

Higher Education

been earned on the contingency reserve over a 30-year period, assuming that the administration's proposal to expend \$72 million from the Contingency Fund in the budget year is approved. This would result in an additional General Fund expenditure of \$5 million per year for 30 years for repayment of the principal with interest. Thus, the system estimates that the proposed use of \$72 million from the contingency reserve in the budget year will cost the General Fund approximately \$78 million over a 30-year period (i.e., \$150 million less \$72 million), if the system is to be put on a funded basis as proposed.

We believe the use of the contingency reserve for the payment of current benefits in the budget year would be fiscally inconsistent and wrong. The taxpayer cost for such action will be more than double the one-time savings which will be realized. On the other hand, if the present "pay-as-you-go" method of financing is continued, we believe that the contingency reserve should be only gradually liquidated as recommended by the joint committee's actuary report. We again point out, however, the great rise in costs inherent in the present method of financing the system, and emphasize that if the system is placed on a funded basis, retention of a reserve with application of the earnings from its investment will ease the General Fund burden. Conversely, exhausting the reserve in one year to help balance the budget merely defers and compounds the latter problem.

Recommended Augmentation

We recommend an augmentation of \$72 million to this item provided that legislation (similar to AB 1307 of the 1970 session) is enacted to place the State Teachers' Retirement System on a more nearly funded basis. This augmentation would eliminate the need to use contingency reserve funds in the budget year and save \$78 million in General Fund repayment costs over the next 30 years.

HIGHER EDUCATION

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General Summary—Continued

SCOPE AND FUNCTION

California's system of public higher education is the largest in the nation and currently consists of 121 campuses serving over one million students. 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 Donahoe 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

Instruction is basic to all segments of higher education. In addition to this function 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.

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, Davis and Irvine campuses. Hastings College of the Law in San Francisco, although affiliated with the University, operates under a separate statutory board of directors.

The opportunity to attend the University as an undergraduate student 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

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 State College system comprised of 19 campuses is 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. 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.

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.

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 92 campuses that comprise the system. 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 board is directed by statute to 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 exception such as apprentice training, previous military service and educational potential.

Coordinating Council for Higher Education

The Coordinating Council for Higher Education is an advisory body created under the Donahoe Act to provide a coordinated review of the higher education system including both public and private segments. The council advises the Governor and Legislature as well as the governing boards of the three public segments on matters pertaining to state financial support, long-range physical development, new programs and other concerns. Chapter 879, Statutes of 1970, reduced the number of council members from 18 to 10 including six members representing the general public and one representative each for each of the four higher education segments.

ADMISSION AND ENROLLMENT

The three segments of California's public higher education system admit students on the basis of varying ability and achievement levels. The statutes require that any high school graduate must be admitted to a public community college and additional authorization is granted to admit any person who is 18 years of age. Although the respective governing boards establish the admission standards for the state colleges and the University, these standards have been in conformity with guidelines established in the master plan. As a result standards are set for admission to the state colleges with the intent to restrict the admission of freshmen to those who were in the top one-third of their high school class. At the University, admission standards are intended to limit freshmen to the top one-eighth of their class.

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General Summary—Continued

For admission to advance standing at the state colleges and University, transfer students are required to have a grade point average of 2 and for those students not originally eligible to enroll as freshmen at the University a 2.4 average is required. Both segments require a bachelor's degree for admittance to graduate study but individual departments at the University usually establish additional requirements.

Both the University and state colleges are allowed to waive admission standards for selected students with academic promise. The original master plan guidelines provided for a 2-percent level of waivers but to accommodate disadvantaged students this was increased to 4 percent.

University policy places higher admission standards for undergraduate nonresidents than for California residents. Whereas resident students accepted as freshmen come from the upper one-eighth of the high school graduates, only nonresident students in the upper one-sixteenth of the graduates are admitted.

The University provides for a uniform system of undergraduate admissions. Applications accepted at any campus entitles the student to attend the campus of his choice if facilities are available. At the state colleges a similar common admissions program has been established for the fall 1971 term under a coordinated agreement between the University and state colleges. All state campuses agreed to accept and give equal consideration to all applications filed during the month of November 1970.

Enrollment data is the major factor used for evaluating the budgetary needs of higher education for both support and capital outlay. As a result accurate projections of student demand are necessary if the master plan objective to provide higher education services to all qualified students is to be accomplished. It should be emphasized that this objective of the master plan was intended to apply to the entire higher education system rather than to each segment separately.

The master plan survey team anticipated that all qualified students might not be provided for at the campus of their choice or even the segment of their choice. This was clearly the concept of the recommendation to redirect students to the public community colleges by establishing a 1975 goal of 40 lower division students to 60 upper division students at both the University and the state colleges. The only method available to the segments to redirect students to the community colleges is to deny those students admission under the assumption that the students will enroll in a community college.

Enrollment estimates included in the budget are reported in a different manner for each segment. University 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.

The enrollment data for the three segments of public higher education is provided in Table 1.

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Table 1
Annual Enrollments

	<i>Actual</i> 1969-70 <i>FTE</i>	<i>Estimated</i> 1970-71 <i>FTE</i>	<i>Proposed</i> 1971-72 <i>FTE</i>
University of California			
Lower division -----	30,146	30,196	30,780
Upper division -----	41,857	41,799	41,799
Graduates -----	32,245	30,357	32,092
Totals -----	104,248	102,352	106,059
California State Colleges			
Lower division -----	49,904	58,935	64,248
Upper division -----	104,259	113,711	124,345
Graduates -----	27,091	29,344	32,127
Totals -----	181,254	201,990	220,720
Community Colleges	ADA	ADA	ADA
Totals -----	362,475	399,151	427,400
Grand totals -----	647,977	703,193	754,179

EXPENDITURE SUMMARY

The proposed total and state expenditures for higher education in 1971-72 are shown on Table 2. Proposed expenditures for 1971-72 represent approximately the same level of support for higher education as in the current year. There are no General Fund moneys in the estimated capital outlay budget of \$112,016,000.

Table 2
Proposed 1971-72 Expenditure Summary for Higher Education
(Thousands)

	<i>Support</i>		<i>Capital outlay</i>		<i>Total</i>	
	<i>All funds</i>	<i>General Fund</i>	<i>All funds</i>	<i>Fund</i>	<i>All funds</i>	<i>General Fund</i>
Coordinating Council for Higher Education -----	\$942	\$458	--	--	\$942	\$458
University of California ¹ -----	603,800	337,090	\$44,403	--	648,203	337,090
Hastings College of the Law -----	1,356	1,299	--	--	1,356	1,299
California State Colleges -----	327,353	315,972	49,350	--	376,703	315,972
California Maritime Academy -----	1,006	791	--	--	1,006	791
Community colleges -----	1,080	980	18,263	--	19,343	980
State Scholarship and Loan Commission -----	20,031	20,000	--	--	20,031	20,000
Community colleges extended opportunity program -----	3,350	3,350	--	--	3,350	3,350
Total -----	\$958,918	\$679,940	\$112,016 ²	--	\$1,070,934	\$679,940
State expenditures as a percent of total expenditures		70.9%				63.5%

¹ All expenditures included except those for special federal research projects.

² This includes \$23,900,000 of University student fee funds for academic facilities, \$6,147,000 of other University funds for nonacademic facilities, \$14,356,000 of federal funds for health sciences facilities, \$36,497,000 of borrowed funds for state college residence facilities, \$12,852,000 for state college student health facilities from special health fees, \$7,752,000 for academic facilities from community college local funds and \$10,511,000 for the same purpose from state bond funds.

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General Summary—Continued

MAJOR SOURCES OF SUPPORT FOR HIGHER EDUCATION IN CALIFORNIA

A summary of the funding of current expenditures for higher education in California for the last completed fiscal year, 1969-70, is shown in Table 3. The total expenditure figure for the University of California of \$740.1 million excludes \$292.1 million of federal funds supporting special research projects.

The California State Colleges' operating budget for 1969-70 totals \$347.8 million and does not include \$21.2 million in federal funds for college research, institutions and special projects.

Our estimate for the community colleges is based on projections from 1968-69 data. This is necessitated by the lack of more current information due to the late reporting schedule on official community college data.

Approximately \$1.5 billion was expended for higher education support in 1969-70. Of this amount \$760.2 million (or 49.4 percent) was from state funds, \$295.8 million (or 19.2 percent) was from local support, \$200 million (or 13.0 percent) was from federal support and the remaining amount totaling \$282.3 million (or 18.4 percent) came from student fees and other sources.

AVERAGE COST PER STUDENT

There are numerous ways to develop average cost per student data. A common method is to divide total expenditures by the number of students. Because this is a simple calculating procedure, these are the figures most often used in institutional budget presentations. There are other more complex methods of calculating these average costs. Data can be computed using head-count students rather than FTE students, costs can be shown using constant dollars rather than inflated dollars, and expenditures can be allocated on the basis of student-related expenditures as opposed to nonstudent-related programs such as research and public service.

Use of Cost-per-Student Data

Average cost data have several uses. They can be used for performance analysis and, to a certain degree, as a measure of accountability. For the purpose of planning, they can be used to establish financial trends and evaluate changes over a period of time. When the cost data are constructed with a consistent methodology, it is possible to compare relevant cost factors among institutions. Such information is understood generally and is in constant demand. Unfortunately, no cost-per-student data is available that meets these needs because none of the methods provide cost-per-student averages by level of student or by discipline.

We believe that comparisons between programs or institutions cannot be made until this information is available.

The most common request for cost-per-student data is one related to a need to compare the costs at one institution to another. Significant program decisions are evaluated on the basis of cost-per-student averages and we believe that certain data is so unreliable that these decisions suffer the same degree of unreliability.

Table 3
Expenditures for Higher Education Current Expenses by Source of Funds 1969-70
 (Thousands)

<i>Institutions</i>	<i>State support</i>	<i>Local support</i>	<i>Federal support</i>	<i>Student fees</i>	<i>Other</i> ²	<i>Totals</i>	<i>Percent</i>
University of California -----	\$329,560	--	\$175,168	\$60,989	\$174,384	\$740,101	48.1%
California State Colleges -----	284,963	--	19,120	25,013	18,750	347,846	22.6
Community colleges ¹ -----	126,756	\$295,767	4,000	2,200	--	428,723	27.9
Other agencies ³ -----	18,872	--	1,262	951	26	21,111	1.4
Totals -----	\$760,151	\$295,767	\$199,550	\$89,153	\$193,160	\$1,537,781	100.0%
Percent of totals -----	49.4%	19.2%	13.0%	5.8%	12.6%	100.0%	

¹ Estimated.

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

³ Includes Hastings College of the Law, the California Maritime Academy, the Coordinating Council for Higher Education, the State Scholarship and Loan Commission and the Board of Governors of the Community Colleges (including EOP).

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General Summary—Continued

It is commonly assumed that it is less expensive to provide an education to a lower division student in the community colleges than it is at the state colleges and the state colleges are less expensive than the University. This conclusion is usually arrived at by comparing average cost-per-student data for all students at each segment rather than comparing only lower division students. The University has always claimed that graduate students are more expensive to train than undergraduate students and that some disciplines (medicine) are far more expensive than others (history). Also because of the University's extensive use of teaching assistants for lower division instruction, the average salaries to be allocated to lower division instruction at the University may be less than at the state colleges or the community colleges.

For these reasons we have always pointed to the need for developing cost-per-student data by level of student and by discipline in order to compare and evaluate institutional differences.

Coordinating Council Study

This was our objective when in our 1967-68 analysis we recommended that the Coordinating Council for Higher Education in cooperation with the University of California develop average cost-per-student data. The Senate Finance Committee requested the council to develop similar information for both the state colleges and the junior colleges.

In its report to the Legislature entitled Cost-per-Student Computations in California Public Higher Education, the council attempted to develop data which would identify the enrollment-related costs at each institution but it was unable to develop a method for determining these costs by level of student or by discipline. The council suggested that to accomplish this a major cost study would be required. At that time we noted that the figures for each institution are not directly comparable inasmuch as they are produced from systems which budget and account for their funds in different ways, because full-time equivalent students are calculated differently in each system and because the total costs of each system reflect the different educational functions assigned to each.

Major Obstacles

Any attempt to develop uniform average cost-per-student data by level of student and by discipline must overcome several major obstacles. These are as follows:

1. **Uniform Counting of Students.** There are presently several alternative methods of counting a student. Student totals can be on the basis of head count, full-time enrollment or average daily attendance. Although the University and state colleges report FTE students, the community colleges report data on an average daily attendance basis.

2. **Uniform Reporting by Level of Students.** Even though students may be counted uniformly as full-time students there is no assurance that reporting by level of student is accurate. We have noted in the past that University enrollment statistics include a distribution of stu-

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dents by level of enrollment while the distribution at the state colleges is made on the basis of level of instruction.

3. Uniform Accounting and Budgeting. To develop appropriate cost data for allocation by student, one must be assured of uniform accounting systems. Currently the state colleges follow the state's uniform accounting system as prescribed in the State Administrative Manual. The University, because of its constitutional independence, uses its own accounting system. The community colleges follow neither system and there is great nonuniformity between individual community colleges.

4. Different Missions of the Segments. Under the master plan each segment has different missions. The University is designated in the Donahoe Act as the "primary state-supported agency for research" and a significant amount of costs is associated with research at the University. A small amount is performed at the state colleges and little is performed at the community colleges. Decisions as to how to allocate these costs to students should be uniform. For instance, how much of library costs are research related and instructional related?

Future Potential

Although there are no data currently available that would allow us to develop reliable figures, this may be corrected in a few years.

A broad-based project now underway involving the higher education community with the Department of Health, Education, and Welfare is designed to produce a set of comprehensive cost-finding principles covering all activities conducted by the nation's colleges and universities. The principles will provide the means for measuring, through the use of cost-finding techniques, the costs of all research, instruction, and public service programs, including those performed under grants and contracts from federal, state, and local government sources.

The Western Interstate Commission for Higher Education (WICHE) is developing, and will later test and refine, the cost-finding principles under a two-year contract with HEW. The cost-finding principles project is linked with WICHE's Planning and Management Systems Program, which involves more than 500 colleges and universities throughout the United States (page 848).

It is hoped that the development of these cost-finding principles will provide the means for determining the institutional costs by level of student and field of study.

The principles will be developed in two phases. By February 1971, the end of the first phase, preliminary principles will be formulated. A pilot test and refinement of the preliminary principles comprise the project's second phase, which is scheduled for completion by April 1972.

The principles will then be evaluated by HEW staff in cooperation with other sponsoring agencies and higher education representatives. Since the principles are intended to be applicable to all institutions of higher education, it may be necessary to test them at a large number of colleges and universities before they are put into effect.

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General Summary—Continued State College and University Data

Table 1 shows the state cost per full-time student for 1970-71 at the state colleges, University and Hastings College of Law. The data are displayed for each campus by increasing average costs. Comparisons of one campus to another within the University system points out how difficult it is to make meaningful comparisons with this type of information. It is apparent that the larger the campus the lower the cost per student, which reflects economies of scale.

Table 1
State Cost per FTE Student—1970-71

California State Colleges		University of California	
San Fernando Valley -----	\$1,278	Santa Barbara -----	\$1,919
Long Beach -----	1,322	Berkeley -----	2,769
Hayward -----	1,398	Los Angeles -----	2,869
San Diego -----	1,406	Santa Cruz -----	2,892
Sacramento -----	1,410	Irvine -----	3,153
Fullerton -----	1,434	Riverside -----	3,378
San Luis Obispo -----	1,460	Davis -----	3,919
San Jose -----	1,468	San Diego -----	5,160
Los Angeles -----	1,473	San Francisco -----	10,083
Chico -----	1,530		
Fresno -----	1,547	Systemwide average -----	\$3,303
Pomona -----	1,585	Hastings College of the Law--	988
San Francisco -----	1,662		
Humboldt -----	1,850		
Stanislaus -----	1,945		
Sonoma -----	1,964		
San Bernardino -----	2,301		
Dominguez Hills -----	2,328		
Bakersfield -----	3,451		
Systemwide average -----	\$1,502		

STUDENT CHARGES

Tuition and fees are the two types of student charges utilized by California's system of higher education to gather additional revenue. 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." Although there has been a traditional policy as enunciated in the master plan that tuition should not be charged to resident students, there has been an equally traditional policy to charge "fees" to resident students.

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 Maritime Academy and at the University of California where a small tuition is charged to resident students in selected health sciences fields.

Although designated as an "educational fee" by the regents when it was established beginning in 1970-71, this charge is actually a tuition

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because the income has been used for construction of instructional facilities. This charge was established at \$150 per year for undergraduates and \$180 per year for graduates. This will double in 1971-72, when undergraduates will be charged \$300 and graduates will be charged \$360. At the same time the tuition in health sciences will terminate so that all resident students will pay the same fees.

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.

Other significant fees include special campus fees for student association memberships; student union fees and other special fees. In most cases these are mandatory on students and vary in amount from campus to campus.

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 is 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 1 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 1
Basic Annual Student Charges 1970-71
(Academic Year)

	<i>University of California</i>	<i>California State Colleges</i>	<i>California Community Colleges</i>
Tuition—residents			
Medicine ¹ -----	\$250	--	--
Dentistry-pharmacy ¹ ---	200	--	--
Tuition—nonresidents ---	1,200 ²	\$1,110	\$375
Foreign -----	1,200 ²	360 ³ -600	375
Tuition—educational fee ⁴			
Undergraduate -----	150	--	--
Graduate -----	180	--	--
Registration fee -----	300	108-118	0-10 ⁵
Application fee -----	10 ⁶	20	--
Campus mandatory fees---	21-69	52-72	--
Auxiliary services fees			
Room and board -----	1,050-1,200	938-1,149	--
Parking -----	18-54	24-27	0-10 ⁵

¹ Terminates with 1970-71 academic year.

² Proposed for increase to \$1,500 in 1971-72 budget.

³ Proposed to increase to \$1,100 for foreign students in 1971-72 budget.

⁴ The educational fee at the University of California is paid by all students and will increase to \$300 for undergraduates and \$360 for graduates in 1971-72.

⁵ Statutory maximum for the community colleges is \$10 for parking and/or health services.

⁶ Proposed to increase to \$20 in 1971-72.

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General Summary—Continued

Tuition income usually is expended for instructional services resulting in a direct offset to the state funding requirements. In the case of the University "educational fee" the income has been earmarked primarily for construction of facilities for 1970-71 and 1971-72 but final policy for the uses of these funds has not been determined by the regents.

STUDENT AID

A primary objective of California's public higher education system is to provide equal access to all students who are academically qualified. Access to all high school graduates is provided without tuition or fee requirements throughout the community college systems. Although the state colleges and University have always required some type of student fee payment and a form of resident student tuition has recently been enacted for University students, these charges represent only a small portion of the total cost of providing this education. As a result, this "subsidy" to resident students represents the largest of California's student aid programs.

In addition there are several statewide student aid programs. The competitive scholarship program for undergraduate students and the fellowship program for graduate students provides grants up to the amount of tuition and fees to scholars of high academic ability who have financial need. The college opportunity grant program provides subsidy grants to disadvantaged students primarily at the community colleges. In 1971-72 nearly \$20 million is provided for these programs, serving over 24,000 students.

Inventory of Student Financial Aid

The 1969-70 budget for Scholarship and Loan Commission provided for an inventory of student financial aid to determine the level and scope of existing programs in order to more accurately assess the need for changes in student aid programs.

The commission in February 1970 surveyed all public and private institutions of higher education to determine the kinds of aid available, the dollar amounts available and the number of students served. Because the data received were more comprehensive for undergraduate students than for graduate students, a preliminary report was issued in June 1970 showing data for undergraduate aid. As of this writing, the graduate aid report has not been completed but some data are presently available from the commission.

The survey was not restricted to aid solely administered by the financial aid offices at each campus. An attempt was made to collect information on off-campus administered aid such as the G.I. Bill, OASDI benefits, etc.

Table 1 shows the total dollar level of student aid by type of aid and level of student for both public and private institutions. Campus-administered aid exceeded \$220 million in 1969-70 for an increase of \$32.5 million or 17 percent from the previous year. In addition the public segments reported \$103.8 million in off-campus aid for undergraduates. No data were available from the private institutions for

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this type of aid. For noncampus-administered graduate aid only the University of California was able to provide figures and it is questionable whether these should be considered reliable because of the difficulty in identifying these students from campus records.

One conclusion that can be reached is that the amount of student aid available from sources other than those administered by the campus is slightly greater than the amount contracted by the campus. If outside employment were considered, this difference would be substantially greater.

Table 1
Student Financial Aid
By Type of Aid and Level of Student

	<i>1968-69</i>	<i>1969-70</i>
Campus-administered aid		
Undergraduates		
Scholarships -----	\$22,357,273	\$27,174,996
Grants -----	14,634,208	23,557,872
Loans -----	49,842,070	59,935,766
Employment -----	15,705,897	18,133,293
Total undergraduate aid-----	\$102,539,448	\$128,801,927
Graduates		
Fellowships scholarship and grants-----	\$38,557,717	\$39,280,887
Loans -----	18,488,558	21,095,222
Employment -----	28,051,802	30,891,204
Total graduate aid-----	\$85,098,077	\$91,267,313
Totals -----	\$187,637,525	\$220,069,240
Off-campus-administered aid		
Undergraduates ¹ -----	(\$89,264,932)	(\$103,793,885)
Graduates ² -----	(2,284,172)	(3,146,199)

¹ Excludes private institutions which were not reported.

² University of California only.

Because previous surveys were directed to data relating solely to campus-administered aid, segmental comparisons were usually distorted. If one compares the direct student aid funds (excluding loans or employment aid) per total FTE undergraduate enrollment of the three public segments, the data would show \$16 at the community colleges, \$52 at the state colleges and \$169 at the University. If we added non-campus direct aid such as the G.I. Bill, OASDI benefits, etc., then the cost per FTE student changes to \$270 at the community colleges, \$247 at the state colleges and \$337 at the University. These comparisons are shown in Table 2.

The significance of this is that comparisons of campus-administered direct aid tend to point to an extremely low level of aid per student in the community colleges, but, when all other assistance is considered, the state colleges have the least amount of direct aid to the student. This change results because a large proportion of those eligible for the G.I. Bill, OASDI, war orphan grants, etc., initiate the college education at the community college level.

It is important to review direct aid separately because most requests for increased student aid funds are related to the additional need for direct aid.

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General Summary—Continued

If we add loans and employment aid to the figures in Table 2 there would be a different result. There would be \$326 per FTE undergraduate student at the community colleges, \$480 at the state colleges and \$531 at the University.

Table 3 shows the number of undergraduate recipients of campus-administered financial aid as a percent of full-time undergraduate enrollment for 1969-70. This indicates that nearly one-fourth of all

Table 2
Direct Aid¹ to Undergraduates in Public Institutions
1969-70

	Scholarships and grants	Noncampus ^a direct aid	Total
California Community Colleges			
Amount -----	\$4,163,634	\$65,016,294	\$69,179,928
Amount per FTE student -----	16	254	270
California State Colleges			
Amount -----	7,285,645	27,105,170	34,390,815
Amount per FTE student -----	52	194	247
University of California			
Amount -----	11,765,593	11,672,421	23,438,014
Amount per FTE student -----	169	168	337
Totals			
Amount -----	\$23,214,872	\$103,793,885	\$127,008,757
Amount per FTE student -----	50	223	273

¹ Direct aid excludes loans and employment assistance which are not direct income transfers.

² Off-campus aid includes G.I. Bill, OASDI benefits, etc., not directly controlled by the campus financial aid offices.

Table 3
Number of Recipients of Financial Aid as a Percent of
Full-Time Enrollment Undergraduates—1969-70

	Scholar- ships	Grants	Loans	Employment	Net undup- licated number of recipients
California Community Colleges					
Number of recipients -----	6,183	7,831	10,303	14,259	37,757
Full-time enrollment -----	256,350				256,350
Percent receiving aid -----	2.4	3.0	4.0	5.6	14.7
California State Colleges					
Number of recipients -----	6,063	9,238	27,634	7,721	42,531
Full-time enrollment -----	139,390				139,390
Percent receiving aid -----	4.3	6.6	19.8	5.5	30.5
University of California					
Number of recipients -----	6,885	9,355	12,539	4,946	23,421
Full-time enrollment -----	69,507				69,507
Percent receiving aid -----	9.9	13.4	18.0	7.1	33.7
Private Colleges and Universities					
Number of recipients -----	16,666	7,778	14,871	5,840	19,111
Full-time enrollment -----	61,775				61,775
Percent receiving aid -----	27.0	12.6	24.1	9.4	30.9
Totals, All Segments					
Number of recipients -----	35,797	34,202	65,347	32,766	122,820
Full-time enrollment -----	527,022				527,022
Percent receiving aid -----	6.8	6.5	12.4	6.2	23.3

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undergraduate students received some form of student aid in 1969-70 and this percentage is apparently increasing. If outside aid were included the percentage would increase substantially.

GOVERNOR'S TASK FORCE STUDY OF HIGHER EDUCATION

The executive branch of government has had under study for several months many of the elements affecting higher education budgets. These studies, involving numerous state employees and nonstate personnel, are commonly referred to as the *Governor's Task Force Study of Higher Education*. Although responsibility for supervision and control of these studies is centered in the Department of Finance, many of the personnel directly involved have been "loaned" from numerous other state departments and agencies.

In November 1970 our office was briefed on the goals and objectives of the various task forces. Following is a listing of the studies and estimated completion dates then projected. Where we have additional information regarding the status of these studies, our comments are also included.

1. Institutional Workload

This involves the collection and evaluation of data relating principally to faculty workload. Data such as student enrollments by level of student, number of courses per student and faculty and class size were analyzed to determine such things as the teaching effort per student credit hour, the teaching effort at each faculty rank, and the average class size.

Completion of this study was scheduled by January 1, 1971. Although it is clear that information from this study generated some specific budget decisions, particularly in relation to state college faculty, to our knowledge there is no formal report released by the task force that would support these decisions.

The Governor's Budget includes several references to results of this study, all directed to the conclusion that faculty at the University and the state colleges were working below productivity. We have requested information to support these conclusions, but as of the time of this analysis the results still remain confidential.

2. Graduate Studies

A survey of graduate programs is to be made to provide information needed to evaluate the supply and demand of specific programs by discipline. A final report was scheduled for May 1971. It is our understanding that the staff of the Coordinating Council for Higher Education is directly involved in this study and as a result this will be presented to the council and the report will be public.

3. Funding Alternatives

This study is designed to evaluate such policy proposals as tuition, voucher systems, tax credits and other funding alternatives that may be used for higher education. Also to be considered is the question of public aid to the private segment of higher education. We have heard nothing as to the activity of this study group.

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General Summary—Continued

4. Research and Public Service

This study is a general survey of research and public service programs to determine how decisions are made to establish programs, what review or evaluation procedures for existing programs are available and on what basis programs are terminated. No indication of the results of this study have been released.

5. Financial Aids

A general review of student financial aid resources and economic opportunity programs is designed to determine the existing program levels as well as a general review of program needs. Emphasis will be put on review of economic opportunity programs. Although we understand that some meetings have been held by this task force, we have no knowledge of the results.

6. Tuition for Nonresident Students

This study is designed to determine the proper level of tuition charges for nonresident students. Also the legal problems regarding residency laws was to be evaluated. Although this study has been completed it is still considered confidential and has not been made public.

7. Facilities Utilization

This is concerned with higher education's ability to increase utilization of existing space. Expansion of the historic pattern of summer and/or Saturday usage was also to be considered. This study has been completed, but at this writing it is still confidential.

8. Maritime Academy

This is an evaluation of the entire program to determine the necessity to continue the school. This was also the subject of a legislative committee in a public hearing.

9. Vocational Education

Although primarily concerned with K-12, the study also will review the community college vocational education programs. The overall study will be concerned with identification of the state's interest in these programs. Because this study was started later than the others, we do not anticipate early results.

MANAGEMENT INFORMATION SYSTEMS IN HIGHER EDUCATION

Background

In the past several years the Legislature has been interested in the development of a useful program budgeting system for all state agencies including institutions of higher education. Assembly Resolution No. 371 of the 1967 Regular Session directed the Coordinating Council for Higher Education in accordance with its responsibility "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." In the 1969-70 Analysis we stated that the council has a greater responsibility than just keeping advised of the segment's progress. We believe the council should provide leadership through recommendations based on a critical analysis of each segment's efforts.

We pointed out that proper development of a program budget system is important in order to obtain useful information on program costs and benefits. The University and state colleges were initiating program budgets by independently developed program output formats to fit their own criteria. If this situation continued it is quite foreseeable that the results would produce different types of output data concerning similar programs, thus negating any attempts to relate segmentwide programs costs and performances. As an example, 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 department and discipline units or may not consider it important to report any costs for this activity.

WICHE Management Information System

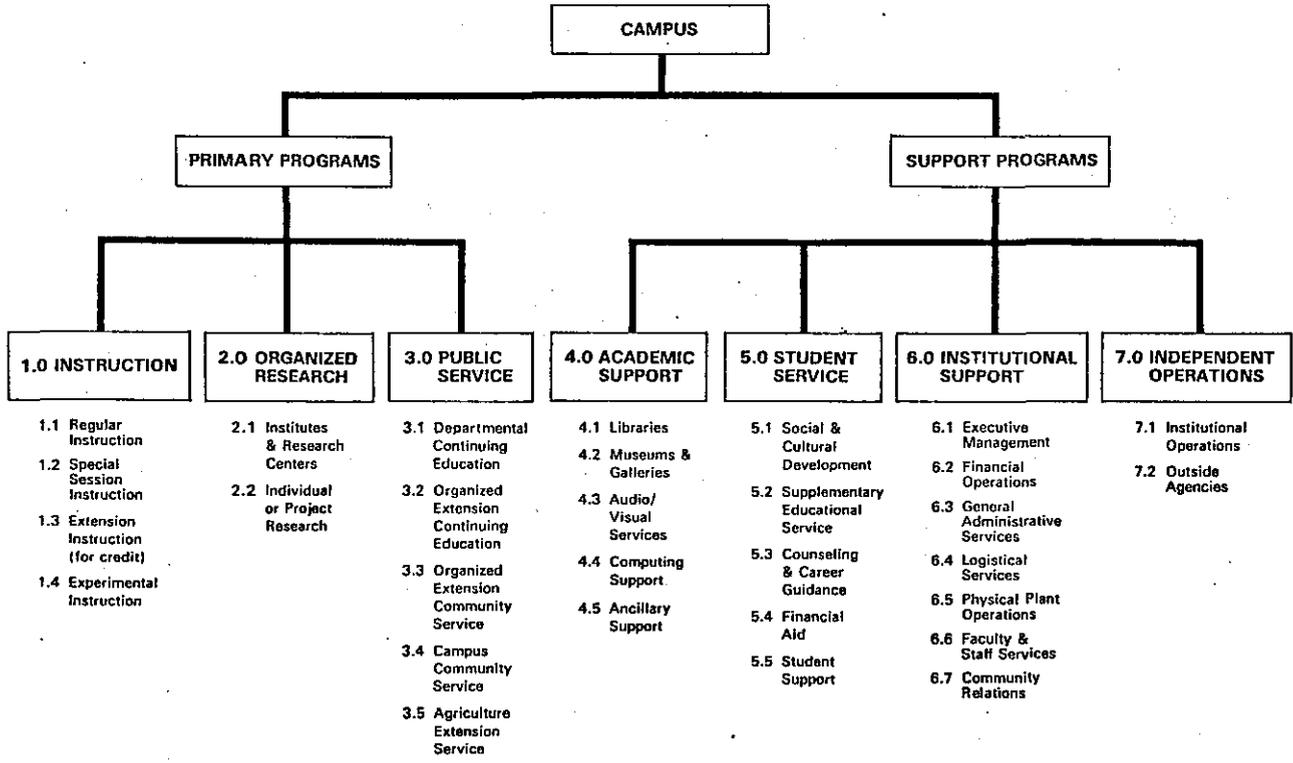
During the 1970 budget hearings, attention was focused on a major nationwide effort directed at providing a program budget system useful throughout various systems of higher education. The effort is being coordinated by the Western Interstate Commission for Higher Education under its Management Information Systems Program. Participants include the California State Colleges, the University and the CCHE along with the remaining western states, New York and Illinois. The major elements of the program are (1) the program classification structure, (2) the cost-finding principles project, and (3) the outputs of higher education project.

Program Classification Structure

A Program Classification Structure has been developed to provide a consistent means of identifying and organizing the activities of higher education in a program-oriented manner. It should be viewed as the basis for subsequent WICHE MIS projects in that the Program Classification Structure provides a standard framework for arraying the broad range of institutional data. It is not intended to be a replacement for existing data systems, but has been designed to supplement the institution's own unique data system.

Table 1 outlines the structure.

**Table 1
Organization of the Program Classification Structure**



The design of the Program Classification Structure assumes that each institution will develop internal transformation routines to convert data from the institution's record system to the Program Classification Structure format. Together with the WICHE MIS Data Element Dictionaries, the Program Classification Structure provides the basic foundation for developing a common language to facilitate the exchange of management information among institutions.

The Role of the Program Classification Structure

The need for a more complete understanding and analysis of the functions and programs of colleges and universities is increasingly being acknowledged by the academic community. Often, the information required by decisionmakers is not readily available under the current mode of operation, since it is difficult to associate costs with major programs that serve the institution's objectives. Standard college and university accounting structures tend to identify line item expenditures with organizational units. They rarely provide the means for aggregating data in relation to institutional program goals and objectives.

The WICHE MIS project is an attempt to improve planning and analysis by relating resource information to the achievement of institutional objectives. Such information is necessary in order to evaluate the costs and benefits of alternative programs. The Program Classification Structure has been developed to facilitate comparison of information by providing a foundation for achieving comparability in exchange of institutional data.

Program Classification Structure in Budgeting

The program classification structure is not, per se, a program budgeting system. There is, however, an obvious relationship between the two. The development of a program structure represents an essential first step toward implementing a program budget system. The structure presented is but one of several alternative structures that could be used for higher education program budgeting. Although it has been developed in a generalized manner to accommodate a wide variety of educational institutions, the program classification structure is relatively consistent with the current program budgeting efforts of some of the major institutions of higher education including the University of California, the State University System of Florida, Ohio State University and University of Toronto.

The Cost-Finding Principles Project

As has been pointed out by the state college staff, merely adopting the WICHE program classification structure is not sufficient to establish a program budgeting system. Neither will it enable meaningful comparisons to be made among the different programs and between the different segments of higher education. The WICHE classification of programs can serve only as a set of containers for different cost items. A comparison, however, within and between the different segments will be meaningless, if not impossible, until common cost-finding principles are adopted. Such common cost-finding principles need to be developed and agreed upon, or alternatively, imposed by legislative author-

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General Summary—Continued

ity. In order to make the WICHE program classification structure operational, one needs an allocative mechanism as well as an explicit set of parameters according to which different cost items will be allocated. For example, since the costs of faculty positions are joint expenditures for both the program instruction and the program research, an allocation rule is needed.

In response to the above concern, a project is now underway involving the higher education community with the Department of Health, Education and Welfare designed to produce a set of comprehensive cost-finding principles covering all activities conducted by the nation's colleges and universities. The principles will provide the means for measuring, through the use of cost-finding techniques, the costs of all research, instruction, and public service programs, including those performed under grants and contracts from federal, state, and local government sources.

The Western Interstate Commission for Higher Education is developing, and will later test and refine, the cost-finding principles under a two-year contract with HEW. The principles will be developed in two phases. By February 1971, the end of the first phase, preliminary principles will be formulated. A pilot test and refinement of the preliminary principles comprises the project's second phase, which is scheduled for completion by April 1972.

