Each year, the Department of Finance establishes a minimum level of salary savings for the budget year, a level which the colleges are expected to meet in the dollar equivalent of a specified number of positions.

California State Colleges—Continued
Performance

The colleges have consistently achieved a salary savings in excess of the amount budgeted. This is returned to the General Fund as shown in Table 51.

Table 51
State Colleges Salary Savings Experience

	Amount budgeted	Amount achieved	Excess
1964-65-----	\$2,777,198	\$4,681,834	\$1,904,636
1965-66-----	3,797,776	8,146,467	4,348,691
1966-67-----	2,737,434	9,934,049	7,196,615
1967-68-----	2,431,834	6,332,607	3,900,773

Proposed Budget

Prior to the 1968 budget, salary savings for the colleges had been budgeted at 2 percent of the allocation for instructional faculty and 4 percent of all other persons excluding those in reimbursed activities. This year, the level has been set at 2.5 percent for instructional faculty and 4 percent for other positions which produces a salary savings figure of \$8,081,551. This figure is in line with the salary savings levels actually realized in the system in the past two years and with the anticipated level in the budget year.

We recommend that the Chancellor's Office review its systemwide method of implementing salary savings in terms of management understanding and in terms of management control procedures. A report with conclusions and recommendations should be rendered to the Joint Legislative Budget Committee by November 1, 1969. Because of the excess salary savings condition, our original concern related to whether or not the budgeted level has been set too low. We discussed this situation with campus business officers, Chancellor's personnel, and several college presidents who were particularly interested.

A major reason for the excesses relates to a condition of "over-management." The salary savings level which is set in the Budget Act at a figure of \$8 million is then allocated to each college at a mandatory level. Each college in turn allocates its share to each school which again allocates its amount of savings to each department. The cumulative effect of this is that (a) the comprehension of what salary savings means decreases as it is presented to the lower levels, where in some cases it is viewed as an arbitrary penalty, and (b), as the departments strive to achieve the assigned level of savings, they often overachieve through delays in filling vacancies so that excess savings are produced. On a systemwide basis this has amounted to a large amount of money as shown previously in Table 51.

CALIFORNIA MARITIME ACADEMY**Items 118 and 119 from the General Fund**

Requested 1969-70 -----	\$803,920
Estimated 1968-69 -----	711,676
Actual 1967-68 -----	622,830
Requested increase \$92,244 (12.9 percent)	
Increase to improve level of service \$89,000	
Total recommended reduction -----	\$62,400

SUMMARY OF RECOMMENDED REDUCTIONS

	<i>Amount</i>	<i>Analysis page</i>
Increase student fees \$150 per year -----	\$35,700	482
Delete two instructional and one clerical position -----	26,700	483

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS**1. Policy Option Concerning Federal Funding**

The Board of the Maritime Academy should continue its efforts to increase federal funding. The federal government is a principal beneficiary of this program, yet its share of support continues to decrease. (Analysis page 481.)

GENERAL PROGRAM STATEMENT

The California Maritime Academy, located at Morrow Cove, Vallejo, provides a three-year training program for men who seek to become licensed officers in the United States Merchant Marine. It is one of six such institutions in the country that are supported jointly by the states and the federal government. The other institutions are at Kings Point and Ft. Schuyler, New York; Castine Bay, Maine; Buzzards Bay, Massachusetts; and Galveston, Texas.

The program consists of both a normal academic program and specialized programs in either deck officer or engineering officer training. The program is three year-round terms, two of which are devoted to shore-based instruction with three months' training at sea aboard the *Golden Bear*, a merchant-type ship loaned to the academy by the Federal Maritime Administration. Upon completion of the three-year program and successful passage of the United States Coast Guard license examination, the students are awarded the bachelor of science degree.

The academy is managed by a board of governors, which includes the Superintendent of Public Instruction and four others appointed by the Governor for four-year terms. The board (1) appoints a superintendent, who is the chief administrative officer of the academy, and (2) sets admission standards, which include an entrance examination.