The principles will then be evaluated by HEW staff in cooperation with higher education representatives. Since the principles are intended to be applicable to all institutions of higher education, it may be necessary to test them at a large number of colleges and universities before they are put into effect.

Measuring Outputs of Higher Education

The final phase of the WICHE MIS effort is to define and measure the outputs of higher education. Initial efforts on this project began in May 1970 and are too preliminary to evaluate at this time.

1970 Legislative Action

The Conference Committee Report on the 1970-71 Budget Bill requested the state colleges and University to evaluate the WICHE program classification structure system in terms of utilizing it in future program budgets. The CCHE assumed a coordination role in developing the segments response which was explained in a letter from the council's director to the Joint Legislative Budget Committee on May 18, 1970, stating:

"For some time the segments of higher education and the Coordinating Council have been assisting in the development of the programs associated with the WICHE Management Information System. The WICHE project has grown from one involving only the 13 Western States to one that is becoming national in scope.

"So far, the council has not considered it necessary to coordinate the participation of California's segments of higher education in the

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projects. However, the development of the system has now reached a point where our staffs believe it has become desirable to consider establishing a uniform approach for the implementation of this system. This will require a consensus of all systems of higher education and appropriate agencies of government in the overall coordination and planning."

A meeting was held in the CCHE offices on June 16, 1970, with WICHE representatives. One purpose of the meeting was to gain some consensus from the segments as to the feasibility of the WICHE system. Such consensus did not develop.

On July 2, 1970, the Director of the CCHE again wrote the Joint Legislative Budget Committee, stating:

"Following our first exploratory session on June 16, with Dr. Ben Lawrence and his staff, it became apparent that further consultation would be of great benefit to us, the segments and other state agencies concerned with the possible implementation of the WICHE Management Information System on a statewide basis. Accordingly, agency and segmental representatives met with my staff on June 22 to arrange a seminar on the WICHE-MIS program."

The seminar was held July 24-25 from which the following responses have been produced.

Department of Finance Response

Although not specifically directed to respond on the matter, the Department of Finance became involved in the situation and in August 1970 wrote to the CCHE, stating:

"As we see it, there are two major points concerning the use of WICHE-MIS. The first, is that nearly everyone has agreed to the use of this system as a method to facilitate the exchange of information between various institutions of higher education.

"We also support this important purpose and development. Second, and far more important to us, it seems that we do not yet have a common agreement that the program structure inherent in WICHE can serve as a satisfactory basis of the program budget of the University and state colleges.

"With respect to this last point, we in the Department of Finance can reaffirm at this point that:

1. The State of California will in the future present a program budget to the Legislature.
2. Our policy is that both the University and the California State Colleges can and should present their program budgets with a common program structure which differs only where the assigned mission of the two segments differ.

"Given our position on the matter of program budgets, it seems both logical and reasonable to us that the WICHE structure can be adopted and that we should proceed, even in this forthcoming budget to begin to present the information in related fashion."

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General Summary—Continued State College Response

The position of the California State Colleges is that:

“With slight modifications the WICHE program classification can be used as a program format for California State College budget presentations. However, the required cost allocations to this new budget structure using the present accounting system will necessarily be at a high level of aggregation.

“If adopting the WICHE classification structure is expected to go beyond an alternative display of budget data in program format, it will be necessary to open a second accounting “track.” The second “track” will accumulate “program” costs using program cost centers. Since it is assumed that line-item accounting will still be required, the result will be a dual accounting system. Additional manpower and computer resources will be necessary if the California State Colleges are to implement program budgeting under these circumstances.

“Even with a program cost accounting system in operation, the prospect is small that program budgeting can become a decision-making tool worth its expense until two basic problems are resolved. First, meaningful comparison between the segments is not possible until common cost allocation rules are agreed upon or are imposed by fiat. Second, the ultimate goal of program budgeting, a cost-benefit calculus which will assist in the evaluation of competing programs, awaits the development of a basis for measuring the benefits of education. To the extent that the state’s resources are allocated to an in-depth study of these two problems, we will have a more complete program budgeting system. In the interim, the possibility of preparing cost-effectiveness studies from existing data bases should be more fully explored.

“Finally, state control and review agencies should acknowledge as well as assume their responsibility in this matter. These agencies and the segments should agree upon a program structure most reflective of the similarities and differences of the three systems of public higher education. This structure would then permit similar or different decisions, as appropriate. Furthermore, the inadequacies of any “Program Budget” should be acknowledged overtly to prevent too literal an interpretation in the developmental years. This would presumably be acceptable as long as tangible progress was evident every year.”

University of California Response

The response of the University of California is:

“The University of California plans to use the WICHE program classification structure for presenting the University portion of the 1971-72 proposed Governor’s Budget.

“The University of California considers that the WICHE program classification structure is a useful first step in initiating a planning and program budgeting system, but that other steps must be taken if major benefits are to be realized and that costs of maintaining an-

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other data classification and budgeting system justified. We suggest that acceptance of the WICHE-PCS by the State Department of Finance and the Legislative Analyst should be accompanied by a commitment to move with all deliberate speed to the development of a more meaningful planning and program budgeting system which makes the state's resource allocation decision process explicit, where the goals and missions of each program are made explicit, and where competing programs are assessed in terms of their effectiveness as well as their costs, so that better resource utilization can be achieved."

It appears that all parties agree as to the usefulness of the structure and that efforts will be made to implement it in future program budgets.

Our office supports the WICHE program classification structure and recognizes the need for certain interim accounting procedures and duplication of effort. We believe, however, that if appropriately implemented the program offers substantial benefits.

SPACE UTILIZATION

The history of facility space utilization in California dates from the 1948 report of the survey of the needs of California in higher education and was followed by the 1957 restudy of these needs. The restudy recommended a classroom utilization of 36 scheduled hours per week with class enrollments averaging 67 percent of room capacity and class lab utilization of 24 hours per week at 80 percent station occupancy. These standards were in effect until the 1960 Master Plan reduced them by concluding that evidence at that time indicated more 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 (b) utilization of labs should average 20 hours per week at 80-percent station occupancy and the newly established Coordinating Council for Higher Education should study this matter.

Space Utilization Studies of the Coordinating Council for Higher Education

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 recommended a standard that (a) classrooms be scheduled 34 hours out of a 45-hour week (8 a.m. to 5 p.m., 5 days) with the student station occupancy averaging 66 percent and (b) lower division labs be scheduled 20 hours per week at 80 percent station occupancy. Table 1 compares the classroom standard to the fall 1963 scheduled usage.

The CCHE standard was adopted and remained in effect for capital outlay planning for the state colleges and the University until 1970.

Space Utilization Studies of the Legislative Analyst

Our office has previously made recommendations to increase space utilization. In the 1969-70 Analysis we cited the fact that the defeat

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General Summary—Continued

Table 1
State College and University Classroom Utilization, Fall 1963
Data Compared to 1966 CCHE Standard

	Hours		Total	Percent of total stations occupied
	8 a.m. to 5 p.m. (5-day)	5 a.m. to 10 p.m. daily and Saturday		
CCHE standard -----	34	—	34.0	66
California State Colleges ----	25.1	4.3	29.4	72
University of California -----	27.1	1.8	28.9	57

of Proposition No. 3 in 1968 which would have provided \$200 million in bonding for higher education facilities construction, mandated re-examination of opportunities for greater utilization. In seeking information for the 1969-70 Analysis, we found three things. First, the CCHE had not updated the data produced in 1963; second, the state colleges had neither instituted formal space utilization reports into their data requirements at the Chancellor's level nor, in most cases, at the college level; and, third, the University had maintained the data in a useful form.

For the fall of 1968 we found that in comparison to the 1963 CCHE hour usage and station occupancy components of the space utilization standard, the University's classroom utilization was below standard while the state colleges' utilization was above standard on the scheduled hour component. Compared to the fall 1963 data the state colleges had increased their utilization by 12.2 hours per week (41.4 percent) while the University had not increased its utilization. In relation to full five-day utilization the CCHE standards required 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 recommended that a standard of 75 percent (53 hours) be realized. This would be accomplished by extending the current 8 a.m.-5 p.m. standard to the 5 p.m.-10 p.m. period. This relationship along with the actual segmental 1968 experience is demonstrated in Table 2.

Table 2

	Weekly room hours 8 to 10	Station occupancy percentage 8 to 10	Hours of station utilization 8 to 10
Legislative Analyst recommendation -----	53	66	35
1966 CCHE standards -----	34	66	22.4
University of California (1968 actual) -----	28.8	58	16.7
State colleges (1968 actual) -----	41.6	70	29.1

Our recommendation was based on the consideration that (1) building construction funds were scarce and (2) qualified students were being denied admission to state colleges when there appeared to be space available in the evening hours. We believed it was reasonable to recommend that the institutions which have been constructed on a standard for use between 8 a.m. and 5 p.m. to provide a balanced education program should, with the same standards, utilize the evening hours.

Current Status of Space Utilization Studies

Based on our recommendations, the 1969 Budget Conference Committee directed that "all segments of higher education are required to report by November 1, 1969, on their proposed method of how to reach a classroom utilization standard of 75 percent of the hours available between 8 a.m. and 10 p.m. Monday through Friday (53 hours). The student stations in each room shall be at least two-thirds utilized under this proposal." In addition, the Coordinating Council for Higher Education was directed to restudy its standards.

On December 3, 1969, a Ways and Means subcommittee heard the segments' responses to the conference committee charge. After due consideration of the arguments, the committee introduced ACR 151 which was adopted by the 1970 session. The resolution charges:

"That the existing space utilization standards for lecture and seminar classrooms for all segments of public higher education be changed in accordance with the recommendations of the Legislative Analyst; and be it further

Resolved, That these standards shall be used by the segments of public higher education, the Coordinating Council, the Department of Finance, and the Legislative Analyst as criteria in the review and recommendation of capital outlay expenditure requests to the Legislature; and be it further

Resolved, That the staff of the Coordinating Council for Higher Education is directed to conduct a comprehensive evaluation of these new standards, in conjunction with the space utilization report required by the 1969 Budget Conference Committee, and to report their findings and recommendations to the Legislature by January 1971; and be it further

Resolved, That this report shall include a review and recommendations on the existing space utilization standards for laboratory classrooms; and be it further

Resolved, That this report shall also include a review of the classroom utilization experience at Long Beach State College and Fullerton State College to determine what effect the comparatively high utilization has had on the educational process at these campuses."

The required council report was produced in January 1971 which inventoried all facilities of the segments as of fall 1969. The utilization data for classrooms and laboratories are summarized in Table 3.

The results of relating this data to 1963 and 1968 are shown in Table 4 for the University and state colleges.

Action will not be taken by the CCHE on its January 1971 report which supported the legislative ACR 151 action until March 1971. Concerning the issue of harmful educational effects of high space utilization the council report investigated the situations at Long Beach, Fullerton and Los Angeles State Colleges. The council found a large student acceptance of evening classes and did not encounter serious factors which would indicate that the quality of education suffers due to high utilization.

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General Summary—Continued

Table 3
Fall 1969 Facilities Utilization

	<i>Weekly room hours</i>		<i>Station occupancy</i>		<i>Station utilization</i>	
	<i>8 to 5</i>	<i>8 to 10</i>	<i>8 to 5</i>	<i>8 to 10</i>	<i>8 to 5</i>	<i>8 to 10</i>
Classrooms						
State colleges -----	31.6	39.1	76%	74%	24.0	28.9
Univ. of Calif.-----	27.5	29.2	62	60	17.0	17.5
Community colleges--	24.9	32.8	74	73	18.4	23.9
ACR 151 standard--	--	53.0	--	66	--	35.0
CCHE 1966 standard	34	--	66	--	22.4	--
Lower division labs						
State colleges -----	20.7	23.3	88	87	18.2	20.3
Univ. of Calif.-----	16.3	19.0	71	71	11.6	13.5
Community colleges--	20.1	25.6	86	87	17.3	22.2
ACR 151 standard--	N/A	N/A	N/A	N/A	N/A	N/A
CCHE 1966 standard	25.0	--	85	--	21.3	--
Upper division labs						
State colleges -----	18.5	21.3	93	92	17.2	19.6
Univ. of Calif.-----	15.5	16.7	68	67	11.5	11.2
ACR 151 standard--	N/A	N/A	N/A	N/A	N/A	N/A
CCHE 1966 standard	20.0	--	80	--	16.0	--

Table 4
**Changes in Classroom Facility Utilization, 8 a.m. to 10 p.m.,
1963, 1968, 1969**

<i>Segment</i>	<i>Hours of room utilization</i>	<i>Station occupancy percentage</i>	<i>Hours of station utilization</i>
University			
1963-----	28.9	57%	16.5
1968-----	28.8	58	16.7
1969-----	29.2	60	17.5
State Colleges			
1963-----	29.4	72	21.2
1968-----	41.6	70	29.1
1969-----	39.1	74	28.9
ACR 151 standard -----	53	66	35.0

One major caution raised by the council report is that an extended day program could cost more than it saves if average class size in afternoons and evenings decreases. The higher salary costs per unit of instruction would cancel any capital outlay savings. While this point is valid under traditional higher education operations we believe that several factors will prevent the high cost condition from occurring. 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 plants, higher utilization must be adopted. By changing basic assumptions to include stronger administrative control over scheduling, evenings and Saturday scheduling, the mathematical 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. In light of the minimal capital outlay program of the state in the past few years, we continue to support the high space utilization concept.

YEAR-ROUND OPERATION

A major means of serving increasing enrollments within existing facilities is through the operation of a summer quarter/year-round operation program. Year-round operation in higher education, the operation of an institution for either four quarters or three semesters, is basically an effort to achieve the maximum utilization of all existing facilities before making the generally expensive decision to build new campuses.

In California, the problem of rapidly increasing enrollments and the need for facilities to house them has been as great or greater than in any other state in the nation and it was because of this that the notion of full-year operation was advanced as early as 1955 in the Restudy of the Needs for California Higher Education which offered several possibilities for moving to maximum utilization. The idea was given further support by the master plan survey team which recommended in the Master Plan for Higher Education in California that all public and private institutions of higher education offer summer programs equivalent to one quarter of a year during the summer months 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."

California's Implementation of YRO

In 1962, the University of California decided on its own initiative to begin planning for the conversion of that segment to year-round operation. As a result of this stated intention and the master plan recommendation, the Coordinating Council for Higher Education undertook to study the entire concept of full-year use of facilities in all segments of higher education in the summer of 1963 while simultaneously placing itself on record as being 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 concept in general and a specific endorsement for the first time of the quarter system in particular. This recommendation, when combined with similar opinions received by the segments within the context of their own preliminary studies, persuaded them that the quarter system was preferable and should be adopted as soon as adequate planning and funding could be obtained. It also convinced the Legislature that year-round operation was desirable and it so stated in Senate Concurrent Resolution No. 24 during the 1964 General Session.

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

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General Summary—Continued

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.

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 operations and funds should be withheld pending completion of the study.

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 in 1968 and found that the decision to initiate year-round operation will produce significant savings to the state. It estimated that the University and the state colleges will save \$85 million and \$12 million respectively through 1975-76.

Continued Opposition by Governor

Despite the council's resolution affirming YRO, the Governor did not add YRO planning funds in the 1969-70 budget, however, the 1969 Legislature directed the continuation of year-round operation and augmented the 1969-70 budget by \$400,000 for planning which was again vetoed by the Governor on the rationale that this item was "low on the trustees' priority list."

1970-71 Budget Proposed Complete Termination of YRO

The 1970-71 budget proposed to completely eliminate the summer quarter programs at the University and state colleges.

The state college rationale for termination was based on fiscal considerations. In a letter of explanation the chancellor's office stated that this decision was made in relation to the funding which could be made available in 1970-71 and was not considered by the board of trustees as a long-range policy issue.

"After careful consideration, the summer quarter was identified as a program which can be discontinued to accommodate the higher priority needs of the academic year, because: (1) it has the least impact on the instructional program; and (2) for the same number of dollars, more students can be accommodated systemwide in the academic year than during the summer quarter."

1970-71 Legislative Review

The decision to end YRO came under close legislative review during the 1970 budget hearings particularly since it was opposed by our office. We argued that there were neither sufficient policy nor fiscal reasons upon which YRO could reasonably be terminated. All public studies on this subject have made conclusive statements as to the sav-

ings to be realized by the year-round operation program. The Coordinating Council resolution discussed previously was the result of the most recent study. Existing data show that except for one college the summer quarter programs are less expensive than the regular quarters.

We believe that it is inconsistent for the budget to fail to provide capital outlay funds necessary for expanding enrollments while at the same time canceling major programs which offer better utilization of existing facilities. There is clear evidence that enrollments will continue to grow at a relatively high rate while it is increasingly difficult to construct facilities due to lack of bond funds and interest rate ceilings.

On April 2, 1970 the Department of Finance produced the first public document opposing YRO on fiscal considerations. The document was reviewed by the Senate and Assembly fiscal committees along with the opposing arguments of the Legislative Analyst, the state colleges and the CCHE.

The 1970 legislative conference committee acted to support the continuance of YRO by:

(a) Restoring funds for the State College program from internal budget savings of \$1,000,000.

(b) Directing that the University prepare a report relating to its decision to terminate summer quarter operations including an alternative proposal that would meet the same objectives of the summer quarter. The alternative was to make specific comparisons with the summer quarter program in such areas as resource and facility utilizations, numbers of qualified FTE students served and estimated long-range savings to the state. This alternative was to be directed towards regularly enrolled students or students who qualify for enrollment under current admission standards, and

(c) Directing that any special budgetary standards for year-round operations, including cycling costs, must be shown and be subject to thorough justification in the 1971-72 Governor's Budget; that special budget allowances for YRO be reviewed and that the Trustees of the California State Colleges and the Department of Finance budget summer quarter programs using budgetary standards that are no higher for summer quarter than for the other three quarters.

1970 YRO Legislation

In conjunction with the budget actions Chapter 1517, Statutes 1970 (AB 887) was enacted which establishes the intent of the Legislature to have year-round operations at the California State Colleges in order to allow increased access to higher education and to permit maximum use of existing facilities. It requires that any state college with an academic year enrollment of 10,000 FTE on the effective date of enactment shall operate on a year-round basis by June 1, 1976. (In 1970-71 there will be 10 colleges with over 10,000 FTE.)

In response to legislative directive (b) discussed above, the University of California submitted a progress report on November 1, 1970. The report states that a task force has been established to investigate alternative plans for appropriate use of the summer period. The task force intends to consider the fiscal educational benefits and trade-offs

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General Summary—Continued

to the state of alternative summer programs and will investigate alternative financing schemes in detail. The work of this task force is to be incorporated into the recommendation of the University Growth Plan Task Force with the aim of implementation in the summer of 1972.

The status of the state college program particularly as it affects the implementation of Chapter 1517 is discussed on page 998 of this Analysis.

IMPLICATIONS OF CONVERTING COMMUNITY COLLEGES TO FOUR-YEAR INSTITUTIONS

Background

In recent years legislative attention has been focused on California's ability to handle the increasing demand for higher education by qualified students. Particular concern has been raised as to the state's ability to finance new facilities in light of voter disapproval of higher education bonding programs, high interest rates and the state's distressed fiscal condition which prevents a large pay-as-you-go capital outlay program.

During the 1970 legislative session, Chapter 1233 (AB 461) was passed, stating:

"It is hereby declared to be the policy of the Legislature that all resident applicants to California institutions of public higher education, who are determined to be qualified by law or by admission standards established by the respective governing boards, should be admitted to either (1) the public community colleges, (2) the California State Colleges, or (3) the University of California."

In light of this policy during a time of increasing enrollment demand and the restricted ability for additional construction financing the Legislature elected to examine the feasibility of expanding community colleges into four-year institutions.

House Resolution 24 of the 1970 legislative session states:

"That the Legislative Analyst is hereby requested to study the economic implications to the state of legislation whereby the junior colleges of California would offer four-year educational programs leading to a baccalaureate degree, and to report his findings and recommendations to the Legislature no later than the fifth legislative day of the 1971 Regular Session of the Legislature."

On January 5, 1971, a report on the subject was rendered. The approach of the study was, first, to evaluate the effects of enrollment demand to see if there is a need for vertical expansion of community colleges to a four-year program. Thus, if existing and currently funded facilities in California's three segments of higher education can accommodate projected enrollments, then such vertical expansion may not be critical.

The second major issue addressed was whether it is more economical to obtain additional four-year institutions by alternatively building entirely new institutions (as was the case recently at California State

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College, Bakersfield), by the expansion of existing facilities or by converting current community colleges.

Once these economies were addressed, there was the final concerns of (1) the educational policy implications of vertical expansion and (2) the possibility of achieving similar results through the diversion of students. These last considerations were beyond the scope of the House Resolution 24 charge, yet we believed some observations are appropriate. A brief synopsis of our report follows:

Enrollment Demand

Budgeting and planning for higher education enrollment growth in California has never had the benefit of adequate long-range total enrollment demand projections for all three segments (the University of California, state college and community college systems). While such projections are necessary for facilities planning and the establishment of admissions procedures, California has followed an incremental year-to-year approach utilizing some short-range capital outlay projections.

In light of the fact that there is no coordinated long-range FTE enrollment demand projections for higher education, we utilized the individual segments' long-range projections for the purposes of this report. These projections are somewhat limited by the fact that they are generally based on methods utilizing historical incremental growth factors instead of demand factors, they do not extend beyond 1980 and they do not fully take into consideration the effects of inter-segmental shifts of students.

Table 1 summarizes the total enrollment data from all segments.

Table 1
Total Enrollments All Segments of Public Higher Education in California

Year	<i>University FTE</i>	<i>State colleges FTE</i>	<i>Community colleges full time</i>	<i>Total</i>
1969-70 -----	89,030	180,470	362,475	621,975
1970-71 -----	92,576	192,920	399,151	684,647
1971-72 -----	96,977	212,620	427,400	736,997
1972-73 -----	101,508	232,680	454,225	788,473
1973-74 -----	106,118	250,980	475,858	832,956
1974-75 -----	110,233	270,830	499,405	880,468
1975-76 -----	114,467	287,900	524,563	926,930
1976-77 -----	118,882	302,900	541,557	963,339
1977-78 -----	123,199	317,760	557,264	998,228
1978-79 -----	127,632	331,220	575,487	1,034,339
1979-80 -----	N/A	342,830	591,490	N/A
1980-81 -----	N/A	354,630	N/A	N/A

As mentioned previously, enrollment projections beyond 1980 are not currently available. From a review of the 18- to 24-year-old population projection and high school graduation rates, it is anticipated that higher education enrollments in California will peak about 1981 and then decline for a decade achieving approximately the 1977 level in 1990 before beginning to grow again. The ability to deal with this peaking enrollment situation without overconstructing facilities is another facet of the overall enrollment accommodation problem facing California.

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General Summary—Continued Facilities Capacity

A major consideration to be explored is whether there will be enough actual capacity in California's institutions of higher education to accommodate the enrollment demand through 1982. While the segments have made capital outlay plans to accommodate the anticipated enrollments, the implementation of these plans has encountered restrictions in recent years due to high interest rates, failure of bonding authorizations to be approved by voters and the state's lack of current revenues sufficient to finance the plans on a pay-as-you-go basis.

Due to the severity of financial restrictions on future capital outlay funding, we took the most conservative approach by estimating capacity based only on currently constructed and authorized projects. This approach differed from that taken by the CCHHE in its additional centers report. The council's 1969 report (69-1) recommended no additional centers in the next five years in the four-year segments of higher education based on a primary assumption that there would be funding available for all planned construction through 1977. Fiscal restrictions which we mentioned previously throw doubt on the financial validity of such an assumption.

Current Capacity

In accordance with the assumptions concerning limited fiscal resources we were concerned with projected segmental capacity for students in terms of existing and funded projects. However, for information purposes the segments planned capacity is also shown. Table 2 reflects the capacity data related to enrollments for the University of California.

Table 2
Physical Capacity of University of California Related to Enrollments¹

Year	Capacity standard 8 a.m.—10 p.m.		Enrollment FTE	Excess capacity
	Planned	Currently funded		
1969-70	97,771	97,771	89,073	+8,698
1970-71	98,201	98,201	92,576	+5,625
1971-72	101,780	101,780	96,977	+4,803
1972-73	105,884	105,884	101,568	+4,316
1973-74	110,843	110,843	106,118	+4,725
1974-75	115,363	111,000	110,233	+767
1975-76	119,609	111,000	114,467	-3,467
1976-77	125,144	111,000	118,882	-7,882
1977-78	125,144	111,000	123,199	-12,199
1978-79	125,144	111,000	127,632	-16,632

¹ University of California Programming and Budgeting System for Higher Education; Space Analysis for 1971-76.

The gap between funded facilities capacity and enrollment occurs in 1975-76 extending and increasing through 1978-79.

The capacity relationship to enrollment for the California State Colleges is shown in Table 3.

The gap between funded facility capacity and enrollment for the California State Colleges occurs in 1970-71 extending through 1980-81.

Community college data relating physical capacity to enrollments is shown in Table 4.

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Table 3
California State Colleges Physical Capacity Related to Enrollments¹

Year	8 a.m.—10 p.m.		Enrollment FTE	Excess capacity
	FTE capacity standard			
	Planned	Funded		
1970-71	177,000	177,000	192,920	-15,920
1971-72	200,000	200,000	212,620	-12,620
1972-73	225,000	225,000	282,680	-7,680
1973-74	230,000	230,000	250,980	-20,980
1974-75	269,000	230,000	270,830	-40,830
1975-76	285,000	230,000	287,900	-57,900
1976-77	299,000	230,000	302,900	-72,900
1977-78	315,000	230,000	317,760	-87,760
1978-79	315,000	230,000	331,220	-101,220
1979-80	315,000	230,000	342,830	-112,830
1980-81	315,000	230,000	354,630	-124,630

¹ Office of Physical Planning and Development, California State Colleges.

Table 4
Community College Physical Capacity Related to Enrollments

Year	Capacity 8 a.m.—5 p.m.		Enrollment fall full time	Excess capacity
	Capacity			
	Planned	Funded		
1970	489,842	489,842	399,151	+90,691
1971	493,573	493,573	427,400	+66,173
1972	502,816	493,573	454,225	+39,348
1973	530,003	493,573	475,853	+17,715
1974	559,451	493,573	499,405	-5,832
1975	586,228	493,573	524,563	-30,990
1976	610,432	493,573	541,557	-47,984
1977	634,106	493,573	557,264	-63,691
1978	636,106	493,573	575,487	-81,914
1979	666,172	493,573	591,490	-97,917

The community college data are available only for the 8 a.m.—5 p.m. time period. In discussions with representatives of the Board of Governors it was pointed out that 8 a.m.—10 p.m. data are not available. However, based on their experience it was estimated that the relationship shown in Table 4 between enrollments and capacity would not be significantly different on the 8 a.m.—10 p.m. basis.

The purpose of the foregoing data is to reflect the type of problem the State of California faces in trying to accommodate its higher education enrollments if, as we have assumed, additional construction funds are restricted to funded expansion.

The alternatives available are to maximize the capacity of existing colleges through short- and long-range methods. Short-range methods include utilization of evening hours and year-round operation discussed previously in this Analysis. Long-range methods might include the diversion of lower division students out of the four-year segments and/or expansion of existing community colleges.

Expansion and Conversion

The long-range alternatives discussed here are those of (1) expanding existing campuses, (2) converting capacity in one segment to another segment of higher education, or (3) diverting students. Concerning the first alternative, the CCHE in its additional centers report,

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referred to previously, found that the costs of expanding existing campuses were less than those for building new ones. This conclusion came after a review of data from the University of California concerning expansion at Davis and Santa Barbara compared to construction of new campuses at Irvine and Santa Cruz. While it is cheaper to expand than to have new starts, there is still a substantial capital outlay cost (\$9,000–\$12,000 per full-time equivalent student), and this would be subject to the restricted availability of state construction funds.

Conversion of Community Colleges into Four-Year Colleges. The second alternative is that of shifting community college capacity into four-year capacity which can be accomplished by vertical expansion of existing community colleges.

The proposal is supported by the fact that many community colleges have large campuses currently constructed which with only minor facility changes could be used as a four-year college after the necessary staff and program changes were made. From a state viewpoint, this would be one method of achieving capacity needed to meet the baccalaureate degree demands. On the negative side of such a proposal is the fact that needed community college resources are lost.

Since 1960 throughout the country the conversion of community colleges has occurred in both public and private two-year colleges at an increasing rate. Table 5 shows the changes nationally in two-year colleges recorded in the Office of Education's higher education directory during a three-year period.

Table 5
Community Colleges Reclassified 1962–1965¹

Type of control	Number of community colleges	Number reclassified	Number reclassified as four-year institutions
Public -----	397	45	4
Private -----	259	36	23
Total -----	656	81	27

¹ Education Directory, Part 3—Higher Education, annual issues 1962–63 through 1964–65. Washington, D.C.: U.S. Government Printing Office.

It should be noted that during the three years 27 institutions were reclassified as four-year institutions, whereas during the 20 years from 1940 to 1960 only 32 made such a change. Although the rate of vertical extension of community colleges is increasing, only one percent of the public community colleges became four-year institutions during 1962–1965.

In reviewing data on the subject, it has been consistently pointed out that there are no standard criteria for vertical expansion. Little is known about the transition, the planning, the upgrading of faculty and the effects of changing the mission of the institution from community service to statewide service.

It is interesting to note that in an analysis based on enrollment, an inverse relationship exists between enrollment and vertical expansion. Many more institutions with small enrollments than with large enrollments are undergoing the change.

In terms of construction economies, all studies agree that, in general, expansion of existing facilities is more economical than new construction. This point is reinforced with data mentioned previously concerning the 1969 CCHE report on additional centers. If a large community college is converted, relatively little facilities expansion may be necessary.

State-District Relationships. If California were to consider the conversion of public community colleges into four-year colleges, a major issue concerns the shifting of district property (community college facilities) to the state. Currently, community colleges are the property of local districts. However, almost one-third of the annual operating expenses are supplied by the state, totaling \$105 million out of \$357 million in 1968-69. State support for construction between 1961 and 1971 totaled \$145 million out of \$750 million (19.3 percent).

In the case of vertical growth of community colleges, it can be argued that both state and local governments benefit from an exchange agreement. The local benefits include the gaining of a state-supported college and relief from a major item of current expense funded by property taxes, while the state gains additional capacity for the four-year segments without having to construct new facilities.

An additional economic implication to the state in such an institutional upgrading is the obligation to meet additional and rapidly growing operating expenses. Class size and teaching loads have been smaller in the four-year colleges than in the community colleges, which results in higher expenses.

Educational policy considerations which should be addressed in any program to upgrade community colleges include (1) guidelines to determine which community colleges are most likely to make a successful expansion, (2) an evaluation of the effects such a transition would have on the current service responsibility of the community college towards the local community, (3) the assurance of proper degree program articulation between the new college and the other colleges in its segment, and (4) the means of upgrading the faculty and staff of such institutions.

As shown in Tables 2 and 3 the facilities capacity needed to accommodate enrollments through 1980 is significant. Additionally, the more critical problem is that of meeting the upper division and graduate demand. Thus, only through the complete conversion of a number of community colleges into four-year institutions would this alternative materially aid the situation.

Diversion of Students

A final consideration related to this issue is that of accommodating the enrollment demand through diverting nearly all freshmen and sophomores into community colleges while allowing the state colleges and the universities to conduct academic programs primarily in upper division and graduate instruction. Under current segmental enrollment projections shown previously in Table 1, we see that the large lower division programs are maintained in the projections through 1980. As we have also indicated there is not enough currently funded capacity to accommodate such planned enrollments.

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Under these conditions, it becomes necessary to reevaluate the benefits of maximizing the production of baccalaureate degrees through diverting enough lower division students into community colleges to free space needed to accommodate upper division demand in the state colleges and University. The major policy consideration in such a step would relate to the resulting inability of currently funded community colleges to meet the demand. This could bring about a need to tighten student entrance standards at such colleges, which would change the open admissions nature of community colleges as they are currently conceived.

A study of the diversion issue was conducted by the CCHE in 1967 in response to Senate Concurrent Resolution No. 8 of the first extraordinary session. The major conclusions of the report entitled *Feasibility and Desirability of Eliminating Lower Division Programs at Selected Campuses of the University of California and the California State Colleges* are:

- A. The findings of the report indicate that elimination of lower division programs is feasible in any college or university.
- B. Although feasible, elimination of lower division is not desirable in all instances, specifically where institutions have primarily an undergraduate function and orientation. At the present time, this applies to all existing state colleges because while many have large enrollments, all have a predominately undergraduate orientation and emphasis. Smaller campuses of the University fall as well into this category.
- C. Elimination of lower division programs at institutions with large enrollments and substantial graduate programs may prove desirable if the elimination of the lower division furthers a desired policy objective. This conclusion may apply to large campuses of the University.
In this instance, elimination of lower division should be examined in relationship to other policy considerations relating to the orderly growth of higher education in California.
- D. Findings of this study suggest that a new and dynamic form of collegiate institution offering junior and senior level and graduate programs may be developed. Consequently in planning for new institutions, the Trustees of the California State Colleges and the Regents of the University of California should consider establishing one or all of these centers without the lower division.

If only upper division and graduate enrollment projections were compared to currently funded capacity, we find the situation shown in Table 6.

The above data demonstrates that there is capacity in California's four-year institutions to accommodate anticipated upper division and graduate enrollments through 1978-79 if diversion of lower division enrollments were made to community colleges. The capacity shown includes lower division which requires significantly less space per student. Any shift in enrollment to upper division and graduate would re-

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Table 6
State College and University Upper Division and Graduate Enrollments
Compared to Funded Capacity.

	<i>Enrollments</i>	<i>Total capacity</i>	<i>Excess capacity</i>
1970-71 -----	177,648 FTE	275,201	+97,553
1971-72 -----	193,818	301,780	+107,962
1972-73 -----	210,237	330,884	+120,647
1973-74 -----	226,022	340,843	+114,821
1974-75 -----	242,089	341,000	+98,911
1975-76 -----	257,037	341,000	+83,963
1976-77 -----	271,060	341,000	+69,940
1977-78 -----	285,179	341,000	+55,821
1978-79 -----	298,474	341,000	+42,526

quire more space per student which could be absorbed from the excess capacity factor shown. Such an arrangement would place an enrollment burden on the community colleges which could not be accommodated with their currently funded capacities. As mentioned previously, this condition would likely change the nature of community colleges by forcing admissions limitations unless there were additional state funding, contrary to the assumptions of this analysis.

Conclusions

1. California's institutions of higher education will be unable to accommodate projected enrollments with currently constructed and funded facilities.

2. Under present policies and assumptions the state will not be providing the necessary funding to increase institutional capacities to meet the projected enrollment demand through 1980.

3. Short-run maximization of facilities use through high space utilization and year-round operations will only partially relieve the lack of capacity.

4. Possible long-range solutions to this problem include (1) conversion of two-year community colleges into four-year institutions and (2) the diversion of lower division students from the current four-year institutions to community colleges.

a. Both long-range considerations could aid in alleviating the problem of meeting upper division and graduate student demand.

b. Both long-range considerations create the spin-off problem of the state being consequently unable to accommodate all projected lower division demand.

5. The long-range consideration of converting community colleges into four-year institutions (vertical expansion) carries economic implications of upgrading staff and faculty salaries, adjusting workloads and providing more appropriate laboratories and equipment at a substantial capital outlay cost.

a. Difficulties of exchanging facilities between state and local units of government will be encountered under vertical expansion.

b. While the upgrading of community colleges into four-year institutions is a means of achieving additional upper division and graduate capacity, such a program would not completely solve California's problem of accommodating enrollment demand through 1981-82.

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6. The long-range consideration of diverting lower division students from current four-year institutions carries some economic implications of more expensive staff and supplies.

a. There is evidence that colleges can operate adequate baccalaureate programs with a small lower division program.

Recommendation

We recommend that in light of continuing restrictions on the funding of capital outlay projects for higher education the Legislature give consideration to a program wherein lower division enrollments are diverted into community colleges while utilizing the remaining state college and University capacity for upper division and graduate enrollments.

EDUCATIONAL OPPORTUNITY PROGRAMS IN CALIFORNIA HIGHER EDUCATION

In the past four years California's institutions of higher education have conducted special programs designed to assist economically disadvantaged students to succeed in college work. In the two four-year segments program emphasis has been directed primarily towards those students who are admitted within the special 4-percent provisions. Under this provision some students who do not meet normal admissions criteria are admitted to the institution on the basis that they have a potential to succeed.

Since the inception of the Master Plan for Higher Education there has been a special admissions provision for up to 2 percent of new admittees. This provision was doubled to 4 percent in 1968 for the purpose of allowing the entrance of more disadvantaged students into college.

Legislative Review and Approval of the Special Admittee Policy

The Legislature first reviewed the special disadvantaged admissions policy in the 1968 Regular Session and passed Assembly Concurrent Resolution No. 65 (Resolution Chapter 157), Assembly Bill No. 765 (Chapter 1410) and Senate Bill No. 125 (vetoed). Resolution Chapter 157 expresses legislative intent that an 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 rationale that it duplicated AB 765 which created the "College Opportunity Grant Program" 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. California public community colleges are designated as the primary institutions for the additional op-

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portunities for higher education provided by the opportunity grant program which is administered by the State Scholarship and Loan Commission.

Funding EOP

During the 1969 legislative session attention was focused on funding the various EOP programs. The Budget Act of 1969, Chapter 355, was the first legislative document to include funding for educational opportunity programs. In the budget act, \$2,350,000 was appropriated in Item 116.5 for the California State Colleges' EOP program (\$1.1 million of this money was for program costs and the remainder for grants to students), the University received \$1 million for its educational opportunity program and Item 335.5 provided \$3 million to be allocated to the community colleges for their EOP programs. These three budget act items totaled \$6,350,000 which was in addition to the original Governor's Budget EOP program of \$1 million for scholarship and loan grants. From this total the Governor vetoed the \$1 million intended for the University.

1970 Legislative Action

The 1970-71 Governor's budget attempted to shift control of the EOP program from the segments to the Department of Finance and Coordinating Council for Higher Education through special budget action language which stated:

Item 99—For higher educational opportunity programs, to be allocated by executive order of the Department of Finance upon advice and recommendation of the Coordinating Council for Higher Education to the several state agencies of higher education in augmentation of their respective appropriations for support----- \$9,130,364
Schedule:

- (a) Coordinating Council for Higher Education----- \$45,000
- (b) Trustees of the California State Colleges----- 2,785,583
- (c) Board of Governors of the Community Colleges---- 4,500,000
- (d) State Scholarship and Loan Commission----- 1,799,781

During legislative hearings on this matter, our office opposed the Item 99 restrictions and recommended the funds be budgeted in their respective segmental budgets. We contended that (a) the control language of Item 99 of the 1970-71 Budget Bill would not allow the State Controller to release any educational opportunity funds until the Department of Finance gave an executive order. The executive order would be issued after the Coordinating Council gave advice and made recommendations on allocations; (b) suggested Coordinating Council procedures specified review and recommendation of each college's educational opportunity program; (c) the 1969 Legislature gave administrative responsibility for Educational Opportunity Programs to the higher education segments; (d) the previous conclusions support the interpretation that it is the intent of the Department of Finance that the Coordinating Council assume educational opportunity program ad-

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ministrative responsibilities from the individual segments of higher education; (e) administration of educational opportunity programs by the council would be a major departure from the function of being "an advisory body" as designated in Education Code Section 22700; and (f) the advisory nature of an organization changes fundamentally when it is held accountable for policy decisions and auxiliary administrative implementation since it becomes defensive of its policy decisions and loses the independent character of its review and advisory role.

Both houses of the Legislature acted in accordance with our analysis and the restrictions in Item 99 were eliminated. In addition the \$45,000 for the Coordinating Council for Higher Education was eliminated and \$525,000 was added to the state college program for grants to second year enrollees. The total 1970-71 General Fund appropriation for EOP was \$11.1 million with an additional \$7.9 million provided at the University of California from non-general fund resources.

Current Status of EOP Programs

University of California. An educational opportunity student at the University of California is defined as a student who is formally admitted to the educational opportunity program by the director of the educational opportunity program on his campus, and who upon being admitted to that program requires one or more of the services available to educational opportunity program students, including (a) admission by special action, (b) tutoring and retentive services, (c) counseling services provided by the educational opportunity program, and (d) financial aid.

The program began with an action of the regents in 1964-65 appropriating \$100,000 from the Opportunity Fund to be used on a matching basis with contributions from students, faculty, staff, and friends of the university. One hundred students were enrolled in the Educational Opportunity Program in the fall of 1965-66; enrollment in the program grew to 472 in the fall of 1966, 1,090 in the fall of 1967, and 2,038 in the fall of 1968. In 1969-70 there were 3,656 students in the Educational Opportunity Program. In the fall of 1970 a total of 4,422 educational opportunity students enrolled.

Of the 3,656 educational opportunity students enrolled in the academic year 1969-70, 1,909 were continuing students and 1,570 were newly admitted students. Of the former group, 838 were academically eligible at the time of admission and of the newly admitted group 506 were academically eligible. Of the total, continuing and new, 1,835 were admitted as first-time freshmen, 1,098 as lower-division transfers and 546 as upper-division transfers.

The total cost of the program for 1969-70 was \$7,919,293 or approximately \$2,160 per student. (See Table 1.) The administrative cost was \$518,331 and the tutoring and counseling cost was \$564,322. The remainder, \$6,836,640 represents financial aid to students.

Table 1
UNIVERSITY OF CALIFORNIA
 Administrative Costs and Student Financial Aid
 Undergraduate Educational Opportunity Program, 1969-70
 Cost per Student

<i>Campus</i>	<i>Total EOP budget</i>	<i>Total cost per student</i>		<i>Administrative Cost per student</i>	<i>Tutoring & counseling Cost per student</i>	<i>Grants & scholarships Aver. amt. student</i>	<i>Loans Aver. amt. student</i>	<i>Work st. Aver. amt. student</i>
		<i>Cost per student</i>	<i>Number students</i>					
Berkeley -----	\$2,709,555	\$2,095	1,293	\$66	\$205	\$1,197	\$899	\$734
Davis -----	1,063,843	2,770	384	244	172	2,351	436	474
Irvine -----	263,636	2,253	117	221	411	1,409	833	656
Los Angeles -----	1,643,130	1,802	912	83	132	953	565	769
Riverside -----	366,293	2,247	163	270	283	1,585	481	776
San Diego -----	437,613	2,340	187	397	389	1,168	612	837
Santa Barbara -----	1,028,534	2,231	461	189	435	1,252	582	1,638
Santa Cruz -----	406,689	2,711	150	214	271	1,460	492	291

Table 2
Academic Performance of University EOP Enrollees, 1969-70
New EOP Students 1969-70 Who Completed Spring Quarter 1970

Campus	First-time freshmen				Lower division transfers				Upper division transfers			
	Regular		Special		Regular		Special		Regular		Special	
	No.	Std. Med. GPA	No.	Std. Med. GPA	No.	Std. Med. GPA	No.	Std. Med. GPA	No.	Std. Med. GPA	No.	Std. Med. GPA
Berkeley -----	83	2.71	117	2.44	15	2.61	194	2.65	70	2.80	54	2.45
Davis -----	19	2.54	67	2.44	3	2.06	71	2.43	7	2.81	8	3.21
Irvine -----												
Los Angeles --	82	2.63	57	2.33	16	2.80	56	2.49	44	2.66	19	2.36
Riverside ----	16	2.68	32	2.58	6	3.14	8	2.73	2	3.03	4	2.77
San Diego ----	20	2.33	55	2.40	7	3.00	19	2.56	5	2.83	3	2.50
Santa Barbara	45	2.72	74	2.56	6	2.75	43	2.76	20	2.63	20	2.86

874

Continuing EOP Students 1969-70 Who Completed Spring Quarter 1970

Campus	Admitted as freshmen				Admitted as lower division transfers				Admitted as upper division transfers			
	Regular		Special		Regular		Special		Regular		Special	
	No.	Std. Med. GPA	No.	Std. Med. GPA	No.	Std. Med. GPA	No.	Std. Med. GPA	No.	Std. Med. GPA	No.	Std. Med. GPA
Berkeley -----	124	2.88	117	2.66	16	2.98	196	2.75	49	2.84	54	2.65
Davis -----	28	2.53	65	2.36	15	2.67	56	2.74	9	2.69	7	2.29
Irvine -----												
Los Angeles --	238	2.58	83	2.46	27	2.81	79	2.59	42	2.69	19	2.41
Riverside ----	29	2.83	22	2.41	4	2.39	14	2.76	3	2.93	4	2.76
San Diego ----	32	2.63	9	2.25	5	2.89	14	2.38	2	2.60	5	2.46
Santa Barbara	83	2.79	76	2.65	3	2.97	41	2.89	12	3.12	8	2.42

Higher Education

Academic performance of university EOP students is summarized in Table 2.

In terms of persistence the university reports that of the EOP students admitted in the fall of 1969, approximately 92 percent returned in the fall of 1970 which is similar to previous years.

State Colleges. State college EOP programs extend from 1967-68 when at least five colleges conducted programs supported by private sources and internal staff adjustments. As mentioned previously formal state funding occurred with the 1969-70 Budget Act. For 1970-71 General Fund support in the total of \$3.2 million was provided to serve 3,500 FTE students as allocated in Table 3.

Additional funding is received from other sources including the federal government, student body organizations and private donors. The total amounts of these funds is not exactly known other than federal financial aid which totaled \$3,083,956 in 1969-70.

Academic performance of state college enrollees is summarized in Table 4.

The persistence data on these enrollees demonstrated that 87.6 percent completed the first year. Of those who completed the year 75.5 percent were in good academic standing.

Community Colleges. As mentioned previously, the community college EOP program was initiated by SB 164 of the 1969 Legislative Session. Provisions of the program are summarized on page 1018. Due to the timing of the program's creation, the first students enrolled were in

Table 3
California State Colleges
1970-71 Initial Allocation of Educational Opportunity Program
Support Budget Funding and Enrollment Quotas

College	FTE Enrollment quota	Allocation of funds		
		Program support	1st Yr. grants	2nd Yr. grants
Bakersfield -----	12	\$23,660	\$4,800	-
Dominguez Hills -----	100	54,564	40,000	\$12,150
Fullerton -----	160	70,282	64,000	19,575
Hayward -----	160	71,167	64,000	21,600
Long Beach -----	300	96,235	120,000	44,820
Los Angeles -----	475	128,999	190,000	66,825
San Bernardino -----	50	35,189	20,000	4,725
Cal Poly, K.V. -----	95	52,339	38,000	14,445
Cal Poly, SLO. -----	70	44,168	28,000	5,535
Chico -----	95	57,185	38,000	11,610
Fresno -----	150	72,288	60,000	24,570
Humboldt -----	30	25,889	12,000	2,700
Sacramento -----	160	72,074	64,000	24,705
San Diego -----	350	111,362	140,000	43,335
San Fernando Valley -----	443	123,538	177,200	51,840
San Francisco -----	275	92,971	110,000	38,585
San Jose -----	465	130,606	186,000	59,670
Sonoma -----	60	37,603	24,000	5,265
Stanislaus -----	50	25,464	20,000	4,725
Unallocated -----			50,000	70,320
Total -----	3,500	\$1,334,583	\$1,450,000	\$525,000

Higher Education

General Summary—Continued

Table 4
Fall 1969 State College EOP Academic Performance

College	Median GPA	Median units completed ¹		Percent completing and passing 20 or more units
		Enrolled full year	Enrolled part year	
Dominguez Hills -----	2.09	17.9	6.5	39
Fullerton -----	2.23	22.5	6.7	61
Hayward -----	2.56	22.8	9.4	65
Long Beach -----	2.44	22.5	5.0	67
Los Angeles -----	1.96	23.2	8.6	60
San Bernardino -----	2.21	26.5	8.1	76
Cal Poly, K.V. -----	2.23	22.1	8.8	64
Cal Poly, SLO. -----	2.13	25.8	7.5	100
Chico -----	2.46	26.5	5.0	83
Fresno -----	2.33	21.8	5.0	64
Sacramento -----	2.42	24.3	5.0	70
San Diego -----	2.58	24.1	3.1	66
San Fernando Valley -----	2.50	27.8	5.0	85
San Francisco -----	2.61	21.1	11.3	55
San Jose -----	2.53	27.6	8.8	82
Sonoma -----	2.75	23.1	2.5	58
Stanislaus -----	2.21	26.7	10.0	90
Systemwide -----	2.34	23.5	7.2	67

¹ Quarter college entries have been converted to semester units to facilitate comparisons.

the spring of 1970. An evaluation of the performance of the spring 1970 activity has been recently made by the board of governors. A summary of the key points are:

a. Fund Allocation:

1. For the 1969-70 SB 164 program, 72 colleges requested \$10,392,679 of which \$2,870,000 was allocated to 46 programs at 44 colleges.

2. Of the \$2,870,000 allocated, 60 percent of the funds were used for direct financial assistance to students, 23 percent for educational supportive services, 9 percent for instruction and curriculum development, and 8 percent for administrative support.

3. Forty-one percent of the funds went to five college programs in major urban areas (this amounted to 40 percent of the total request from these colleges).

Twenty-one percent of the funds went to seven college programs in communities with large numbers of disadvantaged persons (37 percent of the request funding).

The remaining 34 programs received 28 percent of the funds allocated with grant amounts ranging from \$61,200 to \$2,000.

4. Budget summary of 1969-70 student programs under SB 164:

Budget and program category	Funds	Percent	Number of students	Cost per student
Grants (\$100 or more) -----	\$1,171,329	42	3,983	\$298
Loans -----	47,236	2	322	147
Work-study -----	258,363	9	1,872	188
Small grants (less than \$100) -----	224,424	8	3,724	60
Tutoring -----	316,421	11	4,799	66
Special counseling -----	146,169	5	6,400	23
Recruitment -----	61,789	2	2,013	31
Readiness program -----	71,400	3	961	74
Instruction and curriculum -----	254,518	9	-	-
Administration -----	225,249	8	-	-

b. Students Performance:

5. A total of 8,564 students were identified as EOP students under the 46 programs funded by SB 164, and received various financial and educational assistance according to their diagnosed needs and eligibility.

6. An estimated 10,830 additional students (not specified EOP) received limited assistance within the SB 164 programs (tutorial assistance and/or counseling) for a grand total of 19,394 students served in some way.

7. The average retention rate for the EOP students above was 83.3 percent (students who completed the spring semester).

8. The overall mean grade point average for the above EOP students was 2.26 (spring semester):

9. Based on the total number of students receiving at least some assistance under the SB 164 programs (see 5 and 6 above), the average cost per student was \$143.

10. Based on the number of students specifically identified as EOP students (see 5 above), the average cost per student was \$324.

Coordinating Council Evaluation of EOP

During the 1970-71 budget hearings on EOP it appeared that special budget act language was being introduced to provide the council a strong administrative role in this program. The Legislature objected to such action on the basis that the council's function was advisory not administrative. The Legislature eliminated the special budget act language and required an evaluation report by the council of all segments of EOP actions.

As of January 1971 the council has reported the status of its evaluation as follows:

"Prior to adoption of the Budget Act, the Council had established guidelines for the development of educational opportunity programs for all three public segments of higher education, and Council staff had begun to collect information pertaining to EOP students and the administration and operation of programs in each segment.

"This effort resulted in a preliminary staff report to the Council on November 9, 1970, which pointed out that because Educational Opportunity Programs had developed (during the period 1964-69) individually on each campus, it was, at that time, difficult if not impossible, to obtain adequate and compatible data for evaluating programs in the three segments. The report pointed out that it was not until the adoption of SB 164 and SB 1072 by the 1969 Legislature that statewide EOP programs were established and funded; at that time, the report said, a statewide approach to individual program evaluations became imperative.

"Council staff has subsequently been attempting to gather more pertinent data from the segments, both from segmental headquarters staffs and from program directors, students, and administrators in the field. These efforts will result in a further report to the Council in March 1971, with more detailed evaluations of the information-gathering process concerning disadvantaged students, program administration, and other aspects of the total effort toward disadvantaged students in higher education."

Higher Education

General Summary—Continued

TEACHER PREPARATION IN CALIFORNIA

In last year's Analysis attention was focused on a report prepared in October 1969 by this office on teacher preparation. In the report a review was made of the major precredentialed and postcredentialed programs currently being conducted in the State of California in accordance with the following outline:

Programs Primarily for Preservice Teacher Training

Traditional Higher Education Programs
Internships
Distribution of EPDA Funds 1969-70
Federal Teacher Corps
The Need for In-service Training

Programs for Both Preservice and In-service Teacher Training

Laboratory School Programs
Preservice and In-service McAttee Projects

Programs Primarily for In-service Teacher Training

The Elementary and Secondary Education Act
Title I—Compensatory Education
Title III—Supplemental Educational Centers
Title IV—ESEA—Educational Laboratories
Professional Development and Program Improvement Act of 1968

From our review of the outlined programs we made the following findings:

General Findings

1. The teacher preparation function is of low academic priority within our institutions of higher education and our state and federal categorical aid programs.
2. There is a need for more statewide interaction between institutions of higher education and school districts in the area of preservice and in-service teacher training.
3. There is little formal statewide or regional dissemination of teacher training information.
4. The central offices of the University of California and the California State Colleges have not assumed a leadership role in encouraging innovative teacher education programs.

Preservice Teacher Training

5. There is a need to provide more preservice classroom experience prior to student teaching. Academic courses requiring such participation have not been fully utilized.
6. Internship and teacher aide programs are of demonstrated usefulness. They help recruit people who have realized their teaching orientation at a late stage in their academic development. They provide income to those that might have foregone teaching preparation due to economic reasons. They can relieve district recruitment problems.

Higher Education

They can be utilized in models oriented towards in-service training. They can provide valuable education services which aid the instruction function in classrooms.

7. There is no formal recognition of internships in the budget formula used to generate faculty positions for the schools of education. Such positions can be generated through reimbursements from districts.

8. There is ability within existing budgets for institutions of higher education to adopt experimental teacher training programs of proven effectiveness, i.e., courses requiring more in-district participation.

Laboratory Schools

9. On-campus laboratory schools no longer serve the teacher training function for which they were originally designed. On-campus laboratory schools have not clearly demonstrated that their current function cannot be adequately performed in district laboratory schools.

10. District laboratory school programs are less expensive than on-campus laboratory schools, can usually handle the same projects and have the advantage of being a joint venture with school districts, "where the action is" and relevant to community needs.

11. The EPDA Development Centers have a reasonable program design. They are, however, limited in effectiveness by the high cost per unit of training.

Federal Programs

12. Title I and Title III programs have not emphasized teacher training needs.

State Programs

13. The McAteer RATE program has done little to address teacher training needs as spelled out by the Legislature in Education Code Section 6454(b).

14. The McAteer RATE program has over-invested its limited teacher training funds in one project of unproved statewide effectiveness.

In-service Teacher Training

15. Traditional in-service teacher training programs are of random orientation and limited effectiveness in addressing major programs such as low student performance in reading and math.

Demand for Teachers

In reviewing teacher training programs it is helpful to discuss the magnitude of the need for additional teachers in future years. The most recent data available on this subject is contained in a 1968 Department of Education study entitled *Teacher Supply and Demand in California, 1968-1971*. Table 1 summarizes the demand through 1972.

This report projects a teacher demand of approximately 20,000 new teachers per year through 1971-72.

Supply of Teachers

Although there is currently an apparent oversupply of teachers throughout California, the above report also determined that California

Table 1
Summary of Additional Teachers Needed for Replacement and Increased Enrollment 1967-72

School Year	Elementary			Special			High school			Special			Grand Total
	Regular Replace- ment	Regular Enroll- ment	Total	Replace- ment	Enroll- ment	Total	Regular Replace- ment	Regular Enroll- ment	Total	Replace- ment	Enroll- ment	Total	
67-68	7,630	7,190	14,820	400	350	750	5,240	1,010	6,250	210	265	475	22,295
68-69	8,159	3,991	12,150	480	463	893	5,327	1,880	6,707	230	440	670	20,420
*Projected													
69-70	8,490	2,890	11,380	470	554	1,024	5,442	1,908	7,350	265	452	717	20,471
70-71	8,730	1,993	10,723	515	1,232	1,747	5,600	1,406	7,006	305	441	746	20,222
71-72	8,915	479	9,394	615	1,128	1,743	5,717	406	6,123	340	435	775	18,035

institutions of higher education were not producing enough teachers to meet the full demand. This results in the situation where a significant number of new teachers must be recruited from out of state. Thus, of the demand for new teachers, approximately 20,000 per year through 1971-72, California will supply only 12,000 new credentials per year. The remaining supply is composed of California teachers returning to the profession after an absence and out-of-state teachers.

1970 Legislative Action

The 1970 Legislature addressed the teacher training program and revised it significantly by creating a new credentialing program and altering the college on-campus lab school program.

The credentialing program was changed by Chapter 557 (AB 122, Ryan). Until 1970, Education Code and Administrative Code regulations defined the state's provisions for credentialing public school teachers. These provisions generally distinguished between academic and nonacademic college majors and minors and required an additional year of study beyond the bachelor's degree plus specified professional education courses. Prospective teachers submitted to the Department of Education a college transcript, a health record, a set of fingerprints and a credential fee. The school record of the applicant received an evaluation by a credential analyst to insure that major, minor, fifth year, and professional education courses conformed to the requirements prescribed by the State Board of Education.

In Chapter 557 (The Teacher Preparation and Licensing Law of 1970) the Legislature expressed discontent with the old system in Education Code Section 13101:

"The Legislature finds that highly complex, detailed, and prescriptive regulations governing the preparation and licensing of teachers and administrators frustrate imagination, innovation, and responsiveness. In addition, the Legislature finds that the diversity of functions served by modern education require licensing regulations which are flexible, realistic, responsive, and simple."

In response to this concern the Legislature revised the credentialing system. Under the new system responsibility for issuance and revocation of teacher licenses is directly transferred from the State Board of Education to a newly created 15-member Commission for Teacher Preparation and Licensing appointed by the Governor. The rules, regulations and determinations of the commission would be subject to the review and approval of the board. The membership of the commission is to include six certified school employees, four faculty members from institutions of higher education, two school board members and three private citizens. The commission is responsible for providing day-to-day implementation of the program. The bill transferred jurisdiction of the Committee of Credentials from the board to the commission and reduced the membership from nine to seven.

Higher Education

General Summary—Continued

Administration of New Credential Program

Under the provisions of the program, an applicant is required to hold a bachelor's degree and either pass a subject matter examination administered by the commission or be the graduate of an approved institution with an acceptable major program. This eliminated the need for transcript analysis. As a result, graduates of approved schools are authorized to teach in their major field and an examination is required for those who wish to teach out of their major field. All applicants, however, must demonstrate a knowledge of reading instruction and methods through approved courses or an examination. Examinations are in three general types of instruction: (1) single subject instruction which would include authorization to teach a single specific subject in junior high or high school, (2) multiple subject instruction for elementary teachers in self-contained classrooms and (3) trade and technical instruction.

The commission selects the examination and establishes appropriate passing scores with the assistance of subject matter advisory panels and experts in the field of examination. In addition, public hearings are required prior to such approval.

The program established two basic types of credential (1) a teaching credential and (2) a services credential, with statutory authorization by discipline. No credential, however, is required to serve as chief administrative officer of a school district.

Fees are levied by the commission for the issuance and renewal of teaching and related credentials not to exceed \$20.

The program specifically limits the number of units in professional education courses that can be required as an admission to student teaching. Although the concept of a fifth year of preparation is retained for a regular credential, the emphasis is shifted to completion while teaching with a "preliminary credential."

Lab Schools

Background. Until 1970, the State of California operated six college on-campus laboratory elementary schools at Humboldt, Chico, San Francisco, Fresno, San Diego and UCLA with costs totaling \$1.5 million per year for approximately 1,500 students. The history of these schools dates back to 1890 with the founding of the Chico lab school. The other five schools were established by 1925 as adjuncts to the higher education normal schools. The lab schools served primarily as centers for student teachers to gain classroom experience.

In the state college system the purpose of the schools was reevaluated by the chancellor in 1965. It was determined that the schools were no longer necessary to meet their original function and consequently needed a new program function. In 1966 the state college trustees expanded the lab school functions by revising Section 41703 of Title V of the Administrative Code to include research and experimentation as functions.

Higher Education

1970 Legislative Action. Problems involving the continued need for the state college lab schools were raised in our *Analysis of the Budget Bill 1970-71*. Criticisms included the facts that:

1. The schools no longer served their original mission as necessary support for teacher training programs.

2. The laboratory schools are not in all cases true laboratories because of the disproportionately large number of children from college-connected families and affluent members of the community. Additionally, minority groups are generally underrepresented in the schools.

3. Research and experimentation are emphasized in the schools; however, little research is carried out by the school staff. The little research that exists is usually the project of some academic department (nonlaboratory school) faculty member who is using a class and/or the school as his laboratory. The average laboratory school classroom teacher does not have the time or funds to carry out research. The classroom teachers do experiment with new materials, often testing them prior to state textbook adoption.

4. Admission of pupils is carried out on an unsystematic basis despite the existence of some general admissions criteria. The fact that parents must come to the school and fill out an application form and transport their child(ren) to and from school "screens out" the disadvantaged.

5. The accomplishments of laboratory school programs and activities are not well disseminated to the public school districts serviced by the colleges. Consequently, the impact of the school falls, if at all, on the immediate neighboring public school district.

The laboratory schools did not coordinate their programs with or disseminate their accomplishments to state colleges not having on-campus elementary schools. Central direction and guidance was not provided to the on-campus schools.

In light of the above factors, the Legislature eliminated four lab schools at Humboldt, Chico, San Diego and Fresno. The San Francisco school remained primarily due to active community support, but is not included in the 1971-72 budget.

During the 1970 interim period our office reviewed the activities of the two remaining lab schools at UCLA and San Francisco in response to a legislative directive. A separate report on the UCLA school was issued by this office on November 15, 1970. In the report we supported the UCLA school's continued operation primarily on the basis that the school's activity of research, experimentation and inquiry in education was a proper function of the University as designated by the Master Plan.

The San Francisco Lab School has been analyzed under the state college budget section of this Analysis, page 976.

COORDINATING COUNCIL FOR HIGHER EDUCATION

Item 280 from the General Fund Vol. IV p. 132 Budget p. 267

Requested 1971-72 -----	\$458,000
Estimated 1970-71 -----	432,220
Actual 1969-70 -----	489,981
Requested increase \$25,780 (6.0 percent)	
Total recommended reduction -----	\$18,075

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS*Analysis
page*

1. *Community Services Program. Reduce \$8,350 (General Fund \$2,783). Recommend reduction based on undemonstrated need and inappropriate use of a position.*
2. Title VIII Community Development Program. Recommend 896 evaluation report.
3. *Title VIII Community Development Program. Reduce \$30,495 (General Fund \$15,292). Recommend transfer of program to appropriate state agency.*
4. Title VIII Community Development Program. Recommend 896 resolution to congressional delegation to give weight to states with urban centers.

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 of higher education consistent with its assigned function.

Council Membership

The original Master Plan report recommended that the Coordinating Council for Higher Education consist of 12 members, three representatives each from the University, the state college system, the junior colleges, and the independent colleges and universities. The Legislature reviewed this recommendation in 1960 and modified the council by adding three public members appointed by the Governor for a council of 15 members. By the provisions of Chapter 1774 of the 1965 Legislative Session, the council membership was increased by the addition of three more public members for a total council of 18 members, 12 representing segments of higher education and six representing the general public.

During the 1970 Legislative Session attention was again focused on the council's membership. Concern was raised as to whether or not the council should reflect greater public control. In light of this concern, Chapter 879 (AB 73, Veysey) was passed by the 1970 Legislature

which reduced the council's four segmental representatives to one member each while leaving the public membership at six. The new public-dominated 10-member council became effective in January of 1971.

Under the new composition the Regents of the University, the Trustees of the State Colleges and the Board of Governors of the California Community Colleges are represented by a person appointed by each of the respective boards for terms of one year. There is added, as a non-voting ex officio member a State Board of Education member appointed by the board president for a one year term. The private institutions of higher education are represented by a person appointed by the Governor, confirmed by the Senate, for a four year term. The six public members are appointed by the Governor, confirmed by the Senate, for four-year terms. It is believed that this new membership will alleviate some of the problems discussed in the following analysis.

ANALYSIS AND RECOMMENDATIONS

The Coordinating Council's budget for 1971-72 is composed of five programs totaling \$942,486 as shown in Table 1.

Table 1
Programs of the Coordinating Council for Higher Education

Program	Actual 1969-70	Estimated 1970-71	Proposed 1971-72
1. State Coordination Program -----	\$482,743	\$397,848	\$423,983
2. Higher education facilities and equipment -----	165,615	125,000	130,000
3. Higher education facilities compre- hensive planning -----	\$47,615	255,807	301,933
4. Community services and continuing education -----	53,894	56,713	56,075
5. Training in community development--	26,619	30,212	30,495
Totals -----	\$1,055,986	\$865,580	\$942,486
Revenues:			
General Fund -----	489,981	482,220	453,000
Federal funds -----	566,005	483,360	484,486

1. STATE COORDINATION PROGRAM

	Actual 1969-70	Estimated 1970-71	Proposed 1971-72	Change	
				Amount	Percent
Man-years -----	22.5	17	17		
Expenditures -----	\$482,743	\$397,848	\$423,983	\$26,135	6.6

Legal Responsibilities

Under the 1960 Donahoe Act (Education Code Section 22703) the advisory functions of the council are (1) review the annual budget and capital outlay requests of the University and state colleges and present comments on the general level of support sought, (2) advise as to the application of Master Plan provisions delineating the different functions of higher education and counsel as to the programs appropriate to each segment thereof, and in connection therewith to submit to the Governor and to the Legislature within five days of the beginning of each general session a report which contains recommendations as to necessary or desirable changes, if any, in the functions and programs of the several segments of higher education, and (3) de-

Coordinating Council for Higher Education—Continued

velop plans for the orderly growth of public higher education and make recommendations on the need for and location of new facilities and programs.

Since the enactment of the Master Plan additional legal responsibilities have been granted the council to administer certain federal programs discussed in later sections of this analysis and through enactment of legislative resolutions. Some of the recent resolutions are:

a. Senate Concurrent Resolution No. 51, 1965 General Session, directing the council to submit annually to the Governor and the Legislature, not later than December 1, a faculty salary and welfare benefits report containing data on the size and composition of faculty, the establishment of comprehensive bases for comparing and evaluating faculty salaries, the nature and cost of existing and desired fringe benefits, the nature and extent of total compensation to the faculty, special privileges and benefits, and a description and measurement of supplementary income, all of which affect the welfare of the faculties and have cost implications to the state.

b. House Resolution No. 376, 1968 session, directing the council to undertake a study of highly expensive, specialized, limited-use academic programs and facilities, with the objective of concentrating such programs at strategic locations, thereby effecting a reduction in total state expense.

c. Assembly Concurrent Resolution No. 151, 1970 session, directing the council to conduct a comprehensive evaluation of new classroom and laboratory space utilization standards.

d. 1970 Conference Committee, directing the council to evaluate California's educational opportunity programs.

Council Implementation of Legal Responsibilities

The council's primary means of action is through the issuing of formal council reports accompanied by a related resolution. The reports issued in the last two years (1969 and 1970) are:

Meeting the Enrollment Demand for Public Higher Education in California Through 1977

Review of Junior College Finance

The Undergraduate Student and His Higher Education

Report on San Diego State College, Imperial Valley Center

Academic Tenure in California Public Higher Education

Review of Procedures to Be Used in CCHE Annual Study of Faculty and Benefits

Survey of Educational Offerings and Academic Plans With a Consideration of Higher Cost Programs: A First Report

California Education in Environmental Design and Urban Studies

Transfer of Junior College Engineering Students to Engineering Programs in Senior Institutions in California

Marine Sciences in California Institutions of Higher Education

Student Charges

Continuing Higher Education in California

Annual Report on Salaries and Benefits at the University of California and the California State Colleges
 State Aid to Private Higher Education—A Study of Ways of Providing Public Resources for Support of Private Institutions of Higher Education in California—Phases I and II
 An Assessment of Education Opportunity Programs in California Higher Education
 Annual Report of the Director
 Alternative Methods of State Support for Independent Higher Education in California—Phase III of a Study of State Aid to Private Higher Education
 Methods and Procedures for Projecting Enrollment in Higher Education in California
 The Nonresident Student
 Probation and Dismissal of Students
 Criminal Justice
 Marine Resources

The following review demonstrates that the work of the council has drifted away from the legal responsibilities of budget review, reporting on delineation of function, and planning for orderly growth discussed previously.

Budget Review

The council issued budget review reports from 1962 through 1967. In response to concern that the council was not being effective in this area, a CCHE staff report 67-10 was prepared on the subject in 1967. The report concluded "by and large, the council's role in the formal budget review process has failed to contribute significantly to the quality of decision making in public higher education finance."

As a result of this report the council proposed two long-range goals and an interim solution. The long-range goals were to assist the segments in integrating their program planning and budgeting systems into the state Programming and Budgeting System (PABS) and to develop a system of reporting segmental expenditures adequately while at the same time permitting a large degree of fiscal autonomy. As an interim solution, the council proposed to submit in its regular "November Report on the Level of Support" a progress report on program budgeting and a brief description of the budget requests of the three segments. Recommendations would be made only on subjects in which the council had some particular expertise such as nursing education, new centers and year-round operations.

A November 1967 report contained a discussion of the progress made by the University and the colleges towards a programming and budgeting system. In addition, the report offered a description of the budget requests with very little comment as to adequacy or inadequacy as had been attempted in previous years. On only two subjects did the council make specific recommendations.

In accordance with its responsibility for budget review, the council was directed by Assembly Resolution No. 371 of the 1967 Regular Ses-

Coordinating Council for Higher Education—Continued

sion 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 would be difficult to solve and that the segments had achieved considerable progress in implementing the state's programming and budgeting system during the past 10 months. Based on these findings the council advised the Assembly Committee on Ways and Means that it had 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.

The legislative fiscal committees reviewed the issue and in the 1969-70 Conference Report language directed in Item 108 that the council "assume a stronger position in coordinating and directing the implementation of program budgeting in the segments of higher education."

The council's staff response to this issue was expressed in a March 1969 correspondence from its director to the Joint Legislative Budget Committee which stated:

"I doubt that any member of the Council staff has sufficient stature in this field to develop suggestions which would be accepted by program budgeting staff of the University, and probably not by similar staff of the State Colleges. Further, you may possibly be expecting more results from the Council than it can achieve. You are asking a board in which the controlling votes are vested in the segments to direct the segments to do something they don't want to do."

Since October of 1968 there have been no formal council reports on statewide budgeting. However, a variety of single issue studies i.e., engineering education, have been issued. Council work on program budgeting has taken the form of liaison with the Western Interstate Commission on Higher Education which is developing a formal management information system (see page 848).