ANALYSIS AND RECOMMENDATIONS

The academy's support budget for 1969-70 totals \$1,224,163 of which \$803,920 (65.7 percent) is General Fund support, \$219,000 (17.9 percent) is federal support, and \$201,243 (16.4 percent) student fee and miscellaneous reimbursement support. Along with average cost per

Table 1
Sources of Support and Cost per Student—California Maritime Academy
1959-60—1969-70

<i>Year</i>	<i>Enroll- ment</i>	<i>General</i>		<i>Federal</i>		<i>Student and</i>		<i>Total support</i>	<i>Cost per student</i>	
		<i>Fund</i>	<i>Percent</i>	<i>funds</i>	<i>Percent</i>	<i>other fees</i>	<i>Percent</i>		<i>Total</i>	<i>General Fund</i>
1959-60 -----	220	\$365,649	49.2	\$217,400	29.2	\$160,216	21.6	\$743,265	\$3,378	\$1,662
1960-61 -----	224	390,836	52.2	204,124	27.2	154,610	20.6	749,570	3,346	1,745
1961-62 -----	228	415,488	53.3	205,436	26.4	157,800	20.3	778,724	3,415	1,822
1962-63 -----	231	435,422	54.3	203,642	25.4	162,740	20.3	801,804	3,471	1,885
1963-64 -----	220	491,425	57.9	206,619	24.4	150,278	17.7	848,322	3,856	2,234
1964-65 -----	227	531,205	60.2	205,702	23.3	145,614	16.5	882,521	3,888	2,340
1965-66 -----	238	563,478	60.5	208,121	22.3	159,993	17.2	931,592	3,914	2,368
1966-67 -----	258	592,685	58.3	219,397	21.6	204,290	20.1	1,016,372	3,939	2,297
1967-68 -----	248	622,830	61.4	187,525	18.5	203,974	20.1	1,014,329	4,090	2,511
1968-69 (estimated)	252	711,676	64.4	193,000	17.5	201,243	18.1	1,105,919	4,389	2,825
1969-70 (proposed)	252	803,920	65.7	219,000	17.9	201,243	16.4	1,224,163	4,861	3,193

California Maritime Academy—Continued

student data, table 1 demonstrates the historical relationship between the three support components. The General Fund has been supporting most of the workload and augmentation increases so that its share of the budget has been increasing while the student and federal share has been decreasing because they are based primarily on enrollments which have increased by a total of only 32 students since 1959-60. It is also of interest to note that enrollments since 1959-60 have increased by only 14.5 percent (32 students) while the total support cost has increased by 65.8 percent (\$481,698).

Federal funding for the academy is based (a) on a \$25,000 grant for operating within the standards of the Federal Maritime Academy Act of 1958, (b) an additional grant of \$50,000 for accepting out-of-state students, and (c) payments of \$600 per student (except in 1968-69) per academic year to defray the cost of books, uniforms and subsistence. Prior to the 1968-69 fiscal year the latter payment had been \$600 of which the board of governors allocated \$200 to the student and \$400 to the state. With a \$100 decrease in support the current year allocation is \$100 to the student and \$400 to the state. However, in the budget year it is proposed to return to the prior level of support by allocating \$200 to the student and \$400 to the state.

Student Fees

We recommend a \$150 increase in student fees for a General Fund reduction of \$35,700. This program primarily benefits the federal government and the students because it is designed to produce licensed officers in the Merchant Marine. As shown in Table 1, student and federal support have decreased over the past 10 years. The benefits to the students are significant. They are provided a high-cost specialized instruction program with room, board and clothing for three years leading to a good salaried job as a licensed officer in the Merchant Marines. The student's cost for this training is \$750 per year, of which the federal government reimburses \$200, for a net student cost of \$550 per year. This is a very attractive program as witnessed by the fact that applications for admission far exceed openings available. In the fall of 1968 there were approximately 800 applicants for the 100 openings available.

We feel that the continued shifting of support to the state General Fund is inappropriate and recommend that the student fees be increased by \$150. This amount is determined by raising the student's share of support to its former level of 20 percent of the total budget.

Table 2 demonstrates the program cost breakdown between the functional categories of administration, instruction, care and subsistence, plant operation and ship operation.

California Maritime Academy—Continued

Table 2

Total Expenditures by Function—California Maritime Academy

	Actual	Estimated	Proposed	Function as percent of total budget	Increase over current year
	1967-68	1968-69	1969-70		
Administration -----	\$120,914	\$124,641	\$127,236	10.3%	\$2,595 (2.1%)
Instruction -----	319,401	345,534	381,359	31.3	35,723 (10.5%)
Care and subsistence -----	251,990	290,537	318,542	26.0	28,005 (9.6%)
Plant operation -----	153,879	162,328	172,259	14.1	9,931 (6.1%)
Ship operation -----	168,145	182,879	224,869	18.3	41,990 (23%)
Totals -----	\$1,014,329	\$1,105,919	\$1,224,163	100.0%	\$118,244 (10.8%)

Increase in Instructional Program

We recommend the deletion of two instructional and one clerical position for a General Fund savings of \$26,700. The 1969-70 budget proposes to increase the level of service for the instructional function by two instructors and a clerk for a total of \$26,700. The academy maintains that this action will insure an increase specialization of staff and a more favorable student-faculty ratio. We view this as a program enrichment not justified on a workload basis. The current student-faculty ratio of 15 to 1 would be reduced to 13 to 1, while the enrollment and curriculum have remained relatively stable over the past five years. This situation does not support the 10-percent increase in staff that is proposed.

We recommend the approval of an additional equipment technician (\$8,525) for the ship and plant operation functions. While there has been a sizable increase in the amount and complexity of equipment at the academy, the staff to handle it has been at its present level since 1959.

POLICY OPTION

In past years we offered the option of reducing state support for the academy as an inducement to the federal government to increase its percentage support to the level which had existed in 1959-60. As stated previously, we feel that the benefits of the program largely fall to the students and the federal government. The Board of Governors of the Maritime Academy should make every effort to obtain a reasonable increase in federal participation in order to restore federal aid at least to the level which was achieved with the passage of the Maritime Academy Act of 1958.

Since this policy option was originally offered, the board of governors has contacted the congressional representative from Vallejo, who introduced a bill in the Congress to increase federal support during the 1967 session. This bill failed to pass. Subsequently, the superintendent of the academy met with the five other academy superintendents and agreed to sponsor a joint bill containing the same increase in support for each of them. The content of this legislation calls for a flat grant of \$250,000 per year plus \$600 per student, replacing the 1969-70 level of \$75,000 per year plus \$600 per student.

California Maritime Academy—Continued

We favor this action. However, we recommend that federal funding be based on a fixed percentage of the total program costs as opposed to a flat grant. The flat grant allows the federal government to escape sharing higher program costs resulting from increased staff and inflation. By basing federal funding on a percentage of the total program, the increases in cost are shared proportionately.

BOARD OF GOVERNORS OF THE COMMUNITY COLLEGES

Item 120 from the General Fund

Requested 1969-70	\$756,894
Estimated 1968-69	609,116
Actual 1967-68	3,575
Requested increase \$147,778 (24.3 percent)	
Total recommended reduction	\$11,976

SUMMARY OF RECOMMENDED REDUCTIONS	Amount	Analysis page
Delete associate architect	\$11,976	486

GENERAL PROGRAM STATEMENT

The Board of Governors of the Community Colleges was created by Chapter 1549, Statutes of 1967, to "provide leadership and direction in the continuing development of junior colleges as an integral and effective element in the structure of public higher education in the state." The functions of this board are specifically designed to preserve local autonomy and control in the relationship between the new board and the governing boards of the local community colleges and the duties each is to perform. The board is composed of 15 members who were appointed by the Governor for the first time on January 15, 1968.

The California Community Colleges are established to provide transfer courses for students planning on continuing their education at four-year institutions, to provide vocational training and to provide general education. There are currently 83 community colleges in California governed by 67 separate boards of trustees. In the fall of 1967, these institutions enrolled a total of 521,695 full-time and part-time students as shown in Table 1.

Table 1
Fall 1967 Community Colleges
Individual Enrollment Data

	Enrollment full time	Enrollment part time
Day classes	210,864	91,269
Extended day classes	2,632	216,930
Totals	213,496	308,199

Board of Governors of the Community Colleges—Continued

ANALYSIS AND RECOMMENDATIONS

The Board of Governors of the Community Colleges differs from the Board of Trustees of the state colleges and the Board of Regents of the University in that it does not have the direct responsibility for governing the various colleges within the system. It is charged with a combination of administrative and leadership duties which affect the more orderly growth of the community college system.

In 1968, the Coordinating Council for Higher Education studied the proper relationship between the board and the colleges and recommended the following as major functions for the board.