Annual Report on Changes in Function and Programs

As mentioned previously Education Code Section 22703 directs the council to prepare an annual report on recommendations or desirable changes, if any, in the functions and programs of the several segments of higher education. A review of council reports since 1962 shows that there has been a formal compliance with the directive for a report by the fifth legislative day. However, the reports have been merely pro forma compliance documents without significant recommendation. The most recent of these reports issued in January 1971 gives notice that the council intends to study the Master Plan for Higher Education. The scope of council action in this area is to be determined at the March 1971 meeting.

Planning for Orderly Growth

The third legislative directive is the development of plans by the council for orderly growth in higher education. This directive again appears not to have been successfully followed. This was recognized by the council's 69-7 report, which states:

"Implementation of the two functions; delineation of function and planning for orderly growth did not appear to the council, and others, to be satisfactory. Evidence of this feeling was reflected to some degree by the Governor's Survey on Efficiency and Cost Control's task force when it commented on the council as follows:

"The council . . . has failed to provide the direction and co-ordination which the Legislature sought. Its studies and recommendations are merely attacks upon single issues as they arise. There is no concerted, organized approach toward overall coordination to promote effective utilization of resources."

At the March 18, 1968, meeting of the council considerable discussion was devoted to the council's role in delineation of function and planning for orderly growth. These discussions led to the approval by the council in May 1968 of a preliminary plan for an annual survey of educational offerings in the state colleges and University. In 1969 the council developed an agreement with the segments with the intent of strengthening its role in the early stages of planning new academic programs.

The other major overall planning effort by the council is its report on the need for additional centers for higher education in the State of California. The most recent report issued in February 1969 dealt with the relationship's enrollment demand to planned capacity and advised against the state's need for new campuses in the five subsequent years.

Future Workload

Looking to the future, the council was presented the following list of issues at its November 1970 meeting:

1. *Length of time required for a degree.* There seems to be some evidence, particularly at the graduate level, that the academic pipeline may be clogged with formal requirements that do not always allow for genuine achievement.

2. *Faculty activity.* Our understanding of how the faculty spend their time teaching, researching, and in community service is imperfect and has been based largely on faculty recollections. A more sophisticated approach to faculty management may be needed.

3. *Sizes and types of institutions.* Are there optimum sizes for college campuses having different functions? Are post secondary institutions other than "colleges" needed?

4. *Quality of the product.* Some analysis might be made of the effectiveness of a collegiate course of study.

5. *Student attrition.* The great waste associated with high student dropout rates recommends council scrutiny in this area.

Coordinating Council for Higher Education—Continued

6. *The management and use of student funds.* Recent allegations of abuses would recommend a general examination of this subject by the council.

7. *The effect of externally sponsored research on institutions.* Critics charge that institutional and state loyalties are being diluted by externally sponsored research. Its relationship to the mission and goals of a segment could be examined.

8. *State aid to the private sector.* With a possibility of state aid to private institutions in the future, there is an appropriate role for the statewide higher education planning agency.

9. *Numbers and quality.* The problem of how to maintain quality in higher education while accommodating increasing numbers of students deserves attention.

10. *Delineation of functions.* The Master Plan provided for functions appropriate to each segment 10 years ago. The time may be ripe for a reexamination of this important area.

11. *Articulation.* The ease of transfer of qualified students among the segments should be investigated periodically.

12. *New modes of learning.* Higher education may be presented in a number of new ways and to a wider range of age groups in the not-too-distant future. Exploration of innovations should be a continuing council function.

13. *Tenure and collective bargaining.* Employer-employee relationships in higher education are changing rapidly and deserve council attention.

14. *Institutional accountability.* The council may be able to render supportive assistance to the governing boards when they are faced with difficult campus management problems.

15. *Who enters higher education.* Are we to have universal higher education and open admission, or shall we be more selective?

These studies appear to be of a general academic nature. None are oriented to the annual budget process. Only one report (10) deals with the delineation of functions between segments and none are specifically concerned with overall long-range planning although some may act as aids to such planning. While the planned reports may be valuable in the specified areas, we believe that highest priority should be given to the areas directed in Education Code Section 22703 as outlined on page 885 of the analysis. These areas were deemed of highest importance to decision makers by the Master Plan staff and by the Legislature in enacting the Donahoe Act.

2. HIGHER EDUCATION FACILITIES AND EQUIPMENT PROGRAM

	Actual 1969-70	Estimated 1970-71	Proposed 1971-72	Change Amount	Percent
Expenditures -----	\$165,615	\$125,000	\$130,000	\$5,000	4
Man-years -----	6.4	7.2	7.2	-	-

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 2.

Table 2
Allocation of Federal Funds Under Title I, Higher
Education Facilities Act of 1963

	Actual 1966-67	Actual 1967-68	Actual 1968-69	Actual 1969-70
University of California -----	\$11,913,404	\$2,660,715	\$2,491,751	-
California State Colleges -----	19,821,464	16,084,003	7,050,179	\$1,991,392
Junior colleges and technical institutes -----	6,953,420	5,265,020	6,678,961	3,205,727
Private colleges -----	7,063,874	3,101,000	5,611,901	1,118,841
Totals -----	\$45,752,162	\$27,110,738	\$21,832,792	\$6,315,960

B. *Equipment Program Higher Education Act.* The second element, 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.

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 3 shows the total expenditures for this program since its inception.

It should be noted that no funds were received for the program in 1970-71. However, \$794,436 is anticipated to be received for 1971-72 to be allocated to Category I and Category II in the amounts of \$680,945 and \$113,436 respectively.

The 7.2 positions budgeted for the above activities are fully reimbursed from federal funds. *We recommend approval.*

3. HIGHER EDUCATION FACILITIES COMPREHENSIVE PLANNING PROGRAM

	Actual 1969-70	Estimated 1970-71	Proposed 1971-72	Change	
				Amount	Percent
Expenditures ----	\$347,615	\$255,807	\$301,933	\$46,126	18
Man-years -----	3.3	4	4		

This program is financed by a three-year grant from the U.S. Office of Education, 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.

Coordinating Council for Higher Education—Continued

Table 3

Allocation of Title VI-A Funds
(1965-66 through 1969-70)

Segment	Grants awarded	Amount
Category I—Equipment:		
Independent colleges -----	53	\$1,125,003
Community colleges -----	86	2,887,732
State colleges -----	26	1,353,312
University of California -----	8	455,797
Total Equipment -----	173	\$5,821,844
Category II—Closed Circuit TV:		
Independent colleges -----	9	\$84,564
Community colleges -----	21	434,731
State colleges -----	4	38,390
University of California -----	3	107,500
Total TV -----	37	\$665,185
GRAND TOTALS -----	210	\$6,487,029

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.

Funds for this program are reimbursed from the federal government. *We recommend approval.*

4. COMMUNITY SERVICES AND CONTINUING EDUCATION PROGRAM

	Actual	Estimated	Proposed	Change	
	1969-70	1970-71	1971-72	Amount	Percent
Expenditures ----	\$53,394	\$56,713	\$56,075	-\$638	1
Man-years -----	3.7	4	4		

The Community Services and Continuing Education Program was established under the provisions of Title I as amended by 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 each state's 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 review, establishment of priorities, recommendations to the federal government for application approval 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.

From fiscal years 1965-66 through 1969-70 there have been 68 grants totaling \$2,537,003. As stated above, the grants are primarily for training, classes, seminars and symposia in community problems. In 1970-71 and 1971-72 California's allocation is expected to be \$460,000 each year for which four positions are utilized in administration. These positions are funded on a two-to-one basis with an estimated state cost of \$37,350 in 1971-72.

Administration

Applications for federal Title I funds are received by the CCHE. The staff, in conjunction with a panel of consultants, screens the applicants against a set of criteria which include:

- a. How well does the proposal relate to important needs of the local community?
- b. How well has the planning process taken advantage of the available resources of both higher education and other outside sources?
- c. Does the proposal represent a problem solving approach?
- d. Will the program have long-range benefits for the institution(s) involved?
- e. Are procedures for self-evaluation included?

Those applications which are approved by the consultants are then reviewed and approved by an advisory committee and the CCHE.

Needed Program Improvements

In reviewing the program we were concerned with (1) the need for evaluation and (2) the need for four staff positions to administer such a small program. The positions are allocated to two professionals, one technical and one clerical of which the state funds one-third the cost (approximately \$18,000 from the General Fund).

As mentioned previously, approximately \$2.5 million in federal funds has been spent for this program since 1965. In seeking evaluation data for the program we were informed that neither the Federal Office of Education nor the CCHE has given critical published evaluation to the program. Factors contributing to this lack of evaluation are that (1) the program has been in a development stage and (2) there are numerous small projects funded which vary in nature to such an extent that a general evaluation is difficult. The CCHE staff has knowledge of each project and on an informal evaluation can justify the projects, particularly since they have been vigorously screened before funding as described previously. Despite the informal assurance we believe that formal evaluation should be encouraged perhaps through the use of the federal funds administered.

We recommend the elimination of one temporary help position for a reduction of \$8,350 (\$2,783 in General Funds and \$5,567 in federal funds). The administrative staff for the program is budgeted at four positions. We questioned whether such a large staff was needed considering the small magnitude of the program (\$500,000 per year). In reviewing the matter we discovered that one of the four positions justified for this program has been used by the CCHE to serve the entire agency as an administrative personnel position. We believe that (1) general agency use of the position justified under this program is in-

Coordinating Council for Higher Education—Continued

appropriate and (2) use of the position in such a manner is an indication that it is not needed in the Title I program. In the 1971-72 budget the position has been converted into temporary help which we recommend be deleted.

5. TRAINING IN COMMUNITY DEVELOPMENT PROGRAM

	<i>Actual</i> 1969-70	<i>Estimated</i> 1970-71	<i>Proposed</i> 1971-72	<i>Change</i>	
				<i>Amount</i>	<i>Percent</i>
Expenditures -----	\$26,619	\$30,212	\$30,495	\$283	1
Man-years -----	1	1.5	1.5		

Title VIII of the Federal Housing Act of 1964 is designed to provide training and educational opportunity to state and local government personnel involved in community development. The program objective of the activity is to improve the quality of urban life. The federal administrator of this program is the Department of Housing and Urban Development (HUD). HUD's objectives in community development training support include preparation of manpower for the more traditional urban responsibilities of public housing, urban renewal and redevelopment, code enforcement and relocation. New and emerging responsibilities, such as low and moderate income housing, community organization, equal opportunity in housing and employment and all other phases of community development, neighborhood facilities, economic development and industrialization, urban planning, and the crucial sector of state and local urban administration are also considered important elements of a community development program.

State Administration

Title VIII funds are allocated on a 50-50 matching basis by HUD using a system which involves a designated state agency as an agent to coordinate and give priority to the funding requests. Despite HUD's retention of final decision control and its establishment of procedures which closely involve it in state programs, it attempts to operate under the policy that "building the capability of the designated state agency as a full partner in community development training will receive a high priority."

The Coordinating Council for Higher Education was designated by the Legislature (Chapter 65, Statutes of 1966, First Extraordinary Session, Education Code Section 22757) as the state agency to carry out the purposes of Title VIII. Although Title VIII is an urban development program, it was felt in 1966 that there would be a heavy emphasis upon institutions of higher education and therefore Section 22757 was included in a bill designating the Coordinating Council as administrator of two titles of the federal Higher Education Act of 1965.

Title VIII Funding

Funds were first appropriated for this program in 1968. The total amount of money available nationally for the program has been \$3 million in each of the past two years. In 1967-68 the council-approved plan contained 17 projects requesting \$252,000. A grant of \$135,000 to

fund nine projects was received. In 1968-69 the plan contained 17 projects requesting \$270,000. A grant of \$151,000 to fund 11 projects was received.

It is expected that another \$3 million will be available nationally in fiscal year 1970-71. The state's General Fund administrative cost for this program has been approximately \$15,000 per year, while the participating local agencies must fund the 50 percent matching amounts.

Current Program Difficulties

As we have reviewed this program, three problem areas have emerged which should be addressed in the immediate future. The first problem is that of receiving program performance evaluations, the second concerns whether there is a more appropriate state agency to administer the program, and the third concerns the amount of California's Title VIII allocation.

Performance Reports Needed

Program performance evaluation data is important to all government programs in California regardless of their being large, small, federal, state or local. In large programs such as those administered by the compensatory education staff of the Department of Education the state has established evaluation staffs to obtain objective feedback data. On smaller programs such as Title VIII, the independent evaluation cost would not be justified. Such evaluation becomes the duty of the program administrators at the federal and state level. Visitations and required reports from the project staff should be used for input to be analyzed for perhaps an annual report on accomplishments. To date, we are unaware of any comprehensive performance reports published by the federal government or the CCHE.

Change of Administrative Agency Needed

The second problem with the Title VIII program is whether or not the CCHE is the proper administrative agency. While it is true that institutions of higher education are the chief participants, the program is designed to improve local community development. The issue centers on the merits of administration by organizational unit or by program responsibility. Thus, arguments can be made that state agencies with responsibility for community development should administer Title VIII. Such agencies could be the Department of Housing and Community Development or the Office of Intergovernmental Management.

The most recent data available on the administrative agencies in other states for Title VIII demonstrates that this program is generally assigned to an agency which handles state and local governmental relations or state planning. Only nine states administer this program through education agencies and none use a department of housing.

California's Title VIII Allocation Needs Increase

A third problem with this program concerns the amount of funds received by this program in relation to the total amount available. As stated previously, approximately \$3 million have been available in funding years 1967-68 and 1968-69. However, California has only received some \$150,000 (5 percent) in each year. A general indicator

Coordinating Council for Higher Education—Continued

of appropriate allocation is the percentage California's population bears to the nation's total which is 10 percent. While the percentage of population index should not always be the sole criteria of allocation, this index coupled with the fact that Title VIII is an urban community development program gives strong support to the argument that California is not receiving an appropriate allocation of funds. As stated previously, there is no fixed allocation formula, but rather a subjective criteria established by HUD administrators.

Since this is a federal program, the courses of action available to effect increases in the allocation must be classified in an "inducement" category rather than in a "direct control" category. A resolution by the California Legislature to our Washington delegation seeking Title VIII amendments to insure that a fixed allocation formula giving weight to urban factors is devised would be one course of action. A second (administrative) course of action would be for California to decline to participate in the Title VIII program on the rationale that \$150,000 has little impact on California's needs. If HUD chose to accept our declination it would void their program in an important area of the nation and perhaps place them in a difficult situation in justifying future appropriations. This course of action risks the current funding level which as stated in the premise is somewhat deficient in its ability to make an impact in California.

Conclusions and Recommendations

1. *We recommend that an evaluation of the Title VIII Community Development Training program's success and failure be presented to the Governor and the Legislature by November 1, 1971.*
2. *We recommend that the law be amended so that the \$30,495 (General Fund \$15,292) Title VIII program can be transferred to an appropriate state agency which has state program responsibility for state/local relations and planning.*
3. *We recommend that the Legislature submit a resolution to California's congressional delegation to amend Title VIII of the Housing Act of 1964 to incorporate a fixed allocation of funds formula giving weight to states with urban centers.*

WESTERN INTERSTATE COMMISSION FOR HIGHER EDUCATION

Item 281 from the General Fund Vol. IV p. 140 Budget p. 268

Requested 1971-72	-----	\$15,000
Estimated 1970-71	-----	15,000
Actual 1969-70	-----	15,000
Requested increase (None)		
Total recommended reduction	-----	None

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

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.

Program Performance

The main programs conducted by WICHE are its health science student exchange program and its management information system. Under the student exchange program California institutions receive more than \$300,000 per year, of which approximately two-thirds goes to private institutions and one-third to the University of California. WICHE furnishes \$3,000 per year for students in medicine, \$2,400 for students in dentistry, \$1,800 for veterinary medicine, \$1,200 for physical therapy and \$1,000 for dental hygiene.

The Management Information System (MIS) is designed to provide valuable analytical information for program planning and budgeting in higher education. Under this system a common data base is being established for all institutions. With this data more uniform comparisons can be made of cost per student credit hour by academic program. A full discussion of this system is found on page 848 of this Analysis.

In accordance with the recommendations in the 1970-71 Analysis and the legislative directive in Item 86 of the Budget Act of 1970 the Governor notified WICHE by letter of July 20, 1970 that California intends to continue its membership. He thereby rescinded his notice of September 5, 1969, made pursuant to the Budget Act of 1969 which stated that California intended to withdraw from the interstate compact effective June 30, 1971.

UNIVERSITY OF CALIFORNIA

Items 282 through 286

from the General Fund

Vol. IV p. 142

Budget p. 270

Requested 1971-72 -----	\$337,190,295
Estimated 1970-71 -----	337,190,295
Actual 1969-70 -----	329,426,872
Requested increase none	
Total recommended augmentation -----	\$325,770

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis page

1. *Student Fees. Reduce Budget Bill \$600,000.* Recommend 906 estimate of "other student fees" be increased to level of 1969-70 receipts.

- | | <i>Analysis
page</i> |
|--|--------------------------|
| University of California—Continued | |
| 2. <i>Educational Fee. Reduce Budget Bill \$550,000.</i> Recommend General Fund loss of medical school tuition be replaced by educational fee income. | 908 |
| 3. <i>Overhead. Reduce \$3,200,000.</i> Recommend state's share of excess overhead and contingency reserves be applied to 1971-72 budget. | 910 |
| 4. <i>Faculty Staffing. Augment \$1,562,200.</i> Recommend res-toration of 100 faculty positions. | 911 |
| 5. <i>Academic Support. Augment \$1,921,000.</i> Recommend res-toration of proposed academic support reduction. | 914 |
| 6. <i>Organized Activities.</i> Recommend special review of the \$63,557 undistributed 8 percent budget reduction. | 923 |
| 7. <i>Elementary Schools.</i> Recommend report identifying and evaluating research at the schools. | 924 |
| 8. <i>Organized Research.</i> Recommend special review of the \$2,957,000 undistributed 8 percent budget reduction. | 924 |
| 9. <i>Organized Research.</i> Recommend 1971-72 expenditure conform to approved budget. | 925 |
| 10. <i>Agriculture Extension.</i> Recommend special review of the \$664,839 undistributed 8 percent budget reduction. | 930 |
| 11. <i>Maintenance and Operation of Plant. Augment \$1 million.</i> Recommend increase for workload growth. | 935 |
| 12. <i>Deferred Maintenance.</i> Recommend a separate appropriation and equal matching by University of the \$500,000 budgeted for deferred maintenance. | 936 |
| 13. <i>Staff Benefits. Augment \$365,000.</i> Recommend amount necessary for new positions in other augmentations. | 938 |
| 14. <i>Fee Replacement. Reduce \$172,230.</i> Recommend deletion of requested replacement of income from fees waived on the basis that expenditure needs have not been identified. | 940 |

GENERAL PROGRAM STATEMENT

The University of California is the State University and the land-grant institution of the State of California. Established in 1868, it has constitutional status as a public trust to be administered under the authority of an independent governing board—The Regents of the University of California. The board of Regents includes 24 members; 8 ex officio and 16 appointed by the Governor for staggered 16-year terms. The system consists of nine campuses including eight general campuses plus a health sciences campus.

A broadly based curriculum leading to the baccalaureate degree is offered by the University. In compliance with the Master Plan, increasing emphasis is placed on instruction in professional fields and graduate programs leading to master's and doctoral degrees. In 1969-70 a total of 25,276 degrees were granted, including 16,437 bachelor's degrees, 5,404 master's degrees and 3,435 doctor's degrees.

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.

A third function of the University is public service. This is provided by Agricultural Extension, University Extension and other programs. 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.

Enrollment Estimates

Enrollment growth is the primary indicator of workload needs. An evaluation of enrollment should consider both the size (total numbers) and the mix (level of instruction) of the changes in enrollments. The 1971-72 workload is based in the Governor's Budget on an estimated enrollment increase of 4,326 or 4.3 percent for three quarters (academic year) not including summer session students. Table 1 compares 1970-71 budgeted enrollments to those proposed for 1971-72 and the percentage increases by each level.

Enrollment Assumptions

Undergraduate enrollment estimates for the 1971-72 budget were based on Department of Finance projections with appropriate revisions made in light of the fall 1970 experience. The University has informed us that the 1971-72 enrollment estimates continue the current policy of admitting all qualified undergraduates. Graduate enrollment estimates took into consideration campus academic plans, rates of graduate growth, and fall 1970 experience. Total graduate enrollment in 1971-72 is estimated to average 26,383, an increase of 1,159 (4.6 percent) headcount students from the revised 1970-71 estimates. This increase reflects the lifting of a two-year freeze on graduate admissions and represents only a 1.8 percent increase from the 1969-70 level.

Although total enrollment increases 4.3 percent with the addition of 4,326 FTE students in 1971-72, the increase is only 1.7 percent or 1,811 students over actual 1969-70 enrollments. The reduction in enrollments in 1970-71 resulted from the regents' decision to abolish summer quarter operations at Berkeley and Los Angeles which eliminated 5,740 regularly enrolled FTE students.

In evaluating the mix of enrollment growth a greater percentage of the increase is at the lower division level at the general campuses. The assumption that greater faculty time and effort is required for a graduate student than an undergraduate student would have an effect on workload needs. Using the traditional weighting system of the University the increase at the general campuses would be 3.4 percent rather than 3.9 percent.

Undergraduate Admission in Fall 1970

New undergraduates were admitted to the University for fall 1970 under revised application procedures. The month of October was an

University of California—Continued

Table 1
University of California Enrollments
Full-Time Equivalent Students

GENERAL CAMPUSES (Fall-Winter-Spring Quarters)	Actual 1969-70	Budgeted 1970-71	Proposed 1971-72	Change from 1970-71	Percent increase
Lower division -----	29,029	28,975	30,780	1,805	6.3%
Upper division -----	38,486	41,357	42,603	1,246	3.0
Graduates:					
1st stage -----	14,588	14,472	14,833	361	2.5
2nd stage -----	9,547	9,976	10,225	249	2.5
Subtotals -----	91,650	94,780	98,441	3,661	3.9%
HEALTH SCIENCES (Fall-Winter-Spring Quarters)					
Upper division -----	584	571	584	13	2.3%
Graduates:					
1st stage -----	5,737	5,855	6,505	650	11.1
2nd stage -----	537	527	529	2	0.4
Subtotal -----	6,858	6,953	7,618	665	9.6%
Subtotals, Third Quarter Enrollments, All Campuses -----	98,508	101,733	106,059	4,326	4.3
SUMMER QUARTER					
Lower division -----	1,117	-	-	-	-
Upper division -----	2,787	-	-	-	-
Graduates:					
1st stage -----	1,097	-	-	-	-
2nd stage -----	739	-	-	-	-
Subtotal -----	5,740	-	-	-	-
UNIVERSITY TOTALS					
Lower division -----	30,146	28,975	30,780	1,805	6.2%
Upper division -----	41,857	41,928	43,187	1,259	3.0
Graduates:					
1st stage -----	21,422	20,327	21,338	1,011	5.0
2nd stage -----	10,823	10,503	10,754	251	2.4
Totals, University ----	104,248	101,733	106,059	4,326	4.3%

open filing period and all applicants filing during this month were given equal consideration for admission to their first choice campus. Campuses which exceeded their application quotas then proceeded to redirect excess applications to other campuses of the University.

Applications continued to be received by campus, class level, school or college, and academic discipline after the open filing period until applications quotas were filled. Thus, there were no announced deadlines since quotas were achieved at varying times during the applications period. The University has informed us that undergraduate admission in fall 1970 enrollment opportunities were available for all

qualified students somewhere in the University until shortly before the fall 1970 registration. As a result of the application demand experienced at several University campuses, it was necessary to redirect 2,852 applicants to alternate choice campuses. Many of these students were unable or did not choose to attend the alternate campus made available to them.

Long-Range Estimates

Long-range enrollment analysis is being undertaken by the University's Growth Plan Review Task Force and is not complete at this time. Preliminary data from the University indicate continued enrollment pressure to the year 1980. Of great concern are the assumptions to be used for projecting graduate enrollments. The recent pressures on undergraduate admissions, the reduction in the demand for Ph.D.'s in the job market and the shifting emphasis from one graduate discipline to another all will have impact on future enrollments and budgetary costs. Published news accounts and informal discussions with University officials indicate major scaling down of Irvine and San Diego is expected. They are reported to be planning reductions in ultimate size to 10,000 maximum enrollments.

Budget Format

In last year's budget presentation the program budget received primary emphasis in the Governor's Budget. The 1971-72 Governor's Budget returns to the traditional functional structure for the University budget while the program budget is shown only in the supplemental report.

We have reviewed the expenditure program using both structures and have concluded again this year that we should continue to present our analysis on the traditional functional basis. Although the program budget has improved over last year's presentation, its emphasis is directed to total program review from all financial resources and does not provide a clear presentation of the need for a specific level of state funding. On the other hand a determination of the level of state funding is less difficult using the functional information.

As far as we can determine all budget decisions at the campus level, in the Regents' budget and in the Governor's Budget were made using the functional budget. Once these decisions were made, the resulting dollar amounts were reallocated to the program budget structure. When the budget is approved, the University will continue to control the budget using the functional accounts and future reports will use the functional format. For these reasons we have used the functional data as the basis for our analysis.

ANALYSIS AND RECOMMENDATIONS

Expenditures

Table 2 shows the University of California budget for the 1970-71 and 1971-72 fiscal years. It is divided into cumulative totals showing: (1) Total Educational 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

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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.

Department of Finance Policy

In developing last year's budget, the Department of Finance departed from the historic procedure of analyzing workload needs on a function-by-function basis to determine the appropriate workload level

Table 2
Proposed Budget for 1971-72

	1970-71	1971-72	<i>Analysis</i> Increase page number	
1. Instruction and Departmental Research ----	\$195,536,106	\$192,894,593	-\$2,641,513	910
2. Summer Session ----	4,361,429	4,836,669	475,240	919
3. Teaching Hospitals and Clinics -----	86,048,695	95,569,615	9,520,920	921
4. Organized Activities—Other -----	7,048,012	7,552,651	504,639	922
5. Organized Research --	43,960,187	41,034,936	-2,925,251	924
6. Libraries -----	26,798,373	26,040,746	-757,627	926
7. Extension and Public Service ----	33,761,980	34,680,884	918,904	928
8. General Administration	25,035,709	24,682,926	-352,783	931
9. Institutional Services and General Expense -----	15,447,500	15,542,563	95,063	932
10. Maintenance and Operation of Plant ----	32,123,588	33,127,802	1,004,214	935
11. Student Services ----	25,229,235	26,344,031	1,114,796	937
12. Staff Benefits ----	29,657,666	30,658,000	1,000,334	937
13. Provisions for Allocation -----	5,673,347	12,316,519	6,643,172	938
Budgetary Savings ---	-11,280,100	-9,400,000	1,880,100	940
14. Special Regent's Program -----	18,761,000	14,689,000	-4,072,000	942
Totals, Education and General -----	\$538,162,727	\$550,570,935	\$12,408,208	
15. Auxiliary Enterprises	43,424,230	46,745,054	3,320,824	943
16. Student Aid -----	6,292,237	6,483,905	191,668	943
Totals, Support Budget (Cont. Operations) -	\$587,879,194	\$603,799,894	\$15,920,700	
Sponsored Research and Activities ----	212,306,556	222,501,181	10,194,625	
Major AEC-Supported Laboratories	292,088,000	292,088,000	--	
Grand Total -----	\$1,092,273,750	\$1,118,389,075	\$26,115,325	

to which policy decisions would be applied. Instead, a lump sum allocation was given University officials with the specific decisions left to the discretion of the University. This same procedure was used in developing the 1971-72 budget.

It is our understanding that the University was given a state General Fund allocation of \$337 million which was identical to the prior year's appropriation. The University was told to develop a budget which would accommodate all qualified undergraduate students who were California residents. At the same time the Department of Finance presented the University with a list of suggested alternatives showing how the workload budget could be reduced to the 1970-71 level without reducing the enrollment estimates. Some of these suggestions were accepted although we understand there was no specific requirement to do so.

The University Decision

The University decision was to allocate to certain functions those increases considered mandatory or fixed costs, offsetting these increases by program reductions in other areas plus decisions to increase General Fund revenue. These general fund increases amounted to \$13.9 million offset by \$8.9 million in program reductions and \$5.0 million in funding offsets to the state appropriation. The increases are shown in Table 3.

Priority Consideration of Our Analysis

Our review of the fiscal needs of the University has not been limited solely to a determination of workload needs. Because of the potential imbalance between the state's estimated expenditure needs and estimated resources, certain priority considerations have been applied to arrive at our recommendations. We believe the highest priority consideration for the University budget should be a replacement of the 5 percent cost-of-living salary increase lost by the faculty in the 1970-71 budget plus an additional 5 percent cost-of-living increase for 1971-72. This recommendation for an augmentation of \$17.6 million is included in another section of our analysis and is not shown in the analysis of the operating budget.

Although several areas of the 1971-72 operating budget are proposed for funding below the historic or traditional workload required, our recommendations to augment some of these and not others is based on this highest priority of need concept. If additional resources become available to the state, other areas of the University budget could be considered for augmentation.

Revenue

In 1971-72 the total University support budget is \$603,799,894 which is an increase of \$15,920,699 or 2.7 percent over 1970-71. Of this increase University general funds added \$3,911,048, special restricted state and federal appropriations were reduced by \$1,103,000 and other University revenue sources added \$13,112,651. The state budgetary interest is not limited to the state appropriations.

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Table 3
University of California—Summary of Budget Changes 1971-72
General Funds

<i>Increases</i>	<i>Amount</i>
Health sciences faculty (18.9 FTE) -----	\$362,688
Stipends for interns and residents -----	780,888
Teaching hospital subsidy -----	1,091,729
Dental clinics subsidy -----	219,251
Maintenance and operation of plant -----	1,002,239
Student services -----	188,793
Staff benefits -----	1,000,334
Price increase -----	651,000
Merit increases and promotions -----	6,351,000
Tuition and fee waivers -----	172,230
Reduction in savings target -----	1,880,100
Unallocated restricted funds -----	271,743
Total Increase -----	\$13,971,995
 <i>Reductions</i>	
General campus faculty (-100 FTE) -----	\$1,562,200
Faculty support -----	1,921,271
Organized activities (unspecified) -----	63,557
Library books and binding -----	181,518
Library acquisition and processing (-635 FTE) -----	576,109
Campus public service (unspecified) -----	9,913
Agriculture extension -----	664,839
Administration (unspecified) -----	364,043
Institutional services (unspecified) -----	139,846
Health sciences—Instruction	
Other academic (-5.1 FTE) -----	100,969
Faculty support -----	311,091
Recruitment travel -----	20,000
Organized Research	
General campuses (unspecified) -----	1,147,419
Health sciences -----	144,704
Agriculture -----	1,700,000
Miscellaneous -----	808
Total Reductions -----	\$8,908,287
Net Increase -----	\$5,063,708
 Funding Changes and Offsets to State Appropriation	
University Restricted Funds	
Income from faculty compensation plans -----	\$-1,136,839
Other -----	-15,821
Medicare-Medi-Cal income recovery -----	-1,763,000
Increase nonresident tuition by \$300 -----	-2,000,000
Increase application fee by \$10 -----	-350,000
Terminate medical resident tuition -----	+546,000
Other student fees -----	+655,541
Other sources -----	+153,116
State share of overhead -----	-254,181
Prior year General Fund balance -----	+29,825
Other adjustments -----	-428,349
Total -----	\$-5,063,708
Total Change, State General Fund -----	-----

The University general fund should not be confused with the State General Fund. State General Fund appropriations are withdrawn from the State Treasury and deposited into the University treasury in the University general fund. In addition, revenue sources collected by the University such as nonresident tuition and other student charges, the state's share of federal overhead, unspent state appropriations, etc., are also deposited in the University general fund. The total of these general funds represents the state's primary financial interest in the University current operations budget. These funds represent about one-third of the University current expenditure program. The other two-thirds are for special purposes and are categorized as restricted funds. These include state special fund appropriations, federal appropriations, certain student fees, gifts and endowments, contracts and grants and other University income. These revenues are shown in Table 4.

Table 4
Revenues—Total Support Budget
1970-71 and 1971-72

	1970-71	1971-72	Increase
General Funds			
State Appropriation	\$337,090,295	\$337,090,295	--
University General Funds			
Nonresident tuition	10,058,050	11,482,670	\$1,424,620
Tuition—health sciences	546,390	--	—546,390
Other student fees	2,749,036	3,507,406	758,370
Medicare-Medi-Cal income	--	1,763,000	1,763,000
Other current funds	1,569,221	1,427,964	—141,257
Funds used as income			
Federal Overhead	14,859,821	15,114,002	254,181
Prior year balances	567,948	538,123	—29,825
Other	—121,349	307,000	428,349
Totals General Funds	\$367,319,412	\$371,230,460	\$3,911,048
Restricted Funds			
State Appropriations			
Project Clean Air	\$750,000	--	\$—750,000
Mosquito Research	100,000	\$100,000	--
Real Estate Program	133,200	133,200	--
Federal Appropriations	4,067,708	3,714,708	—353,000
University Sources	215,508,875	228,621,526	13,112,651
Totals Restricted Funds	\$220,559,783	\$232,569,434	\$12,009,651
TOTAL REVENUE	\$587,879,195	\$603,799,894	\$15,920,699
Medicare-Medi-Cal Income Recovery			

The revenue statement includes an increase of \$1,763,000 for Medicare-Medi-Cal income recovery. This is an estimate based upon claims by the University's teaching hospitals as reimbursable costs in the final annual claim for reimbursements for services to Medicare and Medi-Cal patients for the three years 1966-69. Certain patient-care-related costs (such as the biomedical library, house staff salaries and employee fringe benefits) were not originally included as hospital operating costs in establishing rates of charges to patients to the extent that they were not supported by hospital funds in the 1966-69 period. Medicare and Medi-Cal make interim payments based upon charges, but upon final audit, pay costs. Current regulations provide for payment of the above items.

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The \$1,763,000 is not an increase in Medicare or Medi-Cal income for 1971-72. It is an additional amount estimated by the hospitals as owed the University for services previously rendered to Medicare and Medi-Cal patients that could have been billed during the period 1966-69.

For this reason we cannot anticipate this level of funding on a continuing basis. The basis for applying this to the State General Fund is to recapture earnings from a program that has required a subsidy from the state.

Increased Nonresident Tuition

The budget proposes an increase in nonresident tuition from \$1,200 to \$1,500 per academic year. This change is expected to add an additional \$2 million over the amount estimated at the \$1,200 level. The increase to \$1,500 combined with other mandatory fees, such as the registration fee of \$300 and the education fee of \$300 for undergraduates and \$360 for graduates, will require nonresidents to pay a minimum of \$2,100 per academic year. A majority of nonresident students are graduates and would be paying \$2,160 plus local campus mandatory fees.

About a third of all University graduate students are from out of state at the time of admission and 20 percent of the 1969-70 graduate enrollments was nonresident students. To the extent that the increased charge would discourage attendance of some nonresidents at the University, they could be replaced by California students.

Increase in Application Fee

The current nonrefundable application fee is \$10. The budget proposed to increase this to \$20 in 1971-72. This will result in an increase of \$850,000 to the General Fund. Because the application fee at the California State Colleges is already at the \$20 level this change is appropriate.

Low Estimate for Other Student Fees

We recommend the estimate for other student fees be increased by \$600,000 to reflect actual 1969-70 receipts. Other student fees consists of application fees, educational allowances, late registration fees, late filing fees, library fines, etc.