- (a) Responsibility for orderly growth
 - (1) Approve plans for the formation and reorganization of districts
 - (2) Coordinate and encourage development of programs and facilities
 - (3) Approve out-of-district classes
 - (4) Approve academic master plans for each district
 - (5) Approve facility master plans for each district
- (b) Responsibility to establish minimum standards to govern academic standards of students and graduation requirements
- (c) Responsibility to improve educational programs
- (d) Responsibility to establish minimum standards for the employment of community college professional staff
- (e) Responsibility for statewide information services
- (f) Responsibility as the official representative of colleges
- (g) Responsibility to manage state and federal support and capital outlay programs
- (h) Responsibility to establish uniform budgeting and accounting
- (i) Responsibility to establish procedures governing interdistrict attendance agreements
- (j) Responsibility to establish space utilization standards
- (k) Responsibility to establish minimum procedures to insure faculty and students the opportunity to be heard at the campus level.

These duties have been reviewed and approved by the board of governors which proposes that many of them be made statutory. It is important to note that the assigned functions place some direct administrative duties on the board and that only part of its duties are advisory.

Proposed Budget

The budget proposes a General Fund expenditure of \$756,894 for 1969-70, which is subdivided into program requirements as shown in Table 2.

Board of Governors of the Community Colleges—Continued

Table 2.

1969-70 Program Requirements

Board of Governors of the Community Colleges

	Actual 1967-68	Estimated 1968-69	Proposed 1969-70
I. Financial and Administrative Services-----	--	\$230,990	\$310,738
II. Curriculum Development, Improvement and Evaluation-----	--	434,033	603,268
III. Student Services-----	--	33,672	35,443
IV. Departmental Administration—Undistributed	\$3,575	210,521	253,576
TOTALS, PROGRAMS -----	\$3,575	\$909,216	\$1,203,025
Reimbursements-----	--	\$-300,100	\$-446,131
NET TOTALS, PROGRAMS -----	\$3,575	\$609,116	\$756,894
General Fund-----	3,575	609,116	756,894
Personnel man-years-----	--	53	70

Financial and Administrative Services

We recommend approval of 4.5 new positions for the financial and administrative services function. We recommend deletion of one associate architect position for a savings of \$11,976.

The budget proposes four General Fund and 1.5 federal fund positions. Two professional positions are proposed for the community college district financing elements. The primary workload of this element involves the determination of state apportionments to each district for basic and equalization aid. One of the professional positions will be responsible for analysis of all matters related to community college finance and the development of proposals. In addition, this position will advise district officials on all legal and policy changes relating to district budgeting and accounting for current operations. The second position is necessary for certifying apportionment information. This position will also advise districts on the requirements regarding student attendance accounting and follow-up on discrepancies reported by state auditors.

The remaining three and one-half positions are for the community college facilities planning elements. This element currently has a staff of 7.1 positions with the responsibility to (a) complete a statewide construction plan for the community colleges reflecting capital outlay requirements for the next 10 years, (b) review, analyze, and recommend for approval each physical facility request as an element of the continuing 10-year plan of districts, (c) advise and assist college officials and consulting architects in the programming and planning of proposed projects and plans, and (d) prepare and maintain a statewide inventory of facilities, capacities and utilization data which must be updated annually.

The budget proposes one associate architect to make an architectural analysis to determine costs of the various phases of projects with particular attention to the type of construction, design, unit costs, and the efficiency of particular buildings and facilities in terms of effective utilization and design of area. In addition, two construction analysts are proposed to review project plans for (1) type of construction, (2)

Board of Governors of the Community Colleges—Continued

unit costs of the projects and elements of the project, (3) efficiency of the facility, and (4) scheduling and phasing of the planning, construction and equipment for budget purposes. The 0.5 clerical assistance is in support of the additional personnel as well as the increased workload of the existing staff.

We recommend the deletion of the architect position because its stated duties are nearly the same as the duties of the construction analysts. We see no particular reason that construction analysts cannot make architectural cost analyses and this is the established practice in the staffs of the Department of Finance and the Joint Legislative Budget Committee. Architectural service and advice, if necessary, can be furnished by the college's project architect. Community college construction funding occurs chiefly at the local level and, in accordance with the delineation of function outlined previously, we believe that architectural design control should be at the local level also.