Table 4 shows that revenue for other student fees will increase by \$758,370 but this includes the change in the application fee. If the \$850,000 increase in application revenue is removed the estimate will show a decrease of \$91,630.

For several years these fees have been underestimated in the original budget. Table 5 shows the amount budgeted and actual receipts for the past three years plus the estimated amounts for 1970-71 and 1971-72.

In 1969-70 income amounted to \$3,264,000 or about \$600,000 greater than the amount budgeted for 1971-72. Although the increased income from these fees is not necessarily directly proportional to enrollment growth, we cannot support an estimate below the 1969-70 actual level in light of increasing enrollments. Our recommendation assumes that actual receipts will at least be as high as those in 1969-70.

Table 5
Other Student Fees
Comparison of Budget to Actual
1967-68 to 1971-72

	<i>Budgeted</i>	<i>Actual</i>	<i>Difference</i>
1967-68 -----	\$1,786,339	\$2,917,851	\$1,131,512
1968-69 -----	2,474,861	3,247,945	773,084
1969-70 -----	2,529,652	3,264,462	734,810
1970-71 (estimated) -----	2,706,824	--	--
1971-72 (budget) ¹ -----	2,657,406	--	--

¹ Governor's Budget shows \$3,507,406 for other student fees including an \$850,000 increase for application fee revenue. This has been excluded from the data to show the proper relationship to previous years.

Educational Fee (Tuition)

On February 20, 1970, the Regents established the educational fee (in addition to the \$300 registration fee), applicable to all registered students as follows:

For 1970-71	
Undergraduates -----	\$50 per quarter—\$150 per academic year
Graduates -----	\$60 per quarter—\$180 per academic year
For 1971-72	
Undergraduates -----	\$100 per quarter—\$300 per academic year
Graduates -----	\$120 per quarter—\$360 per academic year.

The regents provided that resident students with demonstrated financial need may defer payment of the educational fee in the form of a loan.

The budget estimates that \$15,984,610 in 1970-71 and \$33,857,609 in 1971-72 will be realized from this charge. Table 6 shows the estimated income and expenditures of the educational fee for 1970-71 and 1971-72.

Table 6
Income and Expenditures--Educational Fee
1970-71 and 1971-72

Income			
Educational fee -----	\$15,984,610	\$33,857,609	\$17,872,999
Less amount deferred -----	—5,613,965	—9,242,609	—3,628,644
Net Income -----	\$10,370,645	\$24,615,000	\$14,244,355
Expenditures			
Capital outlay -----	\$9,655,645	\$23,900,000	\$14,244,355
Operating budget -----	715,000	715,000	--

Policy Decision on Use of Income

The 1971-72 budget proposes to use the new revenue from this fee primarily for capital outlay expenditures. Although no permanent policy has been established by the regents, approval to earmark these funds for capital outlay has been given for the past two years. The budget shows that \$715,000 has been allocated to the operating budget. These expenditures are for financial aid administrative costs associated with the deferral procedures and for planning staff related to the building program and as such are not inconsistent with the overall policy.

The earmarking of these funds for the building program presupposes that capital outlay has greater continuing need than current operating budgets. This may or may not be the case but we believe that earmarking funds for specific purposes creates a potential for inequities be-

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tween priorities. The Legislature should not be constrained by this policy. If it is determined there are unfunded high priorities in the operating budget, the Legislature could reallocate these earmarked funds if it is determined some of the capital projects are of lesser priority.

Termination of Health Sciences Tuition

We recommend that \$550,000 of income from the Educational Fee be earmarked for deposit in the General Fund as a replacement for the loss of medical school tuition. For many years a resident tuition has been charged to students in medicine (\$250) and students in dentistry and pharmacy (\$200). This income, estimated at \$546,390 in 1970-71 has been deposited in the University general fund as an offset to the cost of instruction.

When the regents imposed the educational fee in 1970-71, they believed the additional charge to these students would be excessive. For this reason the regents terminated these tuition charges effective with the 1971-72 academic year so that health sciences students now will pay the same fees as all other graduate students.

The effect of this decision was to eliminate about \$550,000 from the general fund and the operating budget and transfer it to the educational fee fund and the building program. To maintain the 1970-71 level of funding in the operating budget for the health sciences schools, the Legislature would be required to appropriate the additional amount from the State General Fund.

Overhead Funds from the Federal Government

Included as a revenue is \$12,976,633 for 1971-72 estimated overhead representing the state share 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 \$31,500,000. The amount listed as 1969-70 carryover represents the difference between actual net receipts and the original estimate in 1969-70 as determined by the formula.

Estimated overhead receipts.....	\$31,500,000
Less assigned overhead.....	--2,663,038
	\$28,836,962
Less 50 percent U.C. share.....	--14,418,481
Less 10 percent contingency.....	--1,441,848
	\$12,976,633
Add 1969-70 carryover.....	\$2,137,369
	\$15,114,002
Total 1971-72	\$15,114,002

The 1967 memorandum of understanding between the University and the Department of Finance defined the technical procedures to be used for estimating and dividing overhead receipts. The agreement states that the overhead "shall be estimated in advance and 90 percent

Table 7
Application of University of California Federal Contract and Grant Overhead Receipts

		<i>Application of overhead receipts</i>					<i>Distribution of balance</i>	
		<i>Finance disallowed contract and grant expenditures</i>	<i>Finance contract and grant administration</i>	<i>Governor's Budget</i>	<i>Retained by University</i>	<i>Balance</i>	<i>Governor's Budget</i>	<i>Retained by University</i>
	<i>Overhead receipts</i>							
1964-65	\$12,024,089	\$8,821	\$50,000	\$5,389,850	\$5,389,850	\$1,185,568	\$592,784	\$592,784
1965-66	14,024,089	7,841	209,130	6,871,682	6,871,682	500,562	250,281	250,281
1966-67	18,009,042	5,442	241,154	7,294,334	7,294,334	3,173,778	1,586,889	1,586,889
1967-68	21,103,741	49,028	1,756,610	7,575,000	7,575,000	4,148,103	2,074,051	2,074,051
1968-69	23,553,367	498	1,883,258	8,372,130	8,372,130	4,905,324	2,452,662	2,452,662
1969-70	26,788,785	24,735	2,071,942	7,732,685	7,732,685	9,226,788	4,613,369	4,613,369
1970-71 (estimate)	29,500,000	2,696,396	2,536,038	9,931,159	9,931,159	4,405,248	2,202,624	2,202,624
1971-72 (estimate)	31,500,000	2,883,696	2,663,038	12,976,633	12,976,633	--	--	--

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of the state's share shall be assigned to the fiscal year in which such overhead will be received, the 10 percent to be withheld by the University shall be set aside in a reserve to compensate for possible overestimates."

Table 7 displays how the overhead receipts are applied for each fiscal year since 1964-65. Beginning with 1967-68 receipts are shown for the year of receipt but for 1966-67 and before receipts were reported the year following receipt.

Use of Overhead Reserves

We recommend that \$3,200,000 of excess 1970-71 overhead scheduled to be returned to the state in 1972-73 be applied as an offset to the 1971-72 appropriation. Last year we noted that overhead for 1969-70 had been underestimated in the budget resulting in a substantial surplus being held in reserve pending its return to the state in 1971-72. We suggested these funds be applied to the 1970-71 appropriation and as a result the Legislature applied \$2,476,000 to the 1970-71 budget.

On page 277, line 22, of the Governor's Budget, a balance of \$2,202,624 is shown representing the state share of excess 1970-71 overhead. This is being held in reserve pending its return in 1972-73. This surplus results from an upward revision by the University of estimated 1970-71 overhead from \$24.4 million to \$29.5 million.

This revised estimate is based on a current review of 1970-71 approved contract and grants and is therefore more reliable than the original estimate.

In addition, under the agreement with the Department of Finance, the University is holding as a contingency reserve for overestimates, \$1,348,200 for 1970-71. An equal amount of the University share is also held in reserve for this purpose. If not needed the state's share will be returned in the 1972-73 budget. Because of the higher degree of accuracy of the revised estimate, we do not believe the full \$1.3 million need be held in reserve until 1972-73. Our recommendation is that \$1 million of these reserves and \$2.2 million in excess overhead or a total of \$3.2 million be applied to the 1971-72 operating budget to meet deficiencies that we have identified elsewhere in our analysis.

1. INSTRUCTION AND DEPARTMENTAL RESEARCH

Functional Description

The major goal of the University centers in this budget function for 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.

Proposed Budget

1970-71	1971-72	Amount	Change	Percent
\$195,536,106	\$192,894,593	—\$2,641,513		1.4%

The decrease of \$2,641,513 for this function includes \$2,500,212 from general funds and \$141,301 from University sources. This function is divided into two distinct groupings for decisionmaking purposes.

These are (1) the general campuses and (2) the health science schools. The detail of the increases and decreases for 1971-72 is summarized in Table 8.

Table 8
Instruction and Departmental Research-Summary of Budget Increase
1971-72 General Fund

General Campuses	
Faculty (-100 FTE) -----	-\$1,562,200
Faculty support -----	-1,921,271
Total, General Campuses -----	-\$3,483,471
Health Sciences	
Faculty (+18.9 FTE) -----	362,688
Other Academic (-5.1 FTE) -----	-100,969
Faculty Support -----	-59,348
Stipends for interns and residents -----	727,788
Psychiatric residency program—stipends -----	73,100
Recruitment Travel -----	-20,000
Total Health Sciences -----	\$983,259
Total Increase, Instruction and Departmental Research -----	-\$2,500,212

General Campuses Faculty Staffing

We recommend an augmentation of \$1,562,200 for 100 faculty positions which provides last year's authorized number of faculty compared to a 4 percent increase in enrollment. We further recommend that these additional positions be allocated to those campuses with proposed student-faculty ratios in excess of 18 to 1 (i.e., Davis, Riverside, Santa Barbara, San Diego and Irvine).

The Governor's Budget proposes a reduction of 100 FTE faculty positions coupled with a 4 percent increase in enrollment. This reduction reduced budgeted salaries by \$1,562,200 over the 1970-71 level and made a substantial increase in the student-faculty ratio from 16.48 to 17.42. The effect of the reduction can be seen in the student-faculty ratios by campus from 1967-68 through 1971-72 as shown in Table 9. All of the campuses show significant increases in the ratio but the new and developing campuses have the greatest increase. It should be noted that five of the campuses have ratios in excess of 18 to 1 while the remaining three have ratios less than 17 to 1. Our recommendation would specifically earmark these 100 positions for allocation to the

Table 9
General Campus Student-Faculty Ratios 1967-68 through 1971-72

	<i>Actual</i> 1967-68	<i>Actual</i> 1968-69	<i>Actual</i> 1969-70	<i>Budget</i> 1970-71	<i>Budget</i> 1971-72
Berkeley -----	15.22	14.92	15.27	15.40	16.43
Davis -----	17.11	17.96	18.61	17.69	18.55
Los Angeles -----	16.46	16.05	16.73	16.15	16.86
Riverside -----	12.46	13.32	15.59	16.68	18.38
Santa Barbara -----	16.00	16.03	17.64	18.44	18.54
San Diego—General Campus -----	12.79	14.24	16.62	16.89	18.62
Marine Science -----			7.01	8.43	6.73
Irvine -----	12.16	13.35	15.78	17.48	18.93
Santa Cruz -----	12.29	14.14	15.11	15.69	16.78
Eight-campus average -----	15.28	15.47	16.39	16.48	17.42
Faculty -----	5,328	5,462	5,592	5,752	5,652

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five campuses of Davis, Riverside, Santa Barbara, San Diego, and Irvine. This would reduce the combined ratios of these campuses from 18.5 to 17.7. The remaining three campuses of Berkeley, Los Angeles and Santa Cruz would remain at the 16.5 budgeted ratio.

The regents' budget request for faculty was for 281 new positions at a cost of \$3,220,120 for salaries. The difference between the Governor's Budget and the regents' budget was 381 positions or \$4,782,320.

Department of Finance Proposes Major Faculty Reduction

Regarding faculty workload the Governor's Budget includes the following statement:

"An historic standard for the University has been nine hours of classroom instruction per faculty member. Using the option of budgeting at this standard, all state-supported University programs could be funded at existing or improved levels from the current resource base. To minimize possible faculty dislocation, however, the University has chosen . . . to modify other state funded functions. Nevertheless, the proposed budget represents the first step in bringing the University back to an instructional productivity level predicated on the historic standard of nine teaching hours of classroom instruction per faculty member."

Although general in nature this statement clearly anticipates a budget policy calling for significant future reductions in the levels of faculty staffing at the University in addition to the reduction of 100 faculty positions already in this year's budget.

Apparently, the Department of Finance has developed some data that show the faculty is working well below the "historic standard of nine hours of classroom instruction," and that a return to this standard would allow large increases in enrollment to be accommodated with significant reductions in faculty. As of this writing the Department of Finance could not provide us the data necessary to evaluate this conclusion.

We are unaware of any "historic standard" used to measure faculty productivity at the University, particularly one that limits itself to classroom instruction as opposed to total teaching hours. We can find no record for the past 10 years of such a standard being used in the Governor's Budget for evaluating the need for faculty. We believe the Department of Finance should clarify its intent to the Legislature and provide the basis for this budgeting standard.

Faculty Contact with Students

For the past few years we have presented data on faculty contact hours as a basis for measuring the trends of faculty productivity. Although faculty contact is only one of several measures of workload, it is a significant one. Faculty contact hours 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.

Data on faculty contact hours have been collected and reported by the University since 1962 for each individual campus. These data were

compiled from the schedule of classes which provided accurate information on regularly scheduled courses but required an estimated factor to compute contact hours for graduate students enrolled in tutorial courses for credit. In our 1970-71 Analysis we showed this information for 1965, 1966 and 1967 at the five largest campuses for both faculty regular ranks and irregular ranks. This information for 1965 through 1969 is shown in Table 10.

Table 10
Average Number of Faculty Contact Hours¹ per Week
Full-Time Faculty: Fall 1965 to Fall 1969

Five general ² campuses	Contact hours	Full-time faculty	Average hr/wk	Percent distribution faculty time hours					
				Less than 3	3-6	6-9	9-12	12-15	15 & over
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%
1968	25,074.3	3,098	8.09	8%	27%	33%	15%	7%	10%
1969	26,978.5	3,158	8.54	9%	27%	30%	16%	8%	10%
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%
1968	5,814.0	544	10.69	4%	13%	27%	18%	16%	22%
1969	6,914.7	568	12.17	6%	13%	21%	15%	16%	29%
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						
1968	30,888.3	3,642	8.48						
1969	33,893.2	3,726	9.10						

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.

² Berkeley, Los Angeles, Davis, Santa Barbara and Riverside. Veterinary medicine at Davis is included.

Comparing these data with the student-faculty ratios for the same years, we concluded that when the student-faculty ratios were relatively stable the faculty contact hours with students decreased. Conversely, when the student-faculty ratio was increased substantially, then the contact hours stabilized. On the basis that contact with students should have high priority on faculty time, we suggested that a substantial increase in the student-faculty ratio was justified to keep contact hours from declining. Table 11 makes these comparisons for the five general campuses.

Table 11
Comparison of Student-Faculty Ratio to Faculty Contact Hours
Five General Campuses

	Student- faculty ratio	Faculty contact hours	
		Regular ranks	All ranks
1966	14.9	8.59	8.94
1967	16.0	8.76	8.93
1968	15.7	8.09	8.48
1969	16.2	8.54	9.10
1970 (estimated)	16.5	---	---
1971 (proposed)	17.3	---	---

University of California—Continued

The 1969 data show a significant increase in faculty contact hours for the first time since data were collected in 1962. It also appears that the increases in the student faculty ratios in the past few years have been a major contributor to this upturn.

We assume that faculty contact with students declined in the past because there was a surplus of faculty positions in the ratio. Our position has been that the student faculty ratio should be increased to keep faculty contact with students from declining. With the evidence that contact hours has finally increased indicating that the surplus of faculty has been substantially reduced, we believe that a more moderate increase in the ratio than the one proposed in the budget will result in a substantial increase in contact hours.

Our recommendation replaces the reduction of 100 faculty positions and requires the currently authorized faculty to absorb the workload related to a 4 percent increase in students and raises the student-faculty ratio from 16.48 to 17.11.

Teaching Assistants

The budget includes 1,648 teaching assistants in 1970-71 and no increase is proposed in 1971-72. The workload need for teaching assistants is evaluated on the basis of the relationship of positions to undergraduate students. In the 1970-71 approved budget the ratio of teaching assistants to undergraduate students is 1 to 42.68.

The six-year trend of the budgeted undergraduate student-teaching assistant ratio is:

1966-67	1 to 41.33
1967-68	1 to 40.92
1968-69	1 to 40.84
1969-70	1 to 40.83
1970-71	1 to 42.68
1971-72	1 to 44.53

To maintain this same ratio in 1971-72 an additional 85 positions at a cost of \$578,000 would be required. The regents' request was for 120.5 positions or \$831,000 which would have lowered the ratio to the 1969-70 level.

Between 1962 and 1968 the percentage of faculty contact hours devoted to lower division instruction declined from 24.6 to 18.1. There was a corresponding increase in time related to graduate instruction during this same period. It may be assumed that this results in a reduction in the quality of undergraduate instruction. Part of this trend may have been encouraged by the extensive use of teaching assistants for undergraduate instruction which permits the regular faculty to devote more of its time to graduate instruction or research. To discourage continuation of this trend, we believe the proposed increase in the undergraduate teaching assistant ratio is reasonable.

Faculty-Related Support

We recommend an augmentation of \$1,921,000 to restore the proposed reduction. In the various academic departments there are numerous supporting costs such as administrative, technical and clerical positions along with related office, classroom and laboratory supplies and equip-

ment. Historically these items were merged into a single grouping for budget purposes and measured on the basis of dollars per faculty positions to determine workload needs.

The budgeted academic support funds are shown in Table 12. Although the overall rate drops by \$251, the table shows that expected allocations in 1971-72 result in considerable variation to the campus rate.

Table 12
Budgeted Instructional Support Funds per FTE Faculty ¹

	1970-71	1971-72	Change
Berkeley -----	\$8,538	\$8,270	\$-268
Davis -----	8,275	7,777	-498
Irvine -----	9,538	8,374	-1,164
Los Angeles -----	7,535	7,371	-164
Riverside -----	7,594	7,350	-244
San Diego			
General Campus -----	8,607	7,925	-682
Marine Sciences -----	8,443	7,883	-560
Santa Barbara -----	6,274	6,621	347
Santa Cruz -----	7,509	7,259	-250
Total, all campuses -----	\$7,915	\$7,664	\$-251

¹ Variance in campus rates relates to differences in campus programs and size.

The proposed budget reduced general funds for this purpose \$1,921,000 below the 1970-71 authorized level. This reduction is partially related to the proposal to eliminate 100 faculty positions. Our recommendation would restore the reduction of \$1,921,000 to allow the 1970-71 authorized level of support. This will require the workload increase of 4 percent to be absorbed.

Health Sciences

The budget provides an increase of \$983,259 for health sciences instruction including the addition of a net of 18.9 FTE faculty positions. Medicine receives an additional 20 positions and dentistry 11, with an offsetting reduction of 19 in the other disciplines. The estimated enrollment increases for each health sciences school are compared to the changes in FTE faculty in Table 13 with comments describing the primary reason for the enrollment change.

Table 13
Summary of Enrollment Increases to New Faculty Positions
1971-72

Health Sciences			
	Number of new faculty	Headcount enrollment	Comments
Dentistry -----	11.20	42	32 graduate professionals
Medicine -----	19.99	535	See Table 14
Nursing -----	-3.25	18	All B.S. Curriculum, S.F.
Optometry -----	-.55	21	15 fourth year
Pharmacy -----	-.21	6	All Pharmacy D. Curriculum
Public health -----	-3.02	-15	Eliminate B.S. Curriculum, L.A.
Veterinary medicine -----	-.31	11	6 interns, 5 second year
Other -----	-4.95	54	Graduate academics
Totals -----	18.90	672	

University of California—Continued

Resident tuition for professional students in medicine, dentistry and pharmacy will be eliminated. Nonstate income from the faculty compensation plans will increase significantly in 1971-72 as a result of larger percentage contributions to the additional cost of the strict full-time salary plans at the Davis and San Diego medical schools. The additional cost of the strict full-time plans at these schools will be funded entirely from nonstate sources in 1972-73, the fifth year after the initial classes of medical students were accepted. This is in accordance with the original agreement to provide a state subsidy to these salary plans only for the first five years. Although there is a net reduction in General Fund support to the health sciences this is more than offset by increased restricted fund income.

In general, faculty ratios are increased in all disciplines by 5.7 percent and the level of academic support is reduced by 5 percent. Because the health sciences budgets have not shared in the previous year's budget reductions to the same degree as have the general campuses, we believe these adjustments can be absorbed without major problems.

Medical Schools

Table 14 displays the 1971-72 enrollments at the medical schools. For medical curriculum students a total of 1,781 is estimated for an increase of 204. Interns and residents will increase by 321 to a total of 2,264. Graduate academic and paramedical enrollments are virtually stabilized with an increase of only 10 students.

Table 14
Medical School Enrollments
1971-72

	<i>Davis</i>	<i>Irvine</i>	<i>Los Angeles</i>	<i>San Diego</i>	<i>San Francisco</i>	<i>Total</i>
M.D. Curriculum						
1st year -----	100	63	133	56	140	492
2nd year -----	52	62	130	56	134	434
3rd year -----	53	63	128	54	138	436
4th year -----	49	62	127	49	132	419
Total -----	254	250	518	215	544	1,781
Interns and residents -	220	342	890	222	590	2,264
Graduate academic ----	24	5	185	54	125	393
Paramedical -----	---	---	---	---	64	64
Total -----	498	597	1,593	491	1,323	4,512

Enrollment in the medical curriculum at Davis increases by 106 students but this does not generate a proportional increase in faculty. Half of the increase results from the third-year class moving into the fourth year but faculty for this purpose was provided in last year's budget. The other half of the increase results from doubling the first-year class to 100 students. This is to be accomplished with a five-year National Institute of Health grant of \$5,186,000.

Other increases to the medical curriculum occur with the initial fourth-year class at San Diego and the increase of 13 students to the fourth-year class at Los Angeles resulting from previous expansion. These too were funded in prior years.

The five medical schools will enroll 321 additional interns and residents for a total of 2,264 in 1971-72, an increase of 16.5 percent.

Of the requested increase, \$477,000 will be required to pay a portion of the stipend costs of additional interns and residents required at the UCLA hospital and at the University hospital of San Diego County. The \$304,000 balance is required to fund the total stipend costs of 32 additional residents at the Sacramento Medical Center and the Orange County Medical Center. These county hospitals will continue to serve as the primary teaching facilities for the medical schools at Davis and Irvine until the campus hospitals are completed. The teaching programs of these schools require a larger number of resident positions than the counties are willing to provide for the care of county patients.

The budget also continues funding of the Psychiatric Instruction Program which was initiated in the 1970 Budget. An amount of \$150,000 is appropriated in Item 283 for this purpose.

Ten-Year Health Sciences Plan

In response to legislative direction from the Conference Committee on the 1968 Budget Bill, the University undertook a 10-year academic, physical and fiscal plan for all University medical and health sciences schools. After the submission of several progress reports the final report was submitted to the Legislature on November 25, 1970.

In summary, the plan projects doubling the state-funded operating budget in 10 years (without allowance for inflation). State support, including that for teaching hospitals, would grow from \$55 million to approximately \$115 million per year. The report states that the University recognizes that over the coming decade major federal and state health programs may reduce the University's requirements for clinical teaching support funds and commit the University to attempting to reduce this category of expenditures as circumstances permit.

The plan foresees a total capital outlay requirement of \$485 million, based on current construction costs. Allowing for cost escalation over the decade of the plan, the total capital outlay requirement would exceed \$641 million. It is expected that no more than 60 percent of this can be funded from nonstate sources, leaving a substantial amount for state financing. Furthermore, implementation of the plan is heavily dependent upon federal financing and upon success in funding a major portion of the cost of clinical facilities from future patient income.

Some of the specific recommendations in the plan are as follows:

1. Double the output of dental professionals at or above the doctoral level.
2. Admit 1,000 M.D. students annually by 1980, a 133-percent increase over the present level.
3. Double the present enrollment of interns and residents for a total of nearly 4,000 by 1980.
4. Continue to strengthen training program for teacher-investigators.
5. Increase the graduate nursing enrollment 110 percent as part of plan to make nursing programs an integral part of each University health sciences campus having a medical school.
6. Expand the total enrollment in optometry from 198 to nearly 300.

University of California—Continued

7. Increase the number of Doctor of Pharmacy graduates to about 120 per year by 1980.

8. Double efforts to educate and train students in health care administration, environmental health planning, and other public health fields.

9. Undertake feasibility and planning studies concerning possibility of developing a second school of veterinary medicine, after assuring full development of the existing School of Veterinary Medicine at Davis with an increase of its entering class size from 83 to at least 128.

10. Take a lead in developing new categories and uses of health workers below the doctoral level. By 1975 an estimated 500 persons will have been graduated in these new categories.

11. Continue to take lead in training teachers for other health professional fields, with emphasis on development of clinical training programs at University and affiliated hospitals. Programs to educate personnel at and below the baccalaureate level in such fields should continue to be concentrated at community and state colleges.

The enrollment estimates anticipate a new school of dentistry with its first class in 1976-77, a new school of medicine with its first class in 1975-76, and three new nursing schools. Nursing schools at Davis and Irvine are planned for an opening class in 1974-75 and a fifth school planned to open in 1976-77.

We have, in the past, noted that from a financial standpoint the state is finding it increasingly difficult to meet the master plan commitment of providing higher education to all qualified students. Although there is an indication that the enrollment pressure will ease during the next several years, the demands on state revenues in other areas of state services are likely to continue the imbalance between current expenditure needs and existing tax revenues. For this reason state tax revenues may not be available as an alternate course to continue the health science program at the level contemplated in the 10-year plan.

The plan generally projects programs and costs using historic or current standards and no significant alternatives have been presented for reducing total costs of these programs. The plan appears to say that if the state desires to double the output of health sciences personnel it must double expenditures. We do not believe that this is the only alternative available to the state. We have, in the past, suggested possible areas of potential cost savings to these programs some of which should be considered by the University such as:

1. Better utilization of existing resources. Physical plants and staff resources are both extremely costly in medical schools compared to other disciplines and this should create an ever greater incentive for fuller utilization of these resources. An example of this can be found at Davis. The medical school is presently in surge-type buildings with a class of 51 students. Davis will expand the class to 100 students with a five-year National Institute of Health grant of \$5,186,000. This expansion will be accomplished with a relatively small increase in space by restructuring the curriculum schedule to allow greater use of existing facilities and resources. This type of concept could be used by other schools.

Accelerated curricula similar in concept to year-round operation programs would provide greater utilization of resources and further increase the supply of physicians. These should be explored by the University.

2. Medical research. If we expand the medical doctor curricula it may not be necessary to increase faculty effort and expenditures for medical research at the same proportionate rate. The duplication of the same high cost research facilities at each new medical school is expensive and does not necessarily relate to the need for new doctors.

3. Private schools. The expenditure of state funds for training medical doctors need not be limited to the University of California program. One alternative that might be considered would be a program where the state would contract with those private institutions which have excess capacity or the ability to increase capacity. The goal of this type of program would be to optimize resources of the entire higher education system rather than a particular segment.

4. Nursing schools. The plan anticipates three new schools of nursing with the primary role of producing graduates to serve as teachers. From a cost standpoint we have difficulty endorsing a proposal to have five small schools as opposed to two larger ones with the resulting economies of scale. Because the state colleges have been expanding graduate programs in this area, the University may be planning expansion beyond need.

All segments of higher education have a role in nursing education. Decisions to expand enrollments and facilities in nursing should be evaluated as a total system and not on an individual segment basis. From a cost-benefit standpoint it may be more feasible to expand the community college and state college programs rather than the University programs.

It should be noted that the implementation of most of the new programs in the plan will be presented in the capital outlay budgets. For this reason these should be carefully evaluated regardless of the fact that state appropriation may not be required because of the regents' use of educational fee income for the capital program.

Functional Description 2. SUMMER SESSION

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 facilities. Summer sessions will be operated on all of the University campuses in 1971-72. This budget category is reported to contain all the expenditures associated with these summer programs.

Proposed Budget		Change	
1970-71	1971-72	Increase	Percent
\$4,861,429	\$4,836,669	\$475,240	10.9%

A workload increase of \$475,240 will be provided from student fees. Table 15 shows the actual summer headcount enrollments for 1965-66 through 1970-71. These enrollments have been adjusted to offset the effect of double counting.

University of California—Continued

Table 15
Summer Session Enrollment

	1966-67	1967-68	1968-69	1969-70	1970-71
	Actual	Actual	Actual	Actual	Actual
Berkeley -----	9,225	300	777	784	7,636
Irvine -----	87	472	249	509	781
Davis -----	1,005	1,140	1,257	1,650	1,648
Los Angeles -----	10,211	7,382	2,907	1,592	7,666
Riverside -----	633	704	792	1,008	1,058
San Diego -----	--	--	--	--	118
San Francisco -----	977	955	950	1,107	947
Santa Barbara -----	1,812	1,912	2,032	2,084	2,012
Santa Cruz -----	--	227	108	399	645
Total -----	23,950	13,092	9,072	9,133	22,511
Percent -----	+10.3	-45.3	-30.7	+0.7	+146.5

The gross headcount enrollment of the 1970 Summer Session was approximately 28,000 students. Removal of dual-session enrollments reduced the gross enrollment total to approximately 22,000 students, of whom about 15,000 were regular University students. The remaining 7,000 students were either certificated personnel, or in good standing at other institutions. The gross enrollment was approximately 12 percent short of budgeted levels, with the Berkeley and Los Angeles campuses accounting for 85 percent of the enrollment shortfall. Enrollment on most of the smaller campuses increased slightly from last year, but not as much as had been expected. Several factors contributed to these results. Planning got a late start at the Berkeley and Los Angeles campuses because of the changeover from a summer quarter to a summer session program, and this difficulty resulted in turn in unfavorable timing of publicity about the summer session programs. Summer session enrollments were down some 6 to 8 percent across the country, however, and this has been widely attributed in part to the aftermath of the events of last spring.

Special Legislative Report

The supplemental report of the Conference Committee on the Budget Bill directed the University to report on its decision to terminate summer quarter operations and to present an alternative proposal that will meet the same objectives of the summer quarter program. Specifically the alternative was to be directed towards regularly enrolled students or students who qualify for enrollment under current admission standards (page 861).

In response to this request the University submitted a progress report identifying the alternative programs that are currently under study by a special University task force. The task force will explore the full range of possible summer programs and financial means of support and will weigh the costs and benefits of each alternative. The focus of investigation will be the question of how much each alternative adds to the benefits derived from and the costs of existing summer sessions.

Last year the Legislature reaffirmed its approval of the use of summer quarter operations and at the January 1971 meeting the regents endorsed the concept of year-round operations. According to the report some recommendations for alternatives will be submitted in time for implementation beginning in the summer of 1972.

The report states that the task force will incorporate the recommendations of the University Growth Plan Review Task Force in its deliberations. The Growth Plan is concerned with revision of long-range enrollment estimates made in 1965 which predicted a total enrollment of 250,000 by 1985. If these are significantly revised downward, as has been reported in the press, then the use of year-round operation to accommodate the increasing enrollments may not be the principal objective of the program. Even if this may be the case, the summer quarter concept should not be disregarded at the campuses where student demand exceeds enrollment ceilings. At those campuses summer operations might be a more appropriate solution than redirection.

3. 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 campus, the San Diego County University Hospital and the Veterinary Teaching Hospital at Davis. In addition, the medical schools at Davis and Irvine subsidize hospital patients at the county-operated hospital. The teaching 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.

Proposed Budget

<i>1970-71</i>	<i>1971-72</i>	<i>Increase</i>	<i>Change</i>	<i>Percent</i>
\$86,048,695	\$95,569,615	\$9,520,920		11.1%

The proposed increase of \$9,520,920 is composed of \$1,091,729 in General Funds while the remaining \$8,429,191 represents increased patient care costs funded from charges for service.

The General Fund will provide for an increase of \$692,000 to the patient subsidy at the University teaching hospitals and \$200,000 each for teaching patient care at Sacramento and Orange County hospitals.

Teaching Hospital Subsidy

For the three University hospitals the state subsidy will increase by \$692,000.

A traditional simplistic measurement used as an indicator of workload needs is a percent of the state subsidy to the total budget which has been consistently falling. This is reflected in Table 16 which shows a five-year trend of a declining percentage. In 1971-72 the percentage of state subsidy to the total operating budget is 12.7 percent compared to 13.3 percent in 1970-71.

University of California—Continued

Also shown on Table 16 is the departmental patient days per clinical student. Although there has been a substantial decline since 1961-62 the budget does provide for a slight increase.

Table 16
Human Medicine Teaching Hospitals
(San Francisco, Los Angeles and San Diego)
Five-Year Trend in Subsidy Usage

	Total operating budget	Subsidy	Percent of subsidy to total budget	Departmental patient days per clinical student
1967-68	\$44,589,354	\$8,859,980	19.1%	357
1968-69	54,403,014	8,628,022	15.9	344
1969-70	68,553,094	11,098,000	16.2	288
1970-71 (estimated)	86,048,695	11,432,000	13.3	263
1971-72 (proposed)	95,569,615	12,124,000	12.7	267

Workload data printed in the Governor's Budget indicates that there will be an increase in departmental patient days from 267,639 to 317,294 and that the state support as a percent of departmental patient charges will remain stabilized at about 19 percent.

4. 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. General purpose funds are primarily used in five areas: (1) elementary schools, (2) vivariums 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, (4) art, music, and drama activity including an ethnic collection at UCLA and (5) the dental clinic subsidy.

Proposed Budget

1970-71	1971-72	Amount	Change	Percent
\$7,048,012	\$7,552,651	\$504,639		7.1%

Of the increase, \$155,694 is related to state funding while the remaining \$348,945 is in University funds. State-supported activities and the amount of state funds included in the 1970-71 budget are:

	1970-71	Change	1971-72
University elementary school	\$415,158		\$415,158
Education field service center	28,262		28,262
Neuropsychiatric institute school	2,240		2,240
Vivaria	393,126		393,126
Arboretum	27,741		27,741
Medical support laboratories	147,679		147,679
Facility for advanced instrumentation	50,557		50,557
Dental clinic subsidy	462,625	\$219,251	681,876
Art galleries and collections	172,582		172,582
Other	—2,664		—2,664
Less unallocated reduction (+8 percent)		—63,557	—63,557
Total State Funds Budgeted	\$1,697,306	\$155,694	\$1,853,000

Workload Indicators

Workload formulas have not been developed for projecting needs of activities included in this function. In the past, workload increases for these items have been reviewed on an individual basis.

Increase Subsidy for Dental Clinics

A budget increase of \$219,251 is proposed to be used for an increase to the subsidy for dental patients at the dental clinics at Los Angeles and San Francisco. This represents the full request in the regents' budget. Of this amount about \$176,000 will go to Los Angeles and \$43,000 to San Francisco. This will assist in obtaining an adequate number of teaching patients for the increased clinical enrollment of 34 students or 9.7 percent.

Unallocated Reduction

We recommend special review of the unallocated budget reduction of \$63,557. For those organized activities at the general campuses the budget proposes an 8-percent reduction from the \$828,000 level of state support in 1970-71. This amounts to \$63,557. The University has been unable to inform us as to where these budget reductions will be made until the chancellors of each campus have an opportunity to determine how this would be allocated. Until we have this information we are unable to recommend either approval or disapproval of the proposed reduction.