The financial and administrative program also consists of a district organization element and a construction project approval element. The former provides consultative service to county committees preparing district organization plans, with the goal that all county territories will be included in a statewide community college system by 1972. The latter element reviews and evaluates preliminary plans, specifications, budgets and all other data necessary to determine detail cost estimates and project scope for projects submitted as part of the continuing 10-year construction plans.

Curriculum Improvements and Evaluation

We recommend approval as budgeted. A total of 7.5 positions are proposed for this program, 6.5 of which are supported by federal funds. The one General Fund provision will be assigned to the academic curriculum element which tries to provide uniformity of curriculum standards among the community colleges in order to maximize their articulation with the secondary segments of education as well as the four-year schools of higher education. The new position will work on academic master plans.

The remaining 6.5 positions will work in the vocational curriculum element which is funded by the federal government. This unit consists of 21.4 positions and is the central source of information on vocational education. It aids community colleges in developing local programs and in preparing, reviewing and evaluating applications for federal aid. The program also attempts to stimulate vocational education programs that correspond to labor needs.

The four professional positions and 2.5 clerical positions are requested to meet the additional workload requirements of (1) the Vocational Education Act of 1963 and its amendments and (2) the increased emphasis on meeting the educational needs of disadvantaged students. Two of the professional staff will provide program approval and evaluation of vocational education programs in the fields of business and health education. The remaining two positions will develop programs for disadvantaged students. The 2.5 clerical support is for the

Board of Governors of the Community Colleges—Continued

additional personnel as well as increased workload of the existing staff. All of these positions are federally funded and we recommend their approval.

Student Personnel Services

We recommend approval as budgeted. Currently 2.2 positions are authorized primarily to aid colleges provide better student counseling programs. The program is justified on the basis that community colleges operate autonomously and have a diversity of admission, probation and dismissal rules. In addition, the scope and quality of vocational placement services vary widely and the uniformity of data storage makes intercollege transfer and comparison difficult.

Board Administration

We recommend approval as budgeted. This program provides administrative and staff services to the Board of Governors. In addition to the four authorized positions, 6.5 positions were established in the current year consisting of a vice chancellor, a counsel, a director of governmental relations and related clerical and technical staff. This staff plus three clerical positions are proposed in the budget year for a total of 13 positions. We have reviewed the workload of the new positions and recommend their approval.

STATE SCHOLARSHIP AND LOAN COMMISSION**Items 121, 122 and 123 from the General Fund and the State Guaranteed Loan Reserve Fund**

Requested 1969-70	\$14,017,590
Estimated 1968-69	8,918,621
Actual 1967-68	5,437,828
Requested increase \$5,098,969 (57.2 percent)	
Increase to improve level of service \$1,000,000	
Total recommended reduction (General Fund)	\$267,360

SUMMARY OF RECOMMENDED REDUCTIONS

	Amount	Analysis page
Reduce scholarship estimate	\$273,660	490
Add inventory of student financial aid	+6,300	493

GENERAL PROGRAM STATEMENT

California provides statewide student financial assistance programs through the State Scholarship and Loan Commission which was created in 1955 to administer the State Scholarship Program. Additional responsibilities were added in 1965 and 1966 with the initiation of the Graduate Fellowship Program and the Guaranteed Loan Program. The commission consists of nine members appointed by the Governor to represent public and private institutions of higher education as well

State Scholarship and Loan Commission—Continued

as the general public. The staff is headed by an executive director with a budgeted level of 36.4 man-years of personnel services.

For continuing operation of the commission \$13,017,590 is budgeted in 1969-70 and a program augmentation of \$1 million is budgeted for initiation of the new College Opportunity Grant Program. The programs and funds are summarized in Table 1.