University Elementary Schools—Special Report

In the Supplementary Report of the Committee on Conference for the 1970-71 Budget Bill it was stated:

“That the Legislative Analyst and the Department of Finance study the elementary laboratory schools of the University and report to the Joint Legislative Budget Committee by November 15, 1970.”

The requested study was intended to evaluate the University elementary schools to determine if conditions were the same as those in the state college on-campus laboratory schools which were the subject of criticism in our 1970-71 *Analysis of the Budget Bill*. In that report we noted the state college schools had a high percentage of faculty children in the enrollments with few or no disadvantaged children. The selection of students appeared to be through family initiative rather than developing a student body mix necessary for research and demonstration. In addition, there was a high ratio of students to state-supported staff and there were no significant research findings.

Our review indicated that the university has made an effort to provide a balance in the enrollment mix so that a representative sample of disadvantaged students is obtained. In addition, there is no significant percentage of faculty children in the enrollments. Other criticisms made for the state colleges appear to apply to lesser degree at the University elementary schools.

For these reasons we recommend that budgetary support continue at the two schools.

University of California—Continued

We recommend that the University establish a formal system for identifying and evaluating the specific research projects conducted at the University elementary schools during 1971-72 including regular reporting on the accomplishments of each project. A report containing the elements of this system should be submitted to the Joint Legislative Budget Committee by November 1, 1971. Although research and demonstration are the primary purposes for existence of the school, evaluation of this output is difficult. There are no significant funds budgeted for research or the dissemination of the results of such research.

The University notes that examples of the types of activity at the school include developing and using as a model such public education programs and practices as nongrading, team teaching and individualized instruction. Curricular innovations such as linguistics, foreign language instruction, science programs and early childhood education have also been developed and demonstrated.

We could find no tangible evidence or data necessary to identify or evaluate this research mission. Our recommendation would provide for this identification and hopefully an evaluation of the results.

5. ORGANIZED RESEARCH

Functional Description

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 (\$152.6 million) which is received from private individuals, agencies, and the federal government is excluded from the support budget. State support is used primarily to meet the matching requirements of the federal government and provide for the administrative functions of organized research units. The ratio of general purpose funds to restricted purpose funds is about 1 to 4.

Proposed Budget

1970-71	1971-72	Amount	Change	Percent
\$43,960,187	\$41,034,936	\$-2,925,251		-6.7%

The 1971-72 proposed budget includes approximately \$34.7 million in state funds or a reduction of about \$3 million from 1970-71.

The 1970-71 and 1971-72 budgets for organized research are shown in Table 17 with the related changes. For information purposes the nonbudgeted funds for organized research are shown at the bottom of the table.

We recommend a special review of this item. The reduction of \$2,957,000 was an arbitrary 8-percent cut which has been allocated only to the broad categories listed in Table 17. We requested from the University an explanation of how this reduction would be allocated and whether reductions would be taken in selected programs or allocated equally. At the time of the writing of this analysis, a determination had not been made by the University.

Table 17
Organized Research

	1970-71	1971-72	Change
General Campuses			
Research grants -----	\$2,208,203	\$2,168,703	\$-39,500
Research travel -----	358,705	351,705	-7,000
Institutes and bureaus -----	14,861,834	13,835,320	-1,026,514
Agriculture, forestry -----	23,359,848	21,659,890	-1,699,958
Totals, General Campuses -----	\$40,788,590	\$38,015,618	\$-2,772,972
Health Sciences			
Research grants -----	\$241,227	\$222,073	\$-19,154
Research travel -----	50,049	46,075	-3,974
Institutes and bureaus -----	2,880,321	2,751,170	-129,151
Totals, Health Sciences -----	\$3,171,597	\$3,019,318	\$-152,279
Totals, Organized Research -----	\$43,960,187	\$41,034,936	\$-2,925,251
General purpose funds -----	37,726,923	34,769,600	-2,957,323
Restricted purpose funds -----	6,233,264	6,265,336	32,072
Nonbudgeted Funds			
Restricted funds -----	(\$145,010,806)	(\$152,556,381)	(\$7,545,575)
Laboratories—AEC -----	(\$292,088,000)	(\$292,088,000)	(\$-----)

The narrative in the budget describes the reduction in research grants and travel as related to the reduction in faculty but this is not consistent because these same funds in health sciences are reduced with the increase of 18.9 health sciences faculty. The \$1.7 million reduction in agriculture is described as displacing 111 FTE positions. The budget narrative further states that "The remaining reductions would most severely affect quality programs at Berkeley, Los Angeles, and other locations in such areas as air pollution, water quality and supply, earthquake prediction and geophysics, traffic and transportation, government and urban affairs, business, industrial relations, human behavior, cancer, viruses, marine sciences and astronomy, where most of the existing General Fund support is budgeted."

We do not believe the Legislature can make appropriate budget decisions regarding the organized research function without an indication of the specific "quality programs" that will be "severely" affected. On this basis we are recommending special review pending determination by the University of where these reductions will be made.

Budget Proposes Future Reallocation of Savings

We recommend the University be directed to control 1971-72 expenditures in conformity with the budget as approved by the Legislature. The budget narrative has the following statement: "If it becomes possible for the University to offset the reduction from current state funding by changes in its internal priorities, a reallocation of its other resources to research on the environment, transportation, oceanography and health problems, can moderate the impact."

This statement reflects a substantial change in policy. The budget represents a fiscal plan that is presented to the Legislature as justification for funding of specific program levels. Once approved by the Legislature, substantial deviation from that plan should not be made without some form of prior approval. Although the University has a

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considerable amount of fiscal flexibility when compared to other state agencies, it has on a policy basis substantially conformed to the fiscal plan approved by the Legislature. In the past, reallocation of savings has been used primarily for unforeseen emergencies, contingencies or other expenditure needs that were unanticipated at the time the budget was prepared.

If it is the intent of this new policy to allow substantial savings made in one budget function to be transferred to augment another function beyond the level approved by the Legislature, then we would oppose such a policy change.

Special Appropriations for Research

Included in the totals for organized research are three special research programs separately appropriated in the Budget Bill. Item 284 appropriates \$334,900 for research in the conversion of sea water and brackish water to fresh water, and Item 285 appropriates \$92,000 for research in dermatology. Item 286 appropriates \$100,000 from the California Water Fund to support a research program in mosquito control.

The appropriations from the General Fund for Sea Water conversion and dermatology research have been reduced by 8 percent from the 1970-71 level. The sea water conversion program is reduced by \$26,800 and dermatology has been reduced by \$8,000. No reduction was applied to the mosquito research program because it is appropriated from a special state fund.

All of these items are lump-sum appropriations that have remained constant for several years without being adjusted to program needs, price increases, salary levels, etc. For this reason these are considered to be subsidy-type appropriations, the amount of which may be determined on the basis of availability of resources.

Functional Description

6. LIBRARIES

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 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.

Proposed Budget

		Change	
1970-71	1971-72	Amount	Percent
\$26,798,373	\$26,040,746	\$-757,627	2.9%

The 1971-72 decrease of \$757,627 is proposed entirely from the General Fund and is a 2.9-percent reduction compared to a 4.3-percent increase in total FTE enrollment. The reduction is related to a lower level of new book and periodicals acquisitions than has been previously authorized. The allocation of this reduction to the library allotments is as follows:

Items 282-286

Higher Education

	1970-71	1971-72	Change
Books-Periodicals -----	\$7,273,197	\$7,122,322	\$-150,875
Binding costs -----	1,454,395	1,423,752	-30,643
Acquisition and processing -----	9,511,251	8,935,142	-576,109
Reference and circulation -----	8,219,454	8,219,454	---
Library automation -----	340,076	340,076	---
Total -----	\$26,798,373	\$26,040,746	\$-757,627

Funds budgeted for the purchase of books and periodicals total \$7,122,322 for the nine campuses and is a reduction of \$150,875 from the dollar amount authorized in 1970-71 for this purpose. Book acquisitions will be reduced by 33,940 volumes or 5.9 percent.

Table 18 presents the six-year trend of volumes per student since 1966-67 which shows a consistent increase per student. Although the level of volume acquisitions have been reduced, this trend is continued in the 1971-72 budget and the volumes per student increases from 110.7 in 1970-71 to 111.3.

The increases in the volumes per student is not necessarily the result of prior budgets. Each year there are substantial volume additions to the University libraries from gifts and purchase of special collections from endowments or other University funds. For this reason it is likely the actual volumes per student in 1971-72 will exceed the amount shown in Table 18.

Table 18
Volumes per FTE Student 1967-68 through 1971-72

	FTE enrollment ¹	Total volumes in collections	Volumes per student
1966-67 ² Actual -----	79,293	8,149,298	102.8
1967-68 ² Actual -----	86,839	8,970,853	103.3
1968-69 ² Actual -----	90,352	9,828,273	108.8
1969-70 ² Actual -----	98,508	10,567,312	107.3
1970-71 Estimated -----	101,733	11,260,727	110.7
1971-72 Proposed -----	106,059	11,801,816	111.3

¹ Three-quarter average enrollments.

² Corrected volume count.

³ Preliminary volume count.

The allocation of this reduction to the various campuses is shown in Table 19. Also included in this table is a comparison of the percentage decrease in the budget to the percentage increase in enrollment for each campus. It should be noted that these reductions do not necessarily

Table 19
Libraries Comparison of Percents of Dollars to FTE Enrollment Increases
1971-72 Increase

	1970-71 Budget	1971-72 Increase		
		Amount	Percent	Enrollment
Berkeley -----	\$5,450,799	\$-142,818	-2.6%	---
Davis -----	3,602,814	-86,387	-2.4	11.8%
Irvine -----	2,229,388	-58,897	-2.6	19.9
Los Angeles -----	5,922,156	-169,576	-2.9	-1.0
Riverside -----	1,750,524	-82,051	-4.7	11.2
San Diego -----	2,712,346	-66,181	-2.4	19.8
San Francisco -----	804,439	-24,747	-3.1	5.5
Santa Barbara -----	3,143,168	-85,283	-2.7	-2.2
Santa Cruz -----	1,182,739	-41,687	-3.5	16.8
Total -----	\$26,798,373	\$-757,627	-2.9%	4.3%

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correlate with the enrollment change. This is evident at Berkeley and Los Angeles where there is no enrollment increase. The University explanation is that in a period of declining resources, the Berkeley and Los Angeles campuses must receive priority in comparison to the other campuses in order to preserve the quality of these two major research collections. The other campuses will have to rely further on inter-library lending facilitated by the daily shuttle services in the northern and southern parts of the state.

7.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 education 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.

Proposed Budget

<i>1970-71</i>	<i>1971-72</i>	<i>Amount</i>	<i>Change</i>	<i>Percent</i>
\$20,492,885	\$22,060,268	\$1,567,383		7.6

The proposed budget for the University extension is \$1,567,383 or 7.6 percent more than the current year. There are no state General Funds appropriated for the extension function. It is a self-supported activity financed principally from student fees.

Enrollment

Enrollments for University extension since 1963-64 along with the percentage increases each year are shown in Table 20.

Prior to 1968-69 state appropriations subsidized the University extension program. As the percentage of state support fell during those years, enrollment reacted accordingly because program planning was based on state support. In 1968-69 all state support was eliminated

from the extension program and from that point on enrollment growth has apparently stabilized.

Table 20
University Extension Enrollments
1963-64 Through 1971-72

	FTE students	Percentages increase
1963-64 -----	14,500	--
1964-65 -----	16,283	12.2
1965-66 -----	18,881	16.0
1966-67 -----	17,331	-8.2
1967-68 -----	17,231	-0.6
1968-69 -----	18,307	6.2
1969-70 -----	19,317	5.5
1970-71 (estimated) -----	20,172	4.4
1971-72 (proposed) -----	21,313	5.7

7.b. AGRICULTURAL EXTENSION

Functional Description

Agricultural Extension is operated under a cooperative agreement with 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 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.

Proposed Budget		Change
1970-71	1971-72	Amount
\$10,628,639	\$9,963,800	\$-664,839
		Percent
		-6.3%

State support funds of \$7,650,000 are budgeted in 1971-72, a reduction of \$664,839 or 8 percent from the 1970-71 authorized level. Agricultural Extension also receives support from the federal and county governments. State and federal funds are used by the University to pay for central services, staff and salary and local advisers and other

Table 21
Agriculture Extension 1971-72

	1970-71 Budget
Production capacity and efficiency -----	\$5,203,374
Protection of livestock crops and forest -----	1,147,200
Marketing and distribution -----	512,143
Foreign markets and foreign agricultural developments -----	51,214
Food and nutrition -----	419,957
Health and safety -----	20,486
Youth and family living -----	2,048,572
Community development -----	327,773
Resource protection, environmental improvement -----	256,072
Recreation, wildlife, natural beauty -----	256,072
Agricultural Publications -----	385,776
Total 1970-71 -----	\$10,628,639
Less: Unallocated Reduction 1971-72 -----	-664,839
Total 1971-72 -----	\$9,963,800

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technical field positions. Counties provide and maintain farm advisors offices, including all clerical and support needs.

Table 21 shows the individual programs and the budgeted levels for 1970-71 in relation to the proposed level for 1971-72.

We recommend special review of the unallocated budget reduction of \$664,839. The decrease of \$664,839 is an arbitrary reduction of 8 percent that has not been allocated to the individual program. The University has informed us that the distribution of this reduction is presently under consideration.

Because of the current shortage of resources, Agriculture Extension appears to be a lesser priority than other fiscal needs of the University and could appropriately be reduced, but we believe the specific program reductions should be identified. Until we have this information we are unable to provide a recommendation on this item.

7.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 the 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

1970-71	1971-72	Amount	Change	Percent
\$2,640,456	\$2,656,216	\$15,760		0.6%

The proposed budget increases \$15,760 over 1970-71 and includes a \$25,673 increase in restricted funds mostly student registration fee income. This is offset by a reduction in general funds of \$9,913 leaving \$118,000 in General Fund support. This reduction represents an arbitrary 8 percent reduction that has not been allocated to a specific program in the budget. Table 22 shows the budgeted expenditures by type of program and source of funding.

Table 22
Campus Public Service 1971-72
By Fund Source

1971-72	General Fund	University sources	Total
Arts, lectures and conferences -----	--	\$1,876,030	\$1,876,030
Public service—agriculture -----	--	85,000	85,000
Professional publications -----	70,250	64,000	134,250
Vocational education -----	--	156,356	156,356
Museums and laboratories -----	56,941	246,217	303,158
Community service, other -----	722	110,613	111,335
Less unallocated reduction -----	—9,913	--	—9,913
Totals -----	\$118,000	\$2,538,216	\$2,656,216

Only two categories of expenditures include state funds. State funds of \$56,941 are provided to operate the Scripps Aquarium Museum at San Diego. This facility exhibits a sampling of living marine animals in 24 display tanks to an average annual public attendance of 300,000 to 330,000. Restricted fund support to the aquarium is not budgeted but usually averages between \$10,000 and \$15,000 annually.

State subsidy is also provided to the two law reviews at Berkeley and Los Angeles and the California Management Review which is a joint publication of the Graduate Schools of Business Administration at Berkeley, Los Angeles and Irvine. Total state subsidy of \$70,250 supplements subscription income of \$64,000. The subscription rates for the law schools are \$10 per year (\$9 for students at Los Angeles) and authors, law school faculty and review staff receive complimentary copies.

We believe the reduction of \$9,913 could be allocated to these professional journals by appropriate increases in subscription rates and reduction in the numbers of complimentary copies to the faculty.

8. 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.

Proposed Budget

1970-71	1971-72	Amount	Change	Percent
\$25,035,709	\$24,682,926	\$-352,783		-1.4%

The budget reduction is \$364,043 from the General Fund and restricted funds are increased by \$11,260. This will delete about 50 positions from administration.

Problems of Workload Projection

Because the budget is a plan of operation expressed in fiscal terms, increases in the budget should be clearly explained and the uses of these funds identified in advance of the appropriation. This has always been a problem in budgeting administration and other related functions that do not provide direct program output. The University administrative structure is complex and decentralized and any position by position review of the increases on a line item budget concept is almost precluded.

For these reasons the universitywide budget office and the Department of Finance abandoned a detailed review several years ago and relied on a lump-sum percentage comparison concept.

The method used for projecting workload needs has been to relate total state expenditures in this function to the total budget. In the

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past the Governor's Budget proposed lump sum workload increases by maintaining a consistent percentage between state funds for administration and state funds in the total budget. The University, although agreeing with the methodology of the formula, uses the total of all funds as a percentage base to evaluate workload.

The Conference Committee on the 1969 budget saw this as a problem and directed the University to present alternate methods of budgeting these functions. In response, the University presented two alternatives. The first was to continue the existing lump-sum percentage relationship and the second was to break down administration by its components and develop activity indicators for each to evaluate workload growth. We believe the concept of the second alternative shows promise and should be developed by the University for use in future budgets.

The University has continued to use the percentage concept as the sole justification for increases in this function. Table 23 shows the six-year trend comparing budgeted General Administration to total budgeted expenditures. The effect of the reduction in administration is shown by a decline in the percentage from 3.13 in 1969-70 to 2.99 in 1970-71.

If we use this as the sole indicator of need, then it is clear that the budgeted level of administration in 1971-72 exceeds that of 1966-67, 1967-68 and 1968-69.

Table 23
General Administration

	<i>Percentage ratio of general administration to total expenditures¹</i>
1966-67.....	2.81
1967-68.....	2.76
1968-69.....	2.94
1969-70.....	3.03
1970-71.....	3.13
1971-72.....	2.99

¹ Excludes special federal research projects.

9. 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 Education Relations, public information, publications and the University press. The University police has been transferred into this function from Maintenance and Operation of Plant.

Proposed Budget

1970-71	1971-72	Increase	Change	Percent
\$15,447,500	\$15,542,563	\$95,063		0.6

The budget increase of \$95,063 is comprised of an increase of \$234,909 in restricted funds and a reduction of \$139,846 from the General Fund.

Our comments regarding the general administration function apply to this function. The sole indicator of need presented to us by the

University is a percentage relationship between this function and the total budget. Although we do not believe this to be a reliable workload measurement indicator, this is shown in Table 24. While the 1971-72 percentage falls from 1.93 to 1.88, the 1971-72 percentage is still greater than the percentage of the three years of actual experience from 1967-68 through 1969-70.

The large percentage increase between 1969-70 and 1970-71 results primarily from the transfer of University police to this function from Maintenance and Operation of Plant, thereby distorting the percentage. If this \$2.9 million were eliminated from the data, the percentage would still be greater than 1967-68 and about the same as 1968-69 and 1969-70.

Table 24
Institutional Services and General Expense

	<i>Ratio of institutional services and general expenses to total budget¹</i>
1967-68-----	1.45
1968-69-----	1.55
1969-70-----	1.55
1970-71 (estimated)-----	1.93
1971-72 (proposed)-----	1.88

¹ Excludes special federal research projects.

Electronic Computing Activities Within the University

The University of California provides computing service in support of instruction, research and the administrative needs of the facility, students and staff. In our analysis last year, we discussed in considerable detail the deployment of 117 electronic computers throughout the university system which support these services.

The Conference Committee Report (Item 87—Budget Bill of 1970) recommended that the University of California develop a long-range master plan to identify the future computing needs of the University, and defer any significant expansion of computer hardware until this report is complete and submitted to the Joint Legislative Budget Committee. Also required was a listing of the various Universitywide administrative reports prepared by the Administrative Data Processing Center.

Master Plan Progress Report

On November 1, 1970, the University forwarded to the Joint Legislative Budget Committee, its *Progress Report on the Development of Long-Range Master Plans for Computer Requirements*. In the report, computing within the University is reported and discussed in four separate categories: (1) Instruction and Research Computing Service, (2) Administrative Data Processing, (3) Hospital Systems Development, and (4) Library Systems Development.

The University reports that the greatest number of computers and the largest expense is involved in the computing in support of instruction and research. Although the need in the instructional area is growing rapidly, funding constraints will limit the expansion of this type of service in the immediate future.

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Administrative data processing at the University is centralized at two administrative data processing centers under the Information Systems Division which is responsible for development, implementation and operation for all administrative areas of the nine computers and the office of the President. It is contemplated that the two computer centers, with minor equipment changes, will continue to be adequate for administrative needs.

A coordinated five-year plan of hospital systems development is now being analyzed within the office of the President. When completed, the plan will be forwarded to the campuses for their review and comment.

In the field of library systems development, a feasibility study is presently underway to ascertain the technical and economic advantage of a large automatic system.

Instruction and Research

The University established the Office of the Coordinator of Computer Activities in late 1968 under the Vice President-Business and Finance. The prime task of this office is that of long-range planning for computers to meet instructional and research needs.

The demand for computing services for instructional support has greatly increased in comparison with the demand for sponsored research. This fact coupled with a considerable reduction in support from federal and private sources has prompted the University to begin comprehensive planning for providing future computer needs efficiently and economically. Such efforts as an adequate data communication network linking all of the campus computer centers, 24-hours-a-day operation, and working toward the creation of a few, highly capable, multi-campus computer centers for major research and advanced instructional computers are being considered. It is expected that local campus requirements will necessitate continuing of some computing capabilities away from the large centers.

The University presently anticipates that the initial version of the plan will be completed and coordinated throughout the University by June 1971. In the meantime, the report stresses that consistent with the expressed desires of the Legislature, the University does not anticipate any expansion of its general purpose computer hardware until the plan is completed.

Federal Grant Structure

In our analysis last year, we suggested that the policies surrounding the use of federal grants for computerizing may be playing a major part in encouraging the proliferation of small computers throughout the University (and also in such state departments as Human Resources Development—HRD). Conference Committee language (Item 84—1970 Budget Bill) recommended that the Joint Legislative Budget Committee evaluate this situation and suggested that the General Accounting Office (GAO) of the Federal Congress may wish to look into this matter.

We corresponded with the Comptroller General and he agreed that it would be desirable for GAO to become involved in this project.

Teams of federal auditors have visited the campuses at Los Angeles and Berkeley (and HRD) and we have met with GAO on a number of occasions. Because the factors involved require examining procedures in both Washington D.C. and the field, it may be some time before GAO completes its work and we therefore will withhold further comment until their report is completed.

10. MAINTENANCE AND OPERATION OF PLANT

Functional Description

This budget function provides generally for (1) maintenance of reasonable standards of repair, utility 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 fire protection, building and grounds maintenance, utilities, refuse disposal and other similar expenses.

Proposed Budget

1970-71	1971-72	Amount	Change	Percent
\$32,123,588	\$33,127,802	\$1,004,214		3.1%

The budget increase of \$1,004,214 will be allocated to cover increased costs for utilities and refuse disposal. About \$920,000 of this will be allocated to utilities because of fix cost rate increases plus a continuing rise in the uses of electrical power. For refuse disposal \$80,000 will be allocated due to increases in contract costs.

Workload Increases

We recommend an augmentation of \$1,000,000 for workload growth.

Our analysis of the workload needs for maintenance and operation of plant indicate about \$1,000,000 in workload increases will have to be absorbed by the existing staff. There are several methods available to evaluate this growth.

An historic measurement is the rate of total dollars spent to growth in outside gross square feet. Table 25 shows this growth from 1965-66 through 1971-72. The rate of increase has been declining each year reflecting a lesser rate of new construction. For this reason the change from 1970-71 is only 4.4 percent. If we provided the same increase to the budget, adding the fixed cost increases for utilities and refuse, an augmentation of \$946,000 would be required.

Table 25
Outside Gross Square Feet
1965-66 to 1971-72

Year	Total outside gross square feet	Year-to-year percent increase
1965-66	19,406,000	15.2
1966-67	22,064,763	13.7
1967-68	23,679,845	7.3
1968-69	25,515,761	7.8
1969-70	27,677,543	8.5
1970-71 (estimated)	29,099,000	5.1
1971-72 (proposed)	30,390,000	4.4

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A second method for evaluating workload would be to use the detailed workload indicators shown in the Governor's Budget for evaluating each element, excluding utilities and refuse since they are already funded. These indicators are as follows:

- Janitorial—full-time positions per outside gross square feet
- Building Maintenance—percent of replacement value
- Fire Protection—percent of replacement value
- Grounds Maintenance—cost per maintained acre

To provide these services in 1971-72 at the same level as authorized in the 1970-71 budget would require an augmentation of \$1,046,000. Rather than fund these increases in workload, the budget proposes that they be absorbed by existing staff. With the exception of building maintenance these elements were reduced in last year's budget, including a \$1,000,000 reduction for janitors. We do not believe it is reasonable to ask that workload be absorbed by a staff that was substantially reduced the previous year. An additional problem is created by not providing for workload growth because building maintenance projects will be deferred at an increasing rate thereby adding to the deferred maintenance backlog in excess of \$5 million.

Deferred Maintenance Backlog

We recommend that the \$500,000 in the budget for deferred maintenance be appropriated in a special item with a provision for equal matching from University funds. For the past several years we have pointed to the continuing growth in the University deferred maintenance backlog. In 1969 we recommended an augmentation of \$1 million to reduce the backlog by 20 percent. The Legislature appropriated \$1 million for this purpose with the stipulation that University matching funds be provided on a dollar-for-dollar basis. The Governor reduced this appropriation to \$500,000 when the Budget Bill was signed.

In last year's budget we again recommended an augmentation of \$500,000 with the equal matching provision on the basis of a \$5.3 million backlog. This was approved by the Legislature and the Governor.

The November report to the Legislature shows the backlog at \$5.1 million, only \$200,000 reduction from the prior years' report. The University states that additional projects which could not be handled within the existing support levels and cost increases on most of the remaining projects have offset a significant amount of the first year's appropriation.

The 1971-72 budget continues the \$500,000 in state funds for this purpose but the provision for equal matching by the regents has been deleted in the budget act. The matching requirement imposed by the 1969 Legislature was developed to compensate for the fact that the state assumes almost total funding responsibility for maintenance and operation of plant while the users of the facilities include many non-state funded activities. Our recommendation continues this matching policy.

Functional Description. 11. STUDENT SERVICES

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 state or University 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, cultural, recreational and athletic activities.

Proposed Budget			
1970-71	1971-72	Amount	Percent
\$25,229,235	\$26,344,031	\$1,114,796	4.4%

The workload increase of \$1,114,796 includes \$188,793 from the General Fund and \$926,003 from University restricted funds which are comprised primarily of students' fees.

Workload Indicators

In the past, workload increases have been projected on the basis of a dollar rate per academic year student so that an increase in student enrollment should result in a corresponding increase in the General Fund support of this activity. In last year's budget and again this year the Department of Finance has departed from this measurement to a lesser level of state support.

Student enrollment is expected to increase about 3.4 percent while the General Fund increase for this activity is only 2.7 percent. As we noted last year the previous budget formula did not consider the effect of economies of scale and probably resulted in annual overbudgeting for workload in this activity. For this reason we believe the proposed increase is adequate to provide for the workload change.

Functional Description 12. STAFF BENEFITS

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			
1970-71	1971-72	Amount	Percent
\$29,657,666	\$30,658,000	\$1,000,334	3.4%

There is a net reduction in the budget for retirement system needs of \$28,200 which is related to the reduction in General Fund salary requirements. The substantial increase in health insurance requirements results from the increase from \$10 to \$12 per month in the state contribution to employees. The budget includes \$1.4 million for this purpose.

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Table 26 shows the amount and percentage of the proposed increases for staff benefits.

Table 26
Proposed Total Staff Benefits for 1971-72
State Funds

Proposed total expenditures for staff benefits include the following programs:	1971-72	Budget request, Increase	
		Amount	Percent
A. Retirement Systems			
University of California Retirement System -----	\$19,111,800	\$559,000	3.0%
State Employees' Retirement System -----	3,347,100	—512,600	—13.3
O.A.S.D.I. -----	695,200	—271,700	—28.1
Other (including faculty annuities) --	3,163,600	197,100	6.4
Total Retirement Systems -----	\$26,417,200	\$—28,200	—0.1
B. Other Staff Benefits			
Health Insurance -----	\$3,172,800	\$1,085,000	53.0
State Compensation Insurance -----	1,022,000	—56,486	—5.2
Total Other Staff Benefits -----	\$4,194,800	\$1,028,534	32.5
Total Staff Benefits—Workload -----	\$30,612,200	\$1,000,334	3.4

We recommend an augmentation of \$365,000 related to our other recommendations. The staff benefits function includes adequate provision for the level of positions proposed in the budget. If the Legislature increases or reduces the budgeted level this item should be adjusted accordingly. Our recommendation to augment by \$365,000 relates solely to our other recommendations to augment the University budget.

13. PROVISIONS FOR ALLOCATION**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	1970-71	1971-72	Change Amount
Provisions -----	\$5,673,347	\$12,316,519	\$6,643,172
Budgetary savings -----	—11,280,100	—9,400,000	1,880,100
Total -----	\$—5,606,753	\$—2,916,519	\$3,523,272

The proposed budget increase of \$8,523,272 is comprised of \$9,053,522 of general funds offset by a reduction of \$530,250 in University restricted-fund income.

The General Fund increases are for merit increases (\$6,351,000), price increases (\$651,000), a veterans fee waiver exemption provision (\$172,230) and a lesser requirement for budgetary savings that increases state support (\$1,880,100). Restricted funds are reduced because the special appropriation of \$750,000 made to the University for Project Clean Air in 1970-71 which is not continued. It is anticipated that funds in 1971-72 will be allocated by the Air Resources Board

but these were not estimated in the budget. Table 27 summarizes the detail of this function for 1970-71 and 1971-72 and identifies the increases.

Table 27
University Provisions for Allocation to Campuses

	1970-71	1971-72	Increase
General Fund			
Price increase -----	\$676,938	\$1,327,938	\$651,000
Office furniture pool -----	459,355	459,355	---
Merits and promotions -----	989,039	7,340,039	6,351,000
Unallocated salary increase -----	1,027,953	1,027,953	---
California veterans dependent exemption -----	---	172,230	172,230
Budgetary savings -----	-11,280,100	-9,400,000	1,880,100
Other -----	98,543	97,735	-808
Totals, General Funds -----	\$-8,028,272	\$1,025,250	\$9,053,522
Restricted Funds			
Endowment income—unallocated--	\$1,596,699	\$1,853,753	\$257,054
Highway funds -----	750,000	---	-750,000
Other UC funds -----	59,420	22,116	-37,304
Student activities -----	15,400	15,400	---
Totals, restricted funds -----	\$2,421,519	\$1,891,269	\$-530,250
TOTAL PROVISIONS FOR ALLOCATIONS -----	\$-5,606,735	\$2,916,519	\$8,523,272

Merit Increase

Merit increase provisions for 1971-72 are projected on the basis of 2.5-percent increase for state-funded academic salaries and a 2-percent increase for state-funded nonacademic salaries based on prior policies. This allows a five percent merit increase each year to about 50 percent of the academic employees and 40 percent of the nonacademic employees. This policy requires \$6,351,000 from the state.

Price Increase

An increase of \$651,000 for price increases is also included compared to a \$500,000 price increase granted in 1970-71. Table 27 shows a 1970-71 unallocated balance of \$676,938 for this purpose, which means that the University had not allocated last year's appropriation for price increases to the campus and has picked up an additional \$177,000 from other sources. This indicates the campuses are being required to absorb price increases in their 1970-71 budget allocations, and last year's appropriation is being held by the Universitywide administration to provide for emergencies or contingencies. Therefore, the 1971-72 increase of \$651,000 when added to the 1970-71 balance in the account will provide a level of \$1,327,938.

The University has informed us that about \$800,000 of these funds have been or will be earmarked for increases in University insurance premiums with the remainder to be allocated after the exact insurance rates are determined.

University of California—Continued
California Veterans Dependent Exemptions

We recommend deletion of \$172,230 requested for replacement of fees waived for veterans' dependents on the basis that the expenditure need has not been identified. Sections 10652 and 23060 of the Education Code exempt from payment of fees and tuition at the University certain dependents of California veterans and deceased law enforcement officers and firefighters.

The fee exemptions include University registration fee, educational fee, Subject A fee, University Extension, and summer session fees. The University claims the \$172,230 is needed because the programs supported by these fees are budgeted for the income which would be expected from all students and fee income replacement is necessary for income loss from students exempted from payment of the fees.

We do not believe this to be a sufficient justification for the additional state expenditure of \$172,230. This estimate, considered conservative by the University, is primarily based on the need to replace funds that would have been used for registration fee and educational fee expenditures.

The need for additional registration fee income is difficult to justify because all anticipated income to this fund has not been budgeted for expenditure. The University is budgeting in a central account, unallocated registration fee expenditures of \$2.9 million in 1970-71 and \$3.3 million in 1971-72.

Replacement of educational fee waivers would simply increase the earmarked funds available for the University capital outlay program which has replaced state funding requirement.

Another concern is the implied policy in this request that if the Legislature exempts certain individuals from payment of fees, it should be required to replace these fees because the program is budgeted anticipating gross income rather than net income. Conversely, if the regents provide for fee exemptions, then the program is budgeted on a net-income concept and no replacement is necessary.

It should be noted that the Legislature allows the University to waive up to 15 percent of the nonresident tuition in addition to the statutory fee waivers. This income loss to the state amounts to about \$1.7 million as a fee replacement of exemptions made by the University, not the Legislature. For this reason we would suggest if the University considers the replacement of these statutory fee exemptions critical, it should consider reducing the 15-percent waiver ratio to the level necessary to produce an equal amount of funds.

Budgetary Savings

In developing budgets for the various state agencies, salary and wage needs are projected on the assumption that all authorized positions will be filled for the entire year. From experience, it is known that turnover, vacancies and rehires at lower steps in the salary range will create salary savings that cannot be specifically identified in advance. In recognition of this factor and to assure overbudgeting does not oc-

cur, a salary savings amount based on experience is applied as an overall reduction to the total salary and wage budget.

Because Budget Act control language exempts the University from participation in the state's uniform accounting system, it is difficult to apply this savings factor to the salary and wage category. For this reason a general budgetary savings percentage, based on experience, has been applied to the total state appropriation of the University.

The 1971-72 Governor's Budget uses a rate of 2.71 percent of state appropriation which is a reduction in the 3.30 percentage applied to last year's budget. This reduction appears reasonable because recent experience shows that the University is having greater difficulty meeting this savings requirement than was the case in prior years. The budget anticipates a savings level of \$9,400,000 in 1971-72 for a reduction of \$1,880,100 in the savings of \$11,280,100 required in 1970-71. As a result additional state funds are necessary to replace this reduction.

In last year's analysis we were critical of the University's uses of excess savings and requested annual reporting on these expenditures. We noted that previous expenditures of excess savings were apparently for items that were reviewed and denied in the normal budget procedure. The purchase of new library books in addition to the "lump sum" workload formula for library books that was approved by the Legislature and an augmentation to the management information system were examples of these.

We suggested that annual reporting of these expenditures would provide the Legislature with a continuing review of the uses of state funds. It would also encourage the University to more closely review its policy relating to the uses of excess savings.

The University submitted the required report showing that \$1,588,300 in excess savings was reallocated to other purposes.

**Summary of Transfers from Excess Savings
1969-70**

1. Offset the Medical School share of premium increase for Malpractice Insurance -----	\$363,450
2. Settlement of damage claim against the Regents -----	135,000
3. Write-off of uncollectables and collection costs -----	22,590
4. Finance overdrafts in campus police budgets -----	619,000
5. Repair of fire damage -----	53,000
6. Finance deficiencies in administrative budget -----	62,000
7. Minor repairs and alterations -----	19,090
8. Tuition offsets for veterans' dependents, military dependents and credentialed teachers -----	314,170
Total -----	\$1,588,300

We have reviewed the items in the report and believe these expenditures to be appropriate charges to excess savings with one exception. We do not concur with the charge of \$314,170 for tuition offsets to veterans' dependents for the reasons discussed in the previous item and suggest the University no longer apply savings for this purpose.

University of California—Continued

14. 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		Change	
1970-71	1971-72	Amount	Percent
\$18,761,000	\$14,689,000	\$-4,072,000	-21.7%

The 1971-72 budget for special regents' programs totals \$14,689,000 which is a \$4,072,000 reduction for the 1970-71 estimated level of ex-

University of California
Vice-President—Planning and Analysis

Table 28
Special Regents' Funds
Expenditures 1971-72

Summary	
Student Aid:	
Graduate	\$500,000
Undergraduate	1,296,000
Loans	1,105,000
Grant-in-aid	5,367,000
President's Work-Study Program	1,549,000
Berkeley Ph.D. Program	100,000
Student Aid Totals	\$9,917,000
Educational Enrichment:	
Innovative Projects	300,000
Lawrence Hall of Science	100,000
Special Library Collections	250,000
Intercampus Exchange Program	445,000
Education Abroad Program	150,000
Educational Opportunity Program	900,000
Community Service Project Offices	245,000
Ethnic Studies Program	595,000
Regents Undergraduate Instruction Improvement Grants	300,000
Arts and Lectures	205,000
Educational Enrichment Totals	\$3,490,000
Faculty Study:	
Creative Arts Institute	50,000
Institute for Humanities	150,000
Summer Faculty Fellowships	157,000
Faculty Study Totals	\$357,000
Management Studies	75,000
President's Provision for Contingencies	500,000
President's Unallocated	100,000
Allocations for Urgent Needs	250,000
Total Expenditures	\$14,689,000

penditures. Actually the 1970-71 level is \$11,632,000 above the amount reported in the 1970-71 Governor's Budget which means there is a net increase for 1971-72 of \$7,560,000 over the 1970-71 amount reported last year.

The most substantial change over the levels reported in last year's budget is an increase of \$4,867,000 for student grants in aid and \$1,549,000 for a new work-study program. Other new programs include \$300,000 for regents' undergraduate instruction improvement grants and \$205,000 for arts and lectures as a replacement for the legislative reduction of last year which terminated state funding for this purpose.

15. AUXILIARY ENTERPRISES

Functional Description

This function includes activities that are fully supported from specific fees and comprise student residence and dining facilities, parking systems, intercollegiate athletics, bookstores and other student facilities.

Proposed Budget		Change	
1970-71	1971-72	Amount	Percent
\$43,424,230	\$46,745,054	\$3,320,824	7.6%

The budget increases in this function are not discussed in the budget, but there is no state funding involved in this activity.

16. STUDENT AID

Functional Description

Included in this function is the budgeted portion of the University-administered student-aid programs including scholarship, fellowships, grants, loans. Not included is the program supported by overhead listed as special regents programs. The bulk of the federal student aid funds is not included in the budget and is reported separately.

Proposed Budget		Amount	Percent
1970-71	1971-72		
\$6,692,237	\$6,483,905	\$191,668	3%

No state appropriations are made directly to the student aid budget but a small amount of the Real Estate Education, Research and Recovery Fund allocation is applied to student aid. The greatest portion of the student aid funds is not budgeted and is reported separately in the budget. In 1970-71 nonbudgeted student aid is estimated to be \$25,947,000 increasing to \$26,949,000 in 1971-72.

Combining all identifiable funds for student aid shown in the functional budget indicates an increase of \$1,658,668, or 4 percent, in 1971-72. This is composed of the following:

Function	1970-71	1971-72	Increase
Special Regents Program -----	\$9,452,000	\$9,917,000	\$465,000
Student Aid (budgeted) -----	6,292,237	6,483,905	191,668
Student Aid (nonbudgeted) -----	25,947,000	26,949,000	1,002,000
Total -----	\$41,691,237	\$43,349,905	\$1,658,668

The table on page 159 of the program budget shows a greater level of student aid available than can be identified in the functional detail. For 1971-72 \$56 million is estimated for student aid which is an

University of California—Continued

increase of \$5.4 million over 1970-71. This increase is comprised primarily of loans and working aid.

The amount of aid reported available to the University appears to be understated. The recent inventory of student aid compiled by the State Scholarship and Loan Commission identified \$77.8 million in student aid funds available at the University in 1969-70, while the amount reported in the program budget for the same year is \$42.6 million.

University of California
HASTINGS COLLEGE OF LAW

Item 287 from the General Fund Vol. IV p. 367 Budget p. 283

Requested 1971-72 -----	\$1,298,737
Estimated 1970-71 -----	1,256,243
Actual 1969-70 -----	958,065
Requested increase \$42,494 (3.4 percent)	
Total recommended reduction -----	\$63,741

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis
page

1. *Student Fees. Reduce \$47,000.* Recommend increases in 946 application fee and nonresident tuition to correspond to level proposed for University system.
2. *Administration. Reduce \$16,471.* Recommend deletion of 950 special salary increase account because need has not been determined.

GENERAL PROGRAM STATEMENT

Hastings College of 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 are as follows:

1. Provide students a top quality legal education so that they will become experts in the use of the tools of their craft, and thus achieve a high level of professional competency.
2. Provide the legal profession with promising young men and women who can meet the need of an increasingly interrelated and interdependent society. In other words, to produce lawyers prepared for the various private and public roles assigned to the legal profession.
3. Ensure that its graduates are sensitive to the problems of the administration of justice, have an appreciation of the technological-social-economic context in which legal institutions are shaped, and understand the responsibilities of the law as a means of deliberate change.

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 document as well as the funding requirements.

Table 1
Program Expenditures and Funding Sources

Expenditures	Actual	Estimated	Proposed	Increase
I. Instruction -----	\$942,594	\$1,240,074	\$1,288,149	\$48,075
II. Student services -----	193,258	297,877	332,069	34,192
III. Administration and institutional services -----	406,953	559,922	683,949	124,027
Program Totals -----	\$1,542,805	\$2,097,873	\$2,304,167	\$206,294
Funding				
State General Fund -----	\$58,065	\$1,256,243	\$1,298,737	\$42,494
Federal funds -----	17,588	56,830	56,830	--
Student fees				
Registration fee -----	362,442	390,000	390,000	--
Nonresident tuition -----	116,900	108,000	108,000	--
Educational fee -----	--	163,800	327,600	163,800
Other fees -----	64,745	96,400	96,400	--
Other reimbursements -----	23,065	26,600	26,600	--
Funding Totals -----	\$1,542,805	\$2,097,873	\$2,304,167	\$206,294

Enrollment

The Governor's Budget provides for an anticipated 1,300 students in the 1971 fall semester. This is the same number of students actually enrolled in fall of 1970 and is an increase of 100 students above the 1,200 students originally programmed in the 1970-71 budget. Table 2 shows the 10-year history of student enrollments at Hastings by fall semester, spring semester, the two-semester average and summer session.

An enrollment peak was reached in 1965-66 at which time enrollment was administratively reduced because of overcrowding. Minor reductions in enrollment occurred each year until 1968-69 when the new expanded facilities neared completion.

Table 2
Student Registrations

Year	Fall	Spring	Two-semester average	Summer
1962-63 -----	860	797	829	99
1963-64 -----	989	934	962	174
1964-65 -----	1,088	1,022	1,055	157
1965-66 -----	1,055	1,017	1,036	171
1966-67 -----	1,029	981	1,005	95
1967-68 -----	1,006	960	983	96
1968-69 -----	1,036	951	993	98
1969-70 -----	1,173	1,102	1,138	--
1970-71 (Revised) ¹ -----	1,300	1,240	1,270	58
1971-72 (Estimated) -----	1,300	1,250	1,275	150

¹ 1970-71 budgeted enrollment was 1,200 in the fall and 1,110 in spring for annual average of 1,155.

Hastings College of Law—Continued
Student Charges

On a policy basis, student charges at Hastings conform to the rates established by the Regents of the University of California. Continuing this policy an educational fee of \$180 was established in 1970-71 and this will increase to \$360 in 1971-72. Income from these fees have been earmarked for the capital outlay program at the university but at Hastings these funds serve as an offset to the state appropriation. Although the budget increases by \$206,294 in 1971-72, only \$42,494 of this will be required from the General Fund because there is an increase of \$163,800 in educational fee income.

Table 3 shows the annual student charges for resident and nonresident students at Hastings during the 1970-71 academic year. Resident students are charged a total of \$487 and nonresidents \$1,687. With the scheduled increase in the education fee, residents will pay \$667 in 1971-72 and nonresidents will pay \$1,867.

Table 3
Student Fees 1970-71

<i>Annual charges</i>	<i>Residents</i>	<i>Nonresidents</i>
Nonresident tuition -----		\$1,200
Education fee ¹ -----	\$180	180
Registration fee -----	300	300
Law Journal—activity fee -----	7	7
Total annual charges -----	\$487	\$1,687
Application fee -----	\$15	\$15

¹ Scheduled to increase to \$360 in 1971-72.

Recommended Increase in Fees

We recommend that the application fee be increased from \$15 to \$20 and the nonresident tuition be increased from \$1,200 to \$1,500 to correspond to the level proposed for the University of California. This results in a General Fund savings of \$47,000. As a matter of policy Hastings College of Law has established tuition and fee schedules that correspond to those established by the regents. The nonrefundable application fee at Hastings is currently \$15 and is proposed for continuation at this level in the 1971-72 budget. At the University of California the current application fee is \$10 but this is proposed to increase to \$20 in the 1971-72 budget. The application fee at the state colleges is already at the \$20 level. Our recommendation would maintain this uniformity between Hastings and the remainder of the university system. The estimated increase in reimbursements of \$20,000 is based on the assumption there will be 4,000 applicants paying the additional \$5.

The nonresident tuition of \$1,200 is the same as is currently charged at the university. The 1971-72 budget for the university anticipates an increase of \$300 to \$1,500 for nonresidents but this has not been reflected in the Hastings budget. There is estimated to be 90 nonresident students in 1971-72. An increase of \$300 to the fee would result in additional reimbursements of \$27,000.

I. INSTRUCTION

The instruction program is the primary program of Hastings and is designed to provide instruction that will best prepare students as members of the legal profession.

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. The budget increases for each program element are shown in Table 4.

Table 4
Instruction Expenditures by Element

Program element	1970-71	1971-72	Increase
Classroom -----	\$880,620	\$910,460	\$29,839
Theory practice -----	41,500	41,500	--
Library -----	278,573	294,372	15,799
Law journal -----	39,380	41,817	2,437
Totals Instruction -----	\$1,240,074	\$1,288,149	\$48,075
Less reimbursements -----	706,800	870,100	163,800
Totals General Fund -----	\$533,774	\$418,049	-\$115,725

The budget provides for nine additional positions including 3.5 faculty, two technical and clerical positions, one coordinator of medical-legal instruction who will teach part time, a library assistant and 1.5 student library assistants. Because the workload supporting these positions occurred in the 1970-71 fiscal year, 7.5 of these positions were administratively established at that time from new educational fee income.

Table 5
Unit Formula for Determining Faculty Requirements
1971-72

	Number of sections	Required units	Total units
First year -----	4	29	116
Second year -----	4	17	68
Third year -----	3	10	30
Electives -----	-	34	188
Subtotal -----	-	90	402
Less units taught by administrative staff -----			31
Total teaching units -----			371
Faculty required 1971-72 (9 units per FTE) -----			41.2
Faculty authorized 1970-71 -----			34.0
FTE faculty required -----			7.2
Budgeted increase -----			4

Hastings College of Law—Continued

Several factors effected the need for additional faculty. There are 100 more students than in the 1970-71 proposed budget. Additional sections have been added to the first- and second-year classes and 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 computation shown in Table 5. This shows that to provide the number of units desired by the college, an increase of 7.2 FTE is needed while the budget provides only for an increase of 4 FTE. As a result the proposed expansion in elective units from 113 to 188 will not be as great as planned.

II. STUDENT SERVICES

This program provides services to students in the areas of admissions, registration, student employment, medical care and financial aid. Student admissions is concerned with screening and selecting applicants while the registrar is responsible for maintaining all student records. 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. The budget increases for each program element are shown in Table 6.

Table 6
Student Services Expenditures by Element

<i>Program element</i>	<i>1970-71</i>	<i>1971-72</i>	<i>Increase</i>
Admissions -----	\$38,586	\$38,900	\$314
Registrar -----	23,678	24,390	712
Student placement -----	15,785	18,960	3,175
Student medical services -----	93,600	93,600	--
Student financial aid -----	126,228	156,219	29,991
Totals, Student Services -----	\$297,877	\$332,069	\$34,192
Less federal funds -----	56,830	56,830	--
Less reimbursements -----	78,500	78,500	--
Totals, General Funds -----	\$162,547	\$196,739	\$34,192

Budgeted increases in the student services program include a proposed new clerical position for student placement workload. A partial funding offset for this new position is provided by the elimination of 0.5 man-year of a student assistant position. The student financial aid element includes an increase of \$30,000 to the Educational Opportunity Program. This represents an increase of 84.3 percent and will provide grants to about 50 additional students.

The total amount of student aid controlled by the campus is shown in Table 7. This combines grants, loans and employment but does not

include other forms of student aid such as G.I. Bill, OASDI benefits; or other assistance not administered by the campus.

Table 7
Student Financial Aid 1971-72
(all funds)

	<i>Number</i>	<i>Average amount</i>	<i>Total amount</i>
Scholarships and Grants			
Educational opportunity grants -----	105	\$625	\$65,650
Hastings scholarships ¹ -----	115	435	50,000 ¹
Loans			
Educational fee deferrals -----	400	360	144,000 ¹
Federal insured loans -----	600	1,500	900,000 ¹
Employment Aid			
Work study—on campus -----	12	2,500	30,000
Work study—off campus -----	27	1,327	35,830 ¹
Total Aid -----			\$1,225,480

¹ Campus-controlled funds that are not included in the budget.

III. ADMINISTRATION AND INSTITUTIONAL SERVICES

The elements defined under this function include administration, accounting, plant operation and alumni. The administration element includes the executive and business management offices concerned with overall management of the college. The business services element included the accounting function which is responsible for maintaining all fiscal records of the college. 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. The budget increases for each program element are shown in Table 8.

Table 8
Administration and Institutional Services by Element

<i>Program element</i>	<i>1970-71</i>	<i>1971-72</i>	<i>Increase</i>
Administration -----	\$324,091	\$423,261	\$99,170
Business services -----	40,481	69,121	18,640
Alumni -----	7,380	7,740	360
Plant operation -----	187,970	183,827	-4,143

Totals, administration and institutional services \$559,922 - \$683,949 \$124,027

The budget includes six proposed new positions. Two of these positions in business services are offset by abolishment of two positions in plant operations where similar functions had been performed. The other four positions consist of an accountant, a personnel assistant and two clerical positions all proposed on a workload basis.

The unusually large increase for administration is misleading as it includes over \$77,000 in expenditures that should have been allocated to the appropriate programs. There is a provision for salary increase of \$16,741 for those positions with fixed salaries rather than salary ranges. In addition an adjustment in staff benefits of \$29,366 and an increase resulting from the deletion of one-time salary savings of \$30,951 have not been allocated throughout the programs.

Hastings College of Law—Continued
Salary Increase Provision

We recommend the deletion of \$16,741 budgeted to provide a 5 percent salary increase to those positions with single step salary rates. Salaries for state civil service positions are normally established in a range which allows employees, on the basis of merit, to move from the bottom to the top of the range over several years. Hastings uses this same salary setting procedure particularly for its lower-salaried employees. Some of Hastings positions (usually the higher-salaried ones) are fixed at a specific rate without merit increases.

For these positions the budget proposes a salary increase provision of \$16,741 which is equivalent to a 5-percent salary adjustment. The purpose of this account is to "provide for merit salary adjustments and appropriate salary levels subject to further review." It is planned to use the services of the Cooperative Personnel Services Division of the State Personnel Board to assist in these determinations.

We do not concur with the concept that employees with single step salary ranges should receive merit increases. Merit increases are granted only to those employees who have not reached the top of their salary range. From an equity standpoint we can see no difference between an employee at the top of a five-step salary range and one at the top of a single-step salary range.

As to the need for salary inequity funds, these are normally budgeted in a separate appropriation to be allocated from a salary increase fund by the Director of Finance. Any salary inequity need affecting Hastings' employees should be evaluated and coordinated with the needs of all other state agencies for appropriation in the traditional manner. As is the case with all other state agencies, upward reclassification of positions or special salary adjustments based on a reevaluation of duties performed could be funded within existing resources from excess salary savings.

CALIFORNIA STATE COLLEGES

Items 288 and 289 from the
General Fund

Vol. IV p. 380 Budget p. 287

Requested 1971-72	\$315,972,193
Estimated 1970-71	310,597,216
Actual 1969-70	284,962,524
Requested increase \$5,374,977 (1.7 percent)	
Total recommended increase	\$1,550,262

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis
page

1. *Instructional Faculty Positions.* Augment \$11,026,709 (911.7 positions). Recommend funds be restored for teaching faculty based on justified need. (\$5.5 million of this amount is provided from student fees for a net general fund increase of \$5,526,709.) 971

2. **Instruction Function.** Recommend special review of policy decision to curtail teacher education and master of social work programs. 971
3. *Center for Technological Education. Restore \$75,000.* Recommend restoration of the Center for Technological Education at San Francisco State College at a reduced program level. 972
4. *Faculty Recruitment. Restore \$70,000.* Recommend restoration of faculty recruitment funds based on need. 973
5. *Special Lectures. Restore \$78,000.* Recommend restoration of the program. 973
6. *Instructional Television. Restore program level \$300,057. Fund total program (\$668,377) from materials and service fee for General Fund savings of \$368,320.* Recommend restoration of ITV program for greater efficiency in the instruction program. Recommend funding change to materials and service fee. 974
7. *Television Curriculum. Restore \$100,000 to San Diego television program.* Recommend restoration of \$100,000 to college curriculum program. 976
8. **Library.** Recommend the development of new staffing formula for library public service staff. 982
9. *Materials and Service Fee. Increase \$15,697,338.* Recommend a \$70 increase in materials and service fee for specified purposes totaling \$15,697,338. 986
10. *Relations with Schools. Augment \$268,196 from fees.* Recommend relations with schools program augmentation funded from materials and service fees based on prior legislative approval. 987
11. *Dean of Students Office. Fund total program from materials and service fee for a general fund savings of \$685,786.* 988
12. *Admissions and Records Office. Fund total program from fees for a general savings of \$3,055,830.* 988
13. *Student Grant Funds. Augment \$2,860,000 from materials and service fees.* Recommend state grant program funded from materials and service fee based on University of California precedent. 992
14. *Educational Opportunity Program. Augment for small college programs (\$160,489) and \$2,659,149 in student grants funded from materials and service fees for a General Fund savings of \$189,511.* Recommend restoration of EOP authorized program with grants funded from fees based on University of California precedent. 996

California State Colleges—Continued

Summary of Recommended Fiscal Changes to 1971-72 Budget

Activity	Recommended Augmentation	Funded from	
		General Fund	Materials and service fee increase
Instructional faculty -----	\$11,026,709	\$5,526,709	\$5,500,000
Center for Technological Education ---	75,000	75,000	--
Faculty recruitment -----	70,000	70,000	--
Special lecture -----	78,000	78,000	--
Instructional television (ITV) -----	300,057	--368,320	668,377
Educational television (ETV)—San Diego -----	100,000	100,000	--
Materials and service fee -----	--	--	(15,697,338)
Relations with schools -----	268,196	--	268,196
Dean of students -----	--	--685,786	685,786
Admissions and records -----	--	--3,055,830	3,055,830
Student grants -----	2,860,000	--	2,860,000
EOP (a) Small colleges -----	160,489	160,489	--
(b) Grants -----	2,309,149	--350,000	2,659,149
Totals -----	\$17,247,600	\$1,550,262	\$15,697,338

GENERAL PROGRAM STATEMENT

In accordance with the 1960 Master Plan for Higher Education, the Donahoe Act (Chapter 49, Statutes of 1960, First Extraordinary Session) 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 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."

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 presently operate 19 campuses with an estimated 1971-72 full-time equivalent (FTE) enrollment of 221,020. The new California State College at Bakersfield admitted students for the first time in the fall of 1970. Sites have been fully acquired for additional colleges to be located in Ventura, Contra Costa, and San Mateo Counties.

Admissions

In accordance with the master plan of 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 community 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 minimum requirement is a bachelor's degree from an accredited four-year institution.

Table 1
Average Annual Full-Time Equivalent Students (FTE)

Academic Year	Reported				
	1967-68	1968-69	1969-70	1970-71	1971-72
Long Beach -----	16,090	18,336	19,004	19,460	20,120
San Diego -----	15,557	17,511	18,645	19,570	20,510
San Jose -----	17,464	18,253	18,704	19,040	19,980
San Fernando Valley -----	11,684	13,447	15,613	17,600	19,500
Los Angeles -----	12,452	13,422	14,673	15,565	17,000
San Francisco -----	13,585	13,225	13,628	13,780	14,080
Sacramento -----	8,980	10,472	11,938	13,010	13,770
Fresno -----	8,187	9,285	11,274	12,690	14,150
San Luis Obispo -----	8,102	9,268	10,668	11,700	11,700
Fullerton -----	6,438	7,901	9,508	10,470	11,590
Chico -----	6,759	7,414	8,690	9,640	10,200
Hayward -----	5,253	6,663	7,671	9,305	11,400
Pomona -----	5,390	6,340	7,172	7,920	9,000
Humboldt -----	3,460	4,153	4,825	5,250	5,700
Sonoma -----	1,634	2,516	3,147	3,850	4,870
San Bernardino -----	807	1,127	1,608	2,020	2,850
Stanislaus -----	984	1,339	1,862	2,300	2,870
Dominguez Hills -----	403	888	1,582	2,100	2,640
Bakersfield -----	--	--	--	850	1,250
Bakersfield Occ. -----	281	358	475	--	--
Calexico Occ. -----	167	154	188	300	300
International Programs ---	257	366	379	505	300
Totals—Academic Year --	143,884	162,438	181,254	196,120	213,280
Summer Quarter					
Los Angeles -----	1,789	2,247	2,720	2,910	4,060
Hayward -----	593	806	1,040	1,300	1,750
Pomona -----	436	565	714	830	930
San Luis Obispo -----	435	535	638	830	1,000
Totals—Summer Quarter	3,253	4,153	5,112	5,870	7,740
GRAND TOTALS -----	147,137	166,591	186,366	202,495	221,020
Increase					
Numbers -----	16,531	19,454	19,775	16,129	18,525
Percent -----	12.7	13.2	11.9	8.7	9.1

California State Colleges—Continued
Enrollment Data

In 1971-72 the enrollment throughout the state college system is expected to increase 18,525 FTE over the revised current year estimate which will mark the fourth consecutive year that more than 15,000 new FTE have been admitted. Table 1 shows the enrollment distribution for the 19 campuses, the off-campus center, the summer quarter and the international program.

Additional enrollments occur in the self supporting extension and summer session programs as shown in Table 2.

Table 2
Summer Session and Extension
Program Enrollments

Year	Net enrollment		Annual FTE	
	Extension	Summer session	Extension	Summer session
1962-63	26,652	57,605	3,150	9,269
1963-64	34,133	67,508	3,953	11,042
1964-65	37,776	69,333	4,646	10,813
1965-66	39,786	68,866	4,703	11,187
1966-67	43,758	72,663	4,718	11,578
1967-68	50,768	74,357	5,492	11,294
1968-69	56,680	76,744	6,391	11,567
1969-70	N/A	75,464	N/A	12,401

Table 3 is 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 served 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.

Table 3
Fall Term Headcount Enrollment

Fall	Full time		Part time		Total
	Number	Percent	Number	Percent	
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	66.0	63,175	34.0	185,601
1968	141,447	66.8	70,175	33.2	211,622
1969	153,634	68.3	71,203	31.7	224,837

The master plan for higher education 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 4 reflects its implementation at the state colleges.

Table 4
Distribution of Enrollments—Full-Time Lower Division and Upper Division
As a Percent of Full-Time Undergraduate

<i>Fall</i>	<i>Lower division</i>		<i>Upper division</i>		<i>Total under-graduates</i>
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>	
1963 -----	37,859	49.9	38,074	50.1	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
1968 -----	48,496	37.4	81,073	62.6	129,569
1969 -----	50,066	35.9	89,264	64.1	139,330

In addition to the growth in upper division enrollments, the summary in Table 5 of the total distribution of students by class level points out the shift towards a higher academic standing of students over the past seven years. Thus in 1969 over seventy percent of state college students were classified as upper division or graduate.

Table 5
Distribution of FTE Students by Class Level¹

<i>Fall</i>	<i>Lower division</i>		<i>Upper division</i>		<i>Graduates</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	11,783	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
1968 -----	51,859	31.0	92,183	55.1	23,166	13.9	167,208
1969 -----	53,692	29.5	102,094	56.1	26,187	14.4	181,973

¹ Class level is determined by the actual number of credit hours achieved per student.

The 1971-72 State College Budget Presentation

The state college budget presentation to the Legislature is a reinstatement of the traditional functional budget organized by categories such as general administration, instruction, etc. The program budget technique which was utilized exclusively in the 1970-71 Governor's Budget has been reduced to an item of information within the education supplement of the Governor's presentation.

This action is a delay in the colleges progression towards the development of a viable program budgeting system. It appears to be due to (1) the failure by the Department of Finance to implement a program budgeting decision making process and (2) the extreme lateness in announcing budget decisions to the chancellor's staff.

Concerning the first point, it appears that the Department of Finance has an inconsistent policy regarding program budgeting. The State Administrative Manual and individual memos from the department (see general discussion of program budgeting in higher education on page 848 of this analysis) require a program budget system from state agencies which involves multiyear program summaries, program structures and memoranda. This system was not utilized for 1971-72. Instead budget decisions for the state colleges were made by the Department of Finance on a line item basis.

California State Colleges—Continued

Since the program budget has not been implemented, we must use the traditional functionally organized budget as a format for this presentation.

It must be emphasized that the budget contains a minimal amount of information. Budget data are presented in the most general of categories without refinement by subfunctions or colleges. Written narrative is likewise of the most general nature without offering substantive analytical justification for the significant changes made in the trustees' requested budget. Major programs are reduced in some instances without explanation, while others are based on subjective rationales which includes: "(1) the effectiveness of this media has never met expectations and has been disappointing, (2) these programs have proven to be very expensive, and (3) this budget assumes that additional federal EOG and NDEA funds will be received by the colleges."

Trustee's Budget as Modified by the Department of Finance

The trustees adopted a budget request of \$369,301,283 which consisted of \$357.5 million for workload increases, \$5.6 million for the restoration of programs reduced in the 1971-72 budget and \$5.9 million for augmentations. The Governor's Budget of \$315,972,193 reflects a reduction in the trustees' request of approximately \$53 million.

In developing our analysis we have tried to be cognizant of both the General Fund revenue situation and the need to provide a 1971-72 state college budget which is sufficient to maintain a high quality education program.

ANALYSIS AND RECOMMENDATIONS

Proposed total expenditures from all funds in 1971-72 amount to \$420,963,755 for the California state college system, of which the General Fund share is \$315,972,193 as contained in Budget Bill Items 288 and 289.

Table 6 shows the functional breakdown of estimated expenditures. This table will also serve as an index to our analysis which follows.

I. GENERAL ADMINISTRATION

Functional Description

The administration function includes the executive and business management activities of each college. The executive element includes the offices of the college president, vice presidents 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 element is divided into the business manager's office, accounting, personnel, purchasing, and general institutional services such as telephone operation, property management and central duplicating.

Proposed Budget

	Actual 1969-70	Estimated 1970-71	Proposed 1971-72	Change	
				Amount	Percent
Expenditures	\$21,297,623	\$24,253,651	\$25,282,962	\$1,029,311	4.2%
Man-years	1,436.3	1,475.5	1,480.2	47	3.2

Table 6
Total Expenditures by Function

FUNCTIONS	Personnel man-years			Actual 1969-70	Estimated 1970-71	Proposed 1971-72
	69-70	70-71	71-72			
General administration -----	1,436.3	1,475.5	1,480.2	\$21,297,623	\$24,253,651	\$25,282,962
Instruction -----	14,804	15,761.5	15,406.3	201,369,530	222,698,808	227,168,234
Library -----	1,703.1	1,545.2	1,554.8	22,506,142	20,913,790	21,196,615
Student services -----	1,713.4	1,988.7	2,047.8	18,482,143	22,155,877	23,650,440
Student financial aids -----	197.5	250	262.3	21,160,117	30,078,089	34,772,220
Educational Opportunity Program -----	109	177.4	155	2,196,462	3,272,283	1,652,153
Plant operation -----	2,723.2	2,977.7	3,112.5	31,344,837	35,120,320	38,401,364
Quarter system cycling -----	139.8	154.2	165.5	1,315,461	1,474,208	1,608,962
Summer quarter operation -----	637.8	771.3	726.5	7,479,527	7,296,631	8,973,805
Reimbursed activities -----	1,093.4	1,548.1	1,558.9	14,090,357	18,713,073	18,720,447
Parking -----	135.4	156.9	163.9	1,568,000	1,653,889	1,714,080
Housing -----	449.1	517.6	546.7	4,238,095	4,891,465	4,943,709
Extension -----	259	352.3	378.6	3,296,408	4,273,608	4,723,164
Chancellor's office -----	271.7	290.7	287.3	5,433,000	6,376,452	6,661,320
Statewide programs -----	23.5	30.4	30	1,169,884	2,048,578	1,494,271
Totals, Program -----	25,696.2	27,997.5	27,876.3	\$356,947,586	\$405,220,722	\$420,963,755
Reimbursements -----				62,882,559	83,804,544	93,610,609
Federal -----				(19,119,969)	(29,571,375)	(32,484,029)
Other -----				(43,762,590)	(54,233,169)	(61,126,580)
NET TOTALS, PROGRAMS -----				\$294,065,027	\$321,416,178	\$327,353,146
General Fund -----	24,852.7	26,970.7	26,787.1	284,962,524	310,597,216	315,972,193
Extension Program Revenue Fund -----	259	352.3	378.6	3,296,408	4,273,608	4,723,164
Dormitory Revenue Fund -----	437.9	505.3	534.4	4,016,311	4,664,144	4,718,193
Auxiliary Enterprise Fund -----	11.2	12.3	12.3	221,784	227,321	225,516
Parking Revenue Fund -----	135.4	156.9	163.0	1,568,000	1,653,889	1,714,080

California State Colleges—Continued

Proposed 1971-72 expenditures for general administration total \$25,282,962, an increase of \$1,029,311 (4.2 percent over the estimated cost for 1970-71). On a cost per academic year FTE basis, the figures are \$124 and \$119 respectively. *We recommend approval.*

Reclassification Funds for Nonfaculty

During each operating year it has been the practice in all state agencies to survey job classifications and where appropriate, to reclassify and upgrade. It is estimated that the cost magnitude of this activity for nonfaculty positions in 1971-72 will amount to \$530,000. It has been the accepted budget practice since the 1965-66 Governor's Budget to provide such funds from excess salary savings. Technically, this has been achieved in the state college budget by showing a line-item allotment for the expenditure of the funds and increasing salary savings in the identical amount.

This budget departs from the traditional practice by (1) removing the \$530,000 expenditure line-item, (2) maintaining the increased level of salary savings and (3) continuing the policy that reclassifications are to be allowed. The effect of such action is to force the colleges to save twice the amount that is expended for reclassifications. We fail to understand the rationale for such an arrangement.

Other modifications in the general administration budget include a reduction in clerical staff for college building coordinators and a 50 percent reduction in the normal rate of increase for business management positions. We favor these changes since they are in accordance with legislative concern to keep program overhead funds at a minimum.

Automatic Data Processing

The California State Colleges are in the final stages of converting their computing capability from campus-oriented second generation electronic computers to a state college system-oriented third generation distributed computing network. Our office has maintained a continuing interest in the development of an adequate and effective data processing program to support both the administrative and instructional needs of the individual colleges and the chancellor's office.

In the analysis of the Budget Bill 1968-69, we expressed concern that the colleges were continuing to request permission and funds to upgrade their obsolete automatic data processing (ADP) equipment in a unilateral manner. The total cost of this individual campus approach was so large that colleges were making little progress in obtaining the necessary funding. This problem was further explored in a special report on March 1, 1968 to the fiscal committees entitled, *Automatic Data Processing in the California State Colleges*. In this report, it was pointed out that the colleges had acquired their ADP equipment in an independent manner, had developed administrative programs for campus rather than systemwide use and were not providing an adequate level of support for instructional data processing. Further, we noted that the colleges had been unable to develop a systemwide ADP Master Plan in which common administrative systems would be planned in a uniform manner

and the instructional ADP program would offer students an opportunity to have access to modern computers and high-level languages such as COBOL and FORTRAN.

Recommendations were made as follows:

1. A concentrated systems design effort should be undertaken by a central systems group in the chancellor's office to accomplish installation of uniform and mandatory administrative systems for all state colleges.

2. Funds should be provided to install two third-generation medium-scale computers—one on a college site in southern California and one in northern California.

3. The regional computer centers should be used primarily for the improvement of the management of the state colleges and the implementation of a uniform administrative package.

4. The instructional data processing program should be considered separate for fiscal year 1968-69 and the colleges should retain their small scientific computers for instruction pending further study.

Following discussions before the fiscal committees, the Budget Bill of 1968 was augmented in the amount of \$480,100 to establish two regional computer centers.

Installation of the Distributed Computing Network

The above recommendations formed the basis of the state college ADP program and steady and satisfactory progress has been apparent with the colleges receiving continued legislative support for the program. In the analysis last year, we described in detail the plans for a distributed computing network and the implementation schedule for acquiring an upgraded computing capability to accommodate instructional data processing needs. This network has been planned and coordinated by the Division of Information Systems which was established within the office of the chancellor. Assistance from an advisory committee of campus technical personnel has aided the program.

The computing equipment for the network has been secured as a result of thorough analysis and a competitive bidding process, and has been accomplished in stages. During the first stage, two Control Data Corporation (CDC) 3300 computers were selected for the regional ADP centers and installed at Los Angeles and San Jose State College. Next, the CDC 3150 was selected for nine of the large state colleges as the campus computing facility, servicing primarily instruction, but also used for administrative data processing in combination with the regional centers. This nine-college procurement was a cooperative venture and resulted in a quantity discount arrangement with CDC. Five of the smaller colleges have now installed remote job-entry terminals (the IBM 360/20) which are cable-connected to the regional centers as are most of the CDC 3150 computers. Finally, the network has been expanded to connect with the University of California at Los Angeles computing facility which provides state colleges access, on a limited basis, to a powerful large-scale computer. The remainder of the colleges have either installed special purpose computers or receive their ADP services from other sources. It is anticipated that the existing equipment in this network (which can be upgraded on a modular basis as

California State Colleges—Continued

needed) will be technically adequate to meet the needs of state colleges until 1974.

Administrative Data Processing

Uniform administrative systems have now been developed by the Division of Information Systems for systemwide use in the area of Admissions, Personnel, and the Allotment-Expenditure Ledger Subsystem of the Business Management System.

During November 1970, a computer-supported common-admissions system for all 19 state colleges was implemented. This system eliminated the need for multiple applications, increased the equitable treatment of all applicants, provided reports and established the use of common dates, policies and procedures.