Table 1
Summary of Program Expenditures and Funding Sources

<i>Expenditures</i>	<i>Actual 1967-68</i>	<i>Estimated 1968-69</i>	<i>Proposed 1969-70</i>	<i>Increase</i>
Scholarship Program -----	\$5,053,272	\$7,941,598	\$11,646,523	\$3,704,925
Graduate Fellowship Program -----	237,455	859,913	1,240,850	380,937
Guaranteed Loan Program --	91,085	57,948	65,204	7,256
Administration -----	56,016	59,162	65,013	5,851
College Opportunity Grant Program (augmentation) --	--	--	1,000,000	1,000,000
Program Totals -----	\$5,437,828	\$8,918,621	\$14,017,590	\$5,098,969
<i>Funding</i>				
State General Fund -----	\$5,345,966	\$8,839,505	\$13,924,989	\$5,085,484
State Guaranteed Loan Reserve Fund -----	91,862	79,116	92,601	13,485
Fund Totals -----	\$5,437,828	\$8,918,621	\$14,017,590	\$5,098,969

ANALYSIS AND RECOMMENDATIONS

Although presented in program budget structure, the commission budget lacks meaningful output data that can be related to the level of expenditures requested. The following analysis is organized to conform to these programs, but the review has been made from the fiscal information contained in the traditional budget.

STATE SCHOLARSHIP PROGRAM

This program was established in 1955 when the Scholarship Commission was created. The objectives of the program as stated in the Governor's Budget are as follows:

1. Save state funds by assisting in the diversion of students from public to independent colleges.
2. Assist California's independent colleges by increasing the number of students able to attend, thus allowing expansion of independent college enrollment.
3. Encourage and assist able and financially needy students to attend any California College.

To meet these objectives the commission is authorized to grant new scholarship awards each year equal to 2 percent of the high school graduates of the previous year. These grants range from \$300 to \$900 plus 90 percent of tuition and fees in excess of \$900 up to a \$2,000 maximum for an academic year. The awards are granted to academic-

State Scholarship and Loan Commission—Continued

ally able students who are in need of financial assistance to meet the tuition and fee costs at the colleges they will attend. Once the initial award is granted, a student may apply for annual renewal of his award if he maintains academic eligibility and continues to meet the financial need standards.

Scholarship Awards

In 1969-70 it is estimated the commission will award 5,778 new scholarships, 7,580 renewals of existing awards and 325 new junior college transfers for a total of 13,683 awards. Based on an estimated cost per award of \$825, the total amount of funds budgeted for this purpose is \$11,288,475. This is an increase of \$3,704,925, or 46.7 percent over the estimated expenditures for 1968-69. This large increase is a reflection of the increased number of new scholarships available and a larger average cost per award. This is shown in Table 2 which displays the historical growth of the program.

Table 2
State Scholarship Award Funds—1964-65 through 1969-70

	Number of awards	Average award amount	Total award expenditures
1964-65 actual -----	5,120	\$691	\$3,538,807
1965-66 actual -----	5,120	701	3,588,952
1966-67 actual -----	6,042	728	4,397,437
1967-68 actual -----	6,902	704	4,860,042
1968-69 estimated ----	10,467	735	7,695,750
1969-70 proposed ----	13,683	825	11,288,475

The increase in the number of awards from 10,650 in 1968-69 to 13,683 in 1969-70 is a reflection of the expansion authorized in 1968-69 when the new awards were doubled from 1 to 2 percent of the prior year's high school graduates. The full effect of this expansion will not be reached until 1971-72 when the level of the renewals will have fully reacted to the change.

Increases in Average Award Costs

We recommend a reduction in the average award budgeted for scholarships from \$825 to \$805 amounting to a General Fund reduction of \$273,660. The proposed budget includes an estimated \$90 increase in the average cost of an award. Of this, \$40 represents the average increase in all scholarships as a result of increasing the maximum scholarship amount from \$1,500 to \$2,000 as authorized by Chapter 896, Statutes of 1968 and \$37 is included for general tuition increases. The remaining increase of \$13 is based on a change in proportion of renewals to new awards where traditionally the average award for renewals is higher than the average for new awards. In 1968 the average renewal award was \$801 as compared to \$681 for new winners.

Another element that changes the average award amount is the increasing proportion of award winners at the public institutions as opposed to those of private institutions. As shown in Table 3, there is a historical trend towards a greater number of awards for students attending public institutions.

State Scholarship and Loan Commission—Continued

Table 3

Number and Percentage of Total Awards at Public and Independent Institutions 1963 through 1968

	<i>Public Institutions</i>		<i>Independent Institutions</i>	
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>
1963 -----	1,572	35.0%	2,908	65.0%
1964 -----	1,848	36.1	3,252	63.9
1965 -----	1,935	37.7	3,185	62.3
1966 -----	2,389	39.6	3,653	60.4
1967 -----	2,977	43.2	3,925	56.8
1968 -----	5,095	48.7	5,372	51.3

Because the average cost of awards for students at public institutions is considerably less than those at private institutions, if the trend continues there should be a reduction in the average cost. Because this factor never has been included in the commission estimates, it would appear to be one of the primary reasons for consistent overestimating of the amount of the average award. As shown in Table 4 a five-year comparison of the amount originally budgeted to the amount actually expended indicates the award amount has been overbudgeted by an average of 7.5 percent per year. The unusually large difference in 1967-68 resulted primarily from unanticipated Federal Social Security amendments and economic opportunity grants that increased student income thereby reducing the grant.

Table 4

Average Scholarship Award Cost—Five-Year Comparison of Actual to Budgeted

	<i>Budgeted</i>	<i>Actual expenditures</i>	<i>Difference</i>	<i>Amount overbudgeted as a percent of actual</i>
1963-64 -----	\$630	\$573	\$-57	9.9
1964-65 -----	750	691	-59	8.5
1965-66 -----	722	701	-21	3.0
1966-67 -----	750	728	-22	3.0
1967-68 -----	800	704	-96	13.6
Five-year average --	\$730	\$679	\$-51	7.5

Based on the past three years' experience a reduction of \$20 would be a reasonable estimate for measuring this trend of actual awards being less than budgeted awards. This would reduce the average cost from \$825 to \$805 resulting in a reduction of \$273,660 from the amount budgeted for scholarships.

For those students who wish to accelerate their progress to a degree by attending summer quarters, the statutes authorize a proportionate increase in the amount of the award. An amount of \$37,500 has been provided for this purpose. Staffing increases include one financial needs analyst and additional clerical time based on workload increases associated with expansion of the program.

State Scholarship and Loan Commission—Continued

GRADUATE FELLOWSHIP PROGRAM

We recommend approval as budgeted. Financial assistance to graduate students was started in 1965 with the establishment of the Graduate Fellowship Program. The primary objective of the program is to increase the supply of college and University faculty, and priority is given to those fields where there is a critical shortage of teachers. An additional objective similar to the scholarship program is to assist in the diversion of students from public to independent colleges thereby saving state funds and assisting independent colleges to expand enrollment.

The number of nonrenewable awards authorized each year is equal to 2 percent of the total number of baccalaureate degrees awarded the previous year by California institutions. The amount of the award is limited to the full cost of tuition and fees at the institution he attends.

The proposed budget in 1969-70 for the Graduate Fellowship Program is \$1,240,850, which is 8.9 percent of commission expenditures. The budget increase of \$380,937, or 44.3 percent, is composed of \$370,000 for fellowship awards and \$10,937 for related administrative costs.

A total of 1,100 awards is estimated in 1969-70 at a cost of \$1,210,000, or \$1,100 per award. The increase of \$100 in the average award is related to tuition and fee increases anticipated at a number of colleges. The increase in administrative costs provides for the addition of a program supervisor and related costs.

GUARANTEED LOAN PROGRAM

We recommend approval as budgeted. This program was authorized in 1966 to provide central state administration of this federal loan program. The program is designed to provide low interest loans to college students whose adjusted family income is less than \$15,000 a year. Through the use of federal reserve funds, the commission is authorized to guarantee loans made by private lending institutions at interest rates not to exceed 6 percent. While the student is in college the federal government pays the full interest and after graduating the student pays one-half of the interest.

The first loan was made in November of 1966 and since that time the commission has guaranteed 17,652 loans totaling \$14,795,000 for California students. All federal funds were encumbered in 1967 and since that time the commission has been unable to guarantee additional loans. The present function of the program is to provide necessary administration for the outstanding loans and in recognition of this reduced responsibility the 1968-69 budget was adjusted accordingly.

The budget request for this program is \$65,204 representing an increase of \$7,256, or 11.1 percent over 1968-69. Most of the increase is for operating expenses related to collection costs and data processing services.

Funding is from a special appropriation of \$92,601 in Item 123 from the State Guaranteed Loan Reserve Fund. This represents interest earnings generated by federal funds deposited in the special fund as a reserve to guarantee payments on defaulted loans. The appropriation is

State Scholarship and Loan Commission—Continued

based on the costs identified in the line-item budget rather than the level allocated in the program budget.

ADMINISTRATION

Administration is budgeted at \$65,013 in 1969-70 for an increase of \$5,851 or 9.9 percent. Included in this function is the executive director, assistant executive director and central clerical time. Of the increase, staff benefits and rental space are the most significant items and are based on identifiable needs.

We recommend that the Scholarship and Loan Commission perform an inventory of student financial assistance and that procedures be established so that this is accomplished on a continuing or periodic basis. We further recommend that the budget be increased by \$6,300 to provide for this study in 1969-70. Because of the increasing concern to provide equal access to higher education, there has been a growing interest in student financial assistance programs as a means of eliminating one of the barriers that students face. Prior to the development of new programs, it is imperative that the level and scope of existing programs be known. Presently there is no central source for gathering this information. In 1968 the Coordinating Council for Higher Education inventoried student aid in California for 1966-67 but this data was not comprehensive in that it did not include all private colleges or junior colleges nor were all federal programs accounted for. Since this survey no attempt has been made by the council or any other group to update the information. We think this information should be available on a current and continuing basis and that the Scholarship and Loan Commission is the appropriate agency to perform this inventory.

The Scholarship and Loan Commission has continuing lines of communication with the financial aids officers of most of the institutions of higher education in the state. The nature of the commission's operation is a fact-gathering one which can be easily adopted to such a survey. The recommended augmentation of \$6,300 will provide consultant and clerical time (\$2,000), data-processing time (\$2,500), and related administrative costs (\$1,800).

COLLEGE OPPORTUNITY GRANT PROGRAM

We recommend approval as budgeted. The budget proposes \$1 million in Item 121 for this new program authorized by Chapter 1410, Statutes of 1968. The program is designed as a pilot demonstration to assist students who are disadvantaged by using experimental methods and subjective judgments as well as conventional selection methods. The objective is to develop financial assistance programs that will increase access to higher education for disadvantaged students.

Under the statutes 1,000 grants are authorized to cover living expenses, transportation, supplies and books, up to a maximum of \$1,100 each. An additional amount is authorized for tuition and fees. The statutes require a yearly report to the Legislature on progress made under this program.

Legislative intent specifies that primary emphasis be directed to the public community college level, but how this will be interpreted by the

State Scholarship and Loan Commission—Continued

commission at this stage is unclear. Broad discretion is granted to the commission to define a disadvantaged student as well as to develop selection procedures.

The budget of \$1 million provides for award funds of \$915,000 and eight new positions for administration.

BOARD OF CONTROL

Item 124 from the General Fund

Requested 1969-70 -----	\$121,636
Estimated 1968-69 -----	106,637
Actual 1967-68 -----	106,318
Requested increase \$14,999 (14.0 percent)	
Increase to improve level of service \$10,000	
Total recommended reduction -----	\$11,296

SUMMARY OF RECOMMENDED REDUCTIONS

	Amount	Analysis page
Delete proposed administrative assistant from the Board of Control element -----	\$9,396	495
Delete one-half man-year from the Merit Award Board element -----	\$2,900	495
Augment printing by -----	\$+1,000	495

ANALYSIS AND RECOMMENDATIONS

We recommend the elimination of one-half man-year (\$2,900) now assigned to the Merit Award Program. We recommend an augmentation of \$1,000 in the expense schedule to be used for publicizing the employee suggestion program. We recommend denial of a new administrative assistant position (\$9,396) for the Board of Control.

This budget request funds the staff positions for both the three-member Board of Control and the seven-member Merit Award Board. Even though 3.4 man-years of staff time is devoted exclusively to Merit Award Board duties, all 10 persons on the staff are under the day-to-day supervision of the Secretary to the Board of Control.

The Merit Award Board

The Merit Award Board staff processes employee suggestions from their receipt through investigation and recommendation to the board. Table 1 shows the volume of suggestions offered by state employees over the past four years and as projected for the budget year. It is evident that the number is declining rapidly.

Table 1
Annual Total of Employee Suggestions

	1964-65	1965-66	1966-67	1967-68	1968-69
Suggestions offered -----	2,609	3,001	3,513	3,394	2,592 ¹
Change from prior year----		+15%	+17%	-3.4%	-23.6%

¹ Prorated for fiscal year based on experience through January 31, 1969.