Six colleges and the chancellor's office are using the Allotment-Expenditure Ledger Subsystem and the current goal is to have all colleges on this system by July 1971.

To emphasize legislative intent, the Supplementary Report of the Conference Committee (Budget Bill of 1970) recommended that all future state colleges ADP administrative projects be developed centrally through the Division of Information Systems to preclude unilateral development of systems by individual colleges.

1971-72 Data Processing Program

The proposed budget to support the State College Distributed Computing Network for fiscal year 1971-72 is as follows:

Components	Estimated proposal		Change	
	1970-71	1971-72	Amount	Percent
Total personnel costs -----	\$3,467,035	\$3,581,801	\$114,766	3.3
Total equipment costs -----	2,354,338	2,775,264	420,926	17.9
Contracts (outside vendors) --	187,747	184,108	-3,639	-1.9
EDP services received -----	27,259	3,000	-24,259	-89.0
Other EDP costs -----	785,090	1,070,443	285,353	36.3
Grand Total -----	\$6,821,469	\$7,614,616	\$793,147	11.6

Increases in personnel costs are attributed to salary increases and the establishment of six new positions in the regional data processing centers to permit three-shift, seven-day-a-week operations. Although workload has increased, no new positions have been allocated to the Information System Division or the campus computer centers. The increase in the other EDP costs category is primarily due to the forms and postage requirement of the new common admissions system.

Systemwide Time Sharing

The EDP equipment budget has been augmented by \$300,000 to permit the installation of systemwide "time sharing". This time-sharing approach can be defined as a computer system which provides apparently simultaneous on-line services to multiple users with individual applications.

According to the extensive documentation provided by the chancellor's office, there is an increasing need for interactive computer terminals to support instructional use of computers within the state college

system. These terminals, usually teletypes, allow students and instructors to interact directly with the computer to solve problems on a time-shared basis. When using a teletype, a student types a program and special commands to the computer and receives a response from the computer while still seated at the teletype. The response either points at errors in the program or presents the results of a requested computation.

To date, the state colleges have had no policy relative to time-shared applications. San Fernando State, a pioneer in time-sharing, has had an agreement with General Electronic Company whereby, for a nominal fee, they had the use of a large computer. This agreement has now been canceled. San Francisco and Hayward State have used a National Science Foundation grant to acquire time-shared facilities from Stanford University and this grant has now terminated. A recent survey indicated that nearly 50 terminals have been installed in the colleges for this purpose.

Nationwide, time-shared terminals have become an integral part of higher education's computer services and the state colleges appear to lag far behind in making this service available to its students. In our judgment, the California State College Plan to integrate a time-sharing capability into its existing network is a unique and efficient approach. This plan proposes to upgrade two of the existing campus computers from the CDC 3150 to the CDC 3170. The CDC 3170 is a relatively new machine with a time-shared capability to support 30 simultaneous terminal requests and a versatile library of computer programs for time-sharing. One CDC 3170 will be located at San Fernando State and will support from two to eight terminals at each of the southern state colleges. The second CDC 3170 will be located at a college in the north (to be determined) to support the northern state colleges. The plan for the southern college to begin operations in January 1972 and the northern college in May 1972. Full year funding for this program will be approximately \$594,120.

The other major increase in equipment is to permit the doubling of the core memory size of seven of the CDC 3150 computers installed on the larger campuses. This additional machine capability is required for the instructional program. *We recommend approval of the \$300,000 increase proposed to support system-wide time-sharing and the \$114,000 to increase the core memories for seven of the computers installed on the larger campuses.*

II. 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 statewide programs. The budget presentation of this item consists of the categories of instruction and instructional services. Instruction includes administration, instructional faculty, technical and clerical and special programs. Instructional services include salaries, operating expenses and equipment for audio-visual services, educational television, master teacher pay-

California State Colleges—Continued

ments 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 Budget

	Actual	Estimated	Proposed	Change	
	1969-70	1970-71	1971-72	Amount	Percent
Expenditures --	\$201,369,530	\$222,698,808	\$227,168,234	\$4,469,426	2.0%
Man-years -----	14,804.0	15,761.5	15,406.3	-355.2	-2.3

The instruction function is proposed at a total of \$227,168,234 for 1971-72 which is a 2 percent increase over the current year. Personal services are the largest part of this function historically, consisting of approximately 90 percent of the total.

Instructional Administration

Instructional administration consists of deans, planning staff, coordinators and department chairmen. During the 1970 budget hearings, attention was directed to the situation where some colleges were using teaching positions for this administrative function. Such conversion of faculty positions was terminated by the Legislature placing restrictive language in the Budget Act. In addition, the Conference Committee on the Budget desired an assessment of the realistic administrative needs and directed that "the Trustees of the State Colleges in cooperation with the statewide academic senate thoroughly evaluate the academic planning workload and report by November 1, 1970." In November 1970 a progress report on this matter was rendered which presented the work plan for a major report to be completed in the spring of 1971. We have received the work plan and are encouraged by the apparent importance given to this subject by the chancellor's office.

Summer Session Academic Planning

The 1970 Conference Committee directed the chancellor's office to provide an evaluation of summer session academic planning to determine whether or not the level of service currently budgeted is adequate enough to insure a program of reasonable academic quality.

Our Analysis pointed out that \$82 per FTE student is budgeted for academic planning costs during the academic year, while only \$15 per FTE student is budgeted for the summer session. The program element entitled "academic planning" consists mainly of instructional administrative costs.

The chancellor's office reported that the low budgeted level in the summer session resulted primarily from:

1. Anticipated low level of support for department chairmen. The summer session is a self-supporting instructional program, and there is no guarantee of revenue-generation. As a consequence, it is not pos-

sible to establish position salaries unless a "floating fund" could be established out of General Fund moneys for summer session instructional administration.

2. Anticipated low level of support for faculty academic planning efforts. The previous arguments regarding the lack of guarantee of success of the summer session also apply to the appointment of faculty for the specific academic planning efforts.

3. Lack of full academic evaluation of the quality of the summer session compared with the academic year program. A full academic evaluation based upon content and breadth of summer session courses would require expenditures of approximately \$1,500-\$2,000 per campus. Such an evaluation would permit comparison of academic planning needs for summer sessions as compared to the academic year.

The report concludes that the low level of \$15 per FTE student is not adequate for summer session academic planning and that a survey of the needs of the colleges indicates that a higher budgeted level would be more appropriate. The determination of the appropriate level will require expenditure of surplus funds to conduct an evaluation of summer sessions. After May 1, 1971, with the incorporation of summer session fees under the Continuing Education Revenue Fund, such surpluses will be available and the expenditures will be allowable under the provisions of Chapter 878 of the 1970 Session (SB 1419). It recommended that such an evaluation be made after May 1, 1971, when the nonstate funds will be available, and expenditures for such an evalua-

Table 7
The California State Colleges
Reallocation of Positions Between Sub-functions
1969-70

<i>Function</i>	<i>Total positions</i>	<i>Function</i>	<i>Total positions</i>
<i>General Administration</i>		<i>Plant Operation</i>	
Executive -----	+3	Administration -----	+4
Business management ----	-2	Maintenance of structures ---	-10
ADP -----	-1	Maintenance of grounds ---	-7
<i>Instruction</i>		Plant security -----	+10
Administration -----	+26	Motor vehicle operation ---	+3
Inst. faculty -----	-9	College farm -----	-0-
Tech. and clerical -----	+2	Special projects -----	-0-
Special programs -----	-16	<i>Student Financial Aids</i>	
Instructional service		Business management ----	+1
audiovisual -----	-3	Student services -----	+2
<i>Library</i>		Off campus—work study ---	-3
Administration -----	+1	<i>Reimbursed Activities</i>	
Processing services -----	-45	Research projects -----	-3
Public services -----	+44	Auxiliary organizations ---	+10
<i>Student Services</i>		Summer session -----	-7
Dean's office -----	-6	Special projects -----	-0-
Admission and records ----	+2	<i>Year-Round Operation</i>	
Student personnel -----	-0-	General administration ---	-2
Health services -----	+2	Instruction -----	+1
Placement -----	+1	Library -----	-0-
Activities and housing ----	+2	Student services -----	+1
Counseling and testing ----	-0-	Plant operation -----	-0-
Foreign student -----	-1		

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tion are allowable under the law. We believe that this approach is reasonable and concur in its implementation.

SB 541 Report (Chapter 1405, Stats. 1969)

The 1969 Legislature enacted Education Code Section 24053.1 which requires the trustees to report for fiscal year 1969-70 the relationship between state funds appropriated to the colleges and the actual expenditure of such funds.

In requiring such a report, the Legislature wanted to know the actual utilization of positions in the expectation that this would indicate where positions were actually needed. The required report was submitted in November of 1970.

Table 7 summarizes the position reallocations as reported.

The principal reallocations occurred to increase instructional administration and library public service. Our comments on instructional administration and library services elsewhere in the analysis include consideration of the reallocations.

Teaching Faculty

Faculty positions for the California State Colleges are determined through the utilization of a faculty staffing formula which went into effect in 1957. Since the formula is the cornerstone of the instruction budget and since the 1971-72 Governor's Budget proposes a \$14.4 million reduction in the faculty requirement based on skepticism as to the implementation of the formula, we will explain the formula, its assumptions and implementation prior to analyzing the Budget presentation.

The State College Faculty Staffing Formula Basic Assumptions

The formula is based on the following criteria:

1. *For Budget Purposes Only.* It is understood that this formula is for the purpose of arriving at an overall instructional staff for the institution as a whole. The actual assignment of instructors to teaching loads by course, department, or division is the prerogative of the administrative officer of each institution. This flexibility is particularly desirable in developing new programs and in assigning instructors to special duties outside the classroom. The number of sections of any given course actually scheduled, therefore, may not coincide with the optimum number of sections justified by the enrollment listed in the formula.

2. *Approved Courses to be Staffed.* When courses have been approved as being appropriate to the curriculum of a California state college, it is assumed that adequate staff shall be provided. It is the responsibility of each college, however, to exercise judgment as to the frequency with which a specific course needs to be offered and to determine whether unestablished courses requested by a special group or instructor should be offered. These may be carried as overload by the instructor with approval of the college administration.

3. *Minimum Enrollments.* Although the formula does not specify minimum enrollments for the courses for which staff is requested, it is general practice not to include a course in which the enrollment is below 10 for lower division and seven for upper division. If it is neces-

sary to offer such courses they may be approved by the property authority, but colleges are urged constantly to reexamine the need for courses or programs when enrollments are consistently low.

4. *The Work Week of the Instructor.* The formula is based on a 45-hour work week for college teachers. This is converted to the equivalent of a 15-unit assignment as follows: three-unit equivalents (nine hours a week) for nonteaching assignments normally expected of instructors (such as student advising, committee work, administrative duties, extracurricular responsibilities, etc.); and 12-unit equivalents (36 hours a week) of teaching.

5. *The 12-Unit Teaching Load and the K-Factors.* (Constant multiplier.) The 36 hours a week represented in a 12-unit teaching load are computed for the various types of instruction as follows:

(A) For lecture or discussion type of instruction, which requires one hour of class time a week for one unit of credit: 12 hours a week in class; and 24 hours a week for preparation, conferences with students, reading student papers, making and grading examinations, etc. This is based on the fact that a college teacher normally spends at least two hours in supportive work for every hour in class. The 12 units for such courses, multiplied by the K-factor of 1 gives the equivalent of 12 teaching units.

(B) For activity type of instruction which requires two hours of class time a week for one unit of credit: 18 hours in class for every nine units of credit; and 18 hours out of class checking equipment, instruments, and costumes, grading projects, arranging performances, and conferring with students. The nine credit units multiplied by the K-factor of 1.3 gives the equivalent of 12 teaching units.

(C) For science laboratories which require three hours of class time a week for one unit of credit: 18 hours in the laboratory for every six units of credit; and 18 hours in preparation, assembling specimens, setting up and taking down apparatus, scouting field trips, checking and grading experiments or reports, and conferring with students. The six credit units multiplied by the K-factor of two gives the equivalent of 12 teaching units.

(D) For certain selected types of laboratory instruction (for example, home economics, industrial arts and art laboratories) which require three hours of class time a week for one unit of credit, less time is demanded of the instructor for out-of-class activity than is required in the C_d category—24 hours in laboratory for every eight units of student credit, and 12 hours of outside preparation, student conferences, etc. The eight units multiplied by the K-factor of 1.5 gives the equivalent of 12 teaching units.

(E) For the major sports the amount of coaching time required is high when compared to the actual units of student credit allowed for the activity. In the state colleges, the proper coaching of major team sports and student participation in them are essential to the training of physical education teachers. It is assumed that the athletic program of a college is a legitimate part of instruction. The coach of a major team sport will spend at least 24 hours a week on the field or in the

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gymnasium directing activity for each two units of credit. A minimum of 12 hours a week, averaged for the year, will be spent in preparation, student contacts, essential public appearances, and supportive activities. The two units multiplied by the K-factor of six gives the equivalent of 12 teaching units.

(F) For coaching minor sports and group performance activities the coach or instructor will spend at least 24 hours a week directing the sport or activity for every four units of student credit, and (as explained in C above) at least 12 hours a week in preparation and supportive activities. The four units multiplied by the K-factor of three gives the equivalent of 12 teaching units.

6. *The S-Factor for Supervision.* For the type of instruction that is supervisory in character, the teaching load is based on the number of students to be supervised rather than on the number of units of student credit involved. For the supervision of student teaching and such graduate projects as thesis and work-study assignments, a full teaching load is the supervision of 25 students. For undergraduate field work, projects, and work-study, a full teaching load is the supervision of 36 students.

7. The factors described in 5 and 6 above are subject to review and adjustment in the light of continued analysis of the work load of the faculty, and as changing conditions affect the teaching load.

The Formula for Determining Weekly Teaching Load

The above data is summarized in the following formula:

Type of instruction	K-Factor	Units of credit	Teaching	Hours per week		Total work week
				Outside preparation, etc.	Outside professional development, student counseling, meetings, etc.	
1. Lecture or discussion	1.0	12	12	24	9	45
2. Activity	1.3	9	18	18	9	45
3. Home economics, industrial arts laboratories	1.5	8	24	12	9	45
4. Science laboratories	2.0	6	18	18	9	45
5. Major sports	6.0	2	24	12	9	45
6. Minor sports, performance, production	3.0	4	24	12	9	45

Modification and refinements were made in the formula in 1960 and 1967. The most significant change occurred in 1967 when the Legislature approved a reduction in workload for graduate instruction from 12 units to 10 units. The effect of this change was to decrease the average workload below 12 weighted teaching units. The budget shows an average of 11.1 in fall 1969. The 10-unit factor was increased back to 12 units in the 1970-71 budget.

Implementation of Formula

Annually each college submits a course section report to the chancellor's office. This report reflects the actual enrollments in all courses taught by all departments in the college. All courses are classified according to the formula and checked for proper approval. The academic planning section of the chancellor's office uses the course section report in conjunction with the formula expressed above and projected enrollments in order to determine each college's budgeted faculty load.

Once the budget has been approved and faculty positions allocated, each college utilizes its positions first in actual instruction to meet its enrollment demand and second to aid in developing new curricula and other instruction-related activities. As mentioned previously the 1970 Conference Committee added restrictive language to the Budget Act in accordance with a general intent to conserve faculty positions for direct classroom teaching by restricting their use in administration. This mandatory language means that funds budgeted for teaching faculty may not be:

- a. Used or disencumbered for use in support of the budget function of general administration.
- b. Used for the support of departmental chairmen or comparable positions or duties.
- c. Used to support positions or duties related to noninstructional research.
- d. Used to support administrative functions or noninstructional functions at the college, school, or division level of organization, e.g., deans, associate deans, coordinators, directors, councils and senates.

The 1971-72 Faculty Reduction

The 1971-72 instruction budget contains a 1,392.4 faculty position reduction in the workload level generated by the trustee's faculty staffing formula method. This reduction is 250 positions less than authorized in the current year despite an enrollment increase of 18,525 FTE. The total reductions are summarized as follows:

	<i>Workload faculty for 221,020 FTE</i>	<i>Policy reductions</i>	<i>Workload reductions</i>	<i>Total reductions</i>	<i>New total</i>
Academic year -----	12,808.1	-135.0	-1,141.7	-1,276.7	11,531.4
Summer quarter -----	511.1	-26.4	-39.1	-65.5	445.6
Off campus center -----	24.1	--	-4.6	-4.6	19.5
Master of social work -----	111.5	-28.0	-8.3	-36.3	75.2
Joint doctoral -----	31.3	-9.3	--	-9.3	22.0
Totals -----	13,486.1	-198.7	-1,193.7	-1,392.4	12,093.7

While the budget fails to mention the magnitude of the cut, it must be emphasized that this is the most significant reduction in faculty support made since the inception of the state college system in 1960. The rationale provided for 1,193.7 workload reduction is:

A. "It was a basic assumption in 1957 when the 'faculty staffing formula' was adopted that the basic classroom workload criteria for

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state college faculty would be 12 weighted teaching units (WTU . . . For a number of reasons it has been virtually impossible to bring the system output up to the 12 weighted teaching units (WTU). The last actual experience (fall, 1969) calculated from the college data show that on the average throughout the system 11.1 WTU was accomplished by the regular faculty in lecture and laboratory courses.

“B. In the fall of 1969, the regular faculty in lecture and laboratory courses produced at the rate of 23.17 student credit hours per weighted teaching unit.

“The state colleges curriculum program, characterized by a predominance of very small sections, is currently under study by the Coordinating Council on Higher Education.

“C. The fundamental assumption upon which this budget has been developed has been the accommodation of 221,020 FTE at the highest possible level commensurate within available tax resources and efficiency of administrative choice and educational operations.”

We have grave reservations in being able to accept the above budget rationale as reasonably justifying the magnitude of reduction in the faculty budget. The first rationale states generally that “for a number of reasons it has been virtually impossible to bring the system up to the 12 WTU.” None of the reasons are stated and the reader is left to draw his own conclusions. In our review of the situation we found that the less than 12 WTU condition in the fall of 1969 was primarily due to the 10 WTU factor authorized for graduate instruction. Thus, averaging undergraduate instruction budgeted at 12 WTU with graduate instruction budgeted at 10 WTU will always make it “virtually impossible” to produce a product of 12 WTU. As noted previously the 10 WTU factor for graduate instruction was authorized by the Legislature in 1967, 10 years after the agreement mentioned in the budget. This factor was removed by the 1970-71 budget conference committee and is not included in the 1971-72 proposed budget.

The second rationale offered by the budget involves the concept of class-size ratios. The budget states that the “curriculum program is characterized by a predominance of very small sections.” Again data which support this statement are not offered. A factor of 23.17 student credit hours per weighted teaching unit is discussed, but this is a function of the authorized student faculty ratio as opposed to a predominance of very small sections. Table 8 shows the budgeted student faculty

Table 8
Authorized Student Faculty Ratios
and Related Student Credit Hours per Weighted Teaching Unit
(SCH/WTU)

Year	Budgeted student faculty ratio	Conversion to SCH/WTU
1966-67	15.8 to 1	19.8 to 1
1967-68	16.4 to 1	20.5 to 1
1968-69	16.2 to 1	20.8 to 1
1969-70	16.1 to 1	20.1 to 1
1970-71	16.4 to 1	20.5 to 1
1971-72 (proposed)	18.2 to 1	22.8 to 1

ratios and their conversion to student credit hours (SCH) per weighted teaching unit (WTU) for the past five years.

The conversion to SCH/WTU is made by multiplying the student faculty ratio by 1.25 which is determined by the relationship that takes 15 SCH to equal a full-time student while only 12 WTU to equal a full-time faculty.

The point emphasized by Table 8 is that the state college budget is planned through the faculty staffing formula and authorized under the policy that reasonable class sizes are to be encouraged. Lower division classes range from 10-40 students, upper division from 7-40 and graduates from 5-20 with a systemwide average of approximately 25. Although the budget in the past five years has set the overall average SCH/WTU at approximately 20 to 1, the actual ratio experienced has been higher due to faculty vacancies and salary savings requirements. Table 9 shows the relationship between the budgeted ratios and the actual ratios experienced at the end of the budgeted year.

Table 9
Budgeted and Actual Student Faculty Ratios
1966-67 to 1970-71

Year	Budgeted		Actual	
	Student faculty ratio	SCH/WTU	Student faculty ratio	SCH/WTU
1966-67	15.8 to 1	19.8 to 1	16.8 to 1	21.0 to 1
1967-68	16.4 to 1	20.5 to 1	17.3 to 1	21.5 to 1
1968-69	16.2 to 1	20.3 to 1	17.4 to 1	21.6 to 1
1969-70	16.1 to 1	20.1 to 1	16.8 to 1	21.0 to 1
1970-71	16.4 to 1	20.5 to 1	N/A	N/A

Uncertain Data Source

A major problem with the second rationale in the Governor's Budget presentation is that the data presented do not agree with actual data on file in the chancellor's office. In trying to determine the source of the 23.17 SCH/WTU factor presented, we were informed by the Department of Finance that the information was the product of a confidential staff report of the Governor's Task Force study on Higher Education. We were given a three-page general summary of the "approach" of the study but the 23.17 SCH/WTU was only mentioned in a footnote without backup data. In light of the lack of availability surrounding the Governor's data, we have based our analysis on the actual state college data.

Another consideration is that the above data are expressed in terms of averages which do not reflect the differences between academic disciplines. Such matters must be considered because a sudden increase in the average ratio will tend to lead to induced enrollment increases in specialized disciplines such as engineering or even further expansion of general education courses which currently carry the burden of the average as shown in Table 10.

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Table 10
California State Colleges
Summary of Budgeted Enrollment by Discipline Grouping
and
Budgeted Faculty Student Ratio by Discipline Grouping
1969-70

<i>Subject</i>	<i>Student FTE</i>	<i>Faculty positions</i>	<i>Student/ faculty ratio</i>
Agricultural sciences -----	2,169.0	185.9	11.7
Architecture -----	672.4	70.1	9.6
Area studies -----	550.3	26.0	21.2
Biological sciences -----	9,079.5	623.4	14.6
Business administration -----	14,409.5	744.4	19.4
City and regional planning -----	77.5	7.1	10.9
Computer sciences -----	56.6	3.5	16.2
Creative arts -----	16,419.5	1,328.4	12.4
Criminology -----	741.9	39.9	18.6
Education -----	11,813.7	987.7	12.0
Engineering sciences -----	5,862.4	532.8	11.0
English language and literature -----	14,753.4	722.6	20.4
Environmental design -----	136.6	14.4	9.5
Foreign languages -----	5,800.4	396.1	14.6
Health sciences -----	2,086.9	79.1	26.4
Home economics -----	2,358.7	152.7	15.4
Industrial arts and technology -----	2,053.8	192.6	10.7
Journalism -----	1,283.7	110.7	11.6
Library science -----	229.8	16.1	14.3
Mathematical sciences -----	8,869.0	510.5	17.4
Military science -----	136.5	--	--
Natural resources -----	689.1	47.0	14.7
Nursing -----	985.6	196.8	5.0
Philosophy -----	3,795.9	158.3	24.0
Physical education and recreation -----	5,734.7	520.1	11.0
Physical sciences -----	10,774.0	651.8	16.5
Psychology -----	9,172.5	466.0	19.7
Social sciences -----	36,129.6	1,506.8	24.0
Social work -----	1,241.9	159.6	7.8
Interdisciplinary and other -----	1,369.6	79.5	17.2
Totals -----	169,454.0	10,529.9	16.1

A final factor which is inherent in the rationale presented in the budget is that the budget is merely funding the student faculty ratio (18.2:1) which has been actually achieved in prior years. This is a very simplistic rationale which ignores the fact that it is always impossible to achieve the ratio budgeted. Two percent of the budgeted faculty salaries is committed to salary savings and consequently is not encumbered. This contributes to the situation shown in Table 9 wherein the actual ratios exceed the budgeted. Since the 1971-72 budget continues the faculty salary savings rate at the 2-percent level it must be recognized that an actual student faculty ratio of over 19:1 can be anticipated in 1971-72 if the budget is not modified.

The foregoing factors are presented (1) to reflect that there is nothing highly unusual about the findings presented in the Governor's Budget, (2) to reflect that these findings do not lead logically to the conclusion that 1,193.7 faculty positions should be terminated and (3)

to reflect that there is no proof that such termination will not radically affect the nature of the education process at the California state colleges. The stated objective of the Governor's Budget is that state college faculty teach 12 WTU. We maintain that this objective is accomplished in the trustees' budget which utilized the faculty staffing formula.

We recommend restoration of 911.7 faculty positions at a cost of \$11,026,709 (5.5 million from student fees). For the reasons expressed previously we recommend against the 1,193.7 faculty reduction in the Governor's Budget. We believe that the faculty staffing formula generally provides a reasonable method of budgeting positions. While we favor the formula, we believe that there is some possibility of tightening its criteria particularly as they involve the prevention of small class sizes. As mentioned previously the formula currently works with minimum enrollments of five for graduate courses, seven for upper division courses and 10 for lower division courses. These minimums represent a range of 17.5 to 33.3 percent of the maximum class size in each category. We propose that the minimum class level authorized by the formula be set at 33.3 percent of the formula maximum. Under this proposal, undergraduate courses would not be authorized below the level of 13, while graduate courses remain at five. The adoption of this policy decreases the additional 1,193.7 workload faculty position need by 282 positions and results in our recommended restoration to the budget of 911.7 positions (1,193.7-282.0).

Teacher Education

The budget proposes to reduce teacher education programs in the state colleges by \$1,984,500 (135 positions) which represents a general ten percent program curtailment. Rationale for this action is that there is "evidence that many graduates are not being placed because of the declining growth in the elementary class levels." The adverse employment situation has been noted by the Department of Education. While such a decision might be justified on economic considerations, it establishes a budget precedent which should be acknowledged. The state colleges have argued that fiscal agencies and committees should not make decisions which adversely affect educational policy matters. This argument must be addressed at this time since the teacher education reduction establishes the first incident where a general academic instructional program has been subject to specific reduction in the Governor's Budget. We support the budget action. We believe that each academic program can and should be subjected to fiscal analysis. The state should be expected only to continue support for programs commensurate with the demand for their output. Lower than anticipated public school enrollments and the availability of out of state teachers (see page 880) have combined to create an unemployment condition in the teacher profession which is recognized in the budget.

Master of Social Work

Currently four colleges, San Diego, Sacramento, San Francisco and Fresno, operate master of social work programs. These are special two-year graduate programs which emphasize field experience in social

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welfare oriented agencies. The 1971-72 Governor's Budget proposes to reduce 50 percent (approximately 450 FTE) of the new enrollment for a savings of \$500,000 (28 positions). The decision is justified on the basis that there is a low student faculty ratio which makes the program expensive.

We support the budget action but on a basis which differs from that presented in the budget. The budget rationale merely states that it is an expensive program and therefore should be reduced. This same argument could be applied to nursing, architecture or environmental design yet it has not been. We believe that the reduction is supportable on the basis that there is evidence that the demand for master of social workers will be decreasing. Specific directives have been issued in the Department of Social Welfare to minimize the job descriptions which require an MSW degree. Other related action has been the elimination of student stipends which have been an important factor in maintaining student demand for the two year program.

Center for Technological Education

We recommend the continuation of the Center for Technological Education at a reduced program level of \$75,000 in 1971-72. The Governor's Budget proposes to eliminate the Center for Technological Education (CTE) at San Francisco State College for a savings of \$132,895 in 1971-72. The Center for Technological Education was established in 1965 as a pilot program by San Francisco State College, through a 3½-year grant from The Ford Foundation. In the first phase, 20 pre-technology programs and 10 Foods Education and Service Training programs were initiated in California high schools with the objective of developing vocational-technical teacher training programs for secondary education, addressed to the needs of potential high school dropouts.

The target population served by the programs and their teachers are generally average students who lack motivation and may be disenchanted with the regular curriculum offered at the high school level. They are potential dropouts. Through the teaching of skills the center attempts to present general education in concrete, not abstract, form.

The center received legislative and executive support in 1968 through the enactment of Chapter 1356 (AB 1919) which established it as a General Fund support program. The budget justification for termination of the center is that "there is no evidence to date that the San Francisco program is any more effective than those at other campuses which are offered without special budget allocations." We are confused by this rationale since neither we nor the chancellor's office are aware of the "similar efforts" at other colleges in this vocational oriented program area. It would appear that the Department of Finance should be required to produce the evidence before the program is seriously considered for termination.

Our proposed continuation level of \$75,000 represents a reduction in the program which we believe is appropriate. The center has operated with a staff of 5.8 positions and a large operating expense budget. As mentioned previously the work is primarily curricula development and

teacher training done with center personnel. We believe that similar efforts can be achieved in a budget which recognizes a small central staff to direct the program's development while utilizing currently funded departmental resources throughout the college and cooperating high schools for implementation of the training and curricula aspects of the program.

Termination of Special Leave Program

In 1967 the Legislature established a program of special leaves for state college faculty. This program was applied as a special benefit to newer faculty who had a research proposal yet were not eligible for a regular sabbatical leave. As part of the legislative changes made in 1970, one-half of the leaves were eliminated.

The budget eliminates the remaining leave program (\$294,000) on the rationale that the University has primary responsibility for research. While we do not believe that the rationale justifies an elimination of the program, we believe the program is marginal in terms of identifiable accomplishments. The state colleges are authorized to do research appropriate to the teaching function assigned to them in the master plan. Such activity is still allowed through regular sabbatical leaves and normal annual work load activities.

Faculty Recruitment

We recommend reinstatement of \$70,000 for faculty recruitment. Traditionally, the budget base for the California State Colleges has included funds for interviews, travel and moving allowances related to faculty recruitment. It is important to note that funds budgeted in one fiscal year apply to the recruitment of faculty in the following fiscal year. Thus, faculty recruitment for the fall of 1972 will be done in the spring of 1972 with funds in the 1971-72 fiscal year budget. The Governor's Budget eliminates all allowances for this activity (\$823,573).

The budget states that the 1971-72 faculty level is less than the 1970-71 level, but this is irrelevant when our concern is with faculty in 1972-73. Clarification is needed on this issue from the Department of Finance to determine the effects on obtaining faculty for 1972-73. Actual past experience is shown in Table 11.

Table 11
State College Recruitment Expenses

	<i>Actual</i> 1967-68	<i>Actual</i> 1968-69	<i>Actual</i> 1969-70
Moving allowance -----	\$105,544	\$179,433	\$253,079
Travel -----	91,197	113,633	163,947
Interviews -----	26,587	46,948	70,455
Total -----	\$223,328	\$340,014	\$487,481

Special Lecturers

We recommend reinstatement of \$78,000 for the student fee supported special lecturers program. In support of the overall instruction program the state colleges have brought distinguished special lecturers on campus to address the student bodies. This program is funded from student materials and service fees, not the General Fund as an aca-

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demic enrichment. Without explanation, the budget terminates this program. In discussions with the Department of Finance and state college officials it appears that the action was based not on program considerations but on the basis of floating excess student fees in order to offset General Fund requirements. Thus, in the operation of the state college budget, unscheduled excess student material and service fees act to reduce the amount of the General Fund appropriation. We believe that such action is not good budgeting. If a student support program is to be eliminated, it should be done on program considerations with an appropriate reduction in fees.

Instructional Television

We recommend reinstatement of the \$300,057 instructional television (ITV) reduction for a total program level of \$668,377.

We recommend that the total ITV program be funded from the materials and service fee for a General Fund saving of \$368,320. We believe that the Governor's Budget expresses an inconsistent fiscal policy when it claims to seek economy in higher education yet eliminates technological programs which can substitute for high-cost salaries.

Significant studies have been produced on this subject matter which include an Assembly Education Committee Report in 1960, the report to the trustees by Marvin Laser in 1961 entitled *Television for the California State Colleges* and the report by Kenneth Jones in 1968 entitled *A Reappraisal of Instructional Television for the California State Colleges*. It is the consensus of these reports that television is an effective teaching device, and if properly utilized can be less expensive than traditional classroom instruction. As an example of the saving, the 1968 reappraisal report contrasts the traditional teaching method with the instructional television method over a two-year period for a course enrolling 1,600 FTE in various sections per semester. Over the two-year period the traditional lecture presentation costs \$560,000 while the television method costs \$326,860 for a savings of \$233,140.

Concerning educational quality of instructional television, a study was made at San Francisco State in 1963 relating to a general education course in physical science taught by ITV. In the appraisal of results it was found that more students earned better grades in the ITV course than in previous courses taught by the same instructor. From a student attitude survey of the class, it was found that over 85 percent of the students thought the course should be taught again on ITV and almost 60 percent of the students said that they preferred the ITV course rather than the regular classroom presentation.

Unjustified Reduction

The decision in the 1971-72 budget to reduce 50 percent of the ITV program (\$300,057) statewide is based on the rationale that "the effectiveness of this media has never met expectations and has been disappointing." We find it difficult to respond to this rationale since the budget does not clarify what expectations were not met or who was disappointed. We believe that the studies mentioned previously substantiate the usefulness of ITV particularly as it concerns increased

productivity. In seeking methods of increasing teaching productivity we believe that it is reasonable to seek maximum utilization of technical resources such as instructional television. If advances are not made in this direction we can expect the costs per FTE student to increase steadily in direct proportion to increases in teacher salary costs.

Change in Funding Proposed

While supporting the maintenance of this program we believe that it is reasonable to recommend a change in the funding source for all ITV from the General Fund to the materials and services fees. It has been a budget precedent that the audiovisual program of the colleges has been funded from materials and service fees. During the 1970 hearings on this subject, it was determined that audiovisual and ITV services to the teaching program are quite similar. The purposes of the two activities are to deliver visual and recorded material to the classroom instructor in order to aid the presentation of courses. In health sciences, biological sciences and mental health classes, visual presentations on television or film provide an effective technique and perhaps the only feasible method for experiments or collections which are costly and difficult to duplicate.

Commensurate with the similarity in service we recommend that ITV be supported from material and service fees as has been the budget policy for audiovisual services. Such action would result in a 1971-72 General Fund savings of \$368,320.

San Diego Educational Television

San Diego State College operates a unique program in educational television (ETV) in that it is involved with the administration of the community public education station (KEBS). In 1971-72 the station proposed to operate on a budget of \$527,760; \$263,880 funded from contracts in the community and \$263,880 funded from the State General Fund. The budget eliminates \$100,000 from the General Fund share. Traditionally, the Budget has reflected the state expense under ITV (rather than ETV) which created legislative concern during the 1970 budget hearings as to the justification for such an arrangement. The issue was not clarified to the satisfaction of the Conference Committee on the Budget which directed that "General Fund support not be provided to fund the San Diego area ETV station in the 1971-72 budget. During 1970-71 the station administration should seek alternative funding sources."

In October of 1970 our staff met with the station personnel and members of the department of mass communications on the matter. After some discussion it became apparent that the General Fund allocations to the station do not support the station as a public broadcast agency, but in fact support curriculum expenses related to the Department of Telecommunications and Film. Thus, instead of budgeting the curriculum expense separately in the department, it is budgeted directly to the station in order to pool equipment and technical staff resources. The college maintains that operations of the two entities are more efficient under this system. Of major importance is the fact that it is a misconception to consider the \$263,880 allocation as an ITV expense

California State Colleges—Continued

as might be interpreted from the Budget presentation. Actual ITV expenses at San Diego State College in 1970-71 were \$49,000.

We recommend continued support for the San Diego educational television station operation combined with the curricula offerings program of the Department of Telecommunications and Film for a General Fund augmentation of \$100,000. Data on General Fund cost per FTE student enrolled in the curricula program shows a cost of approximately \$1,800 per FTE. This exceeds the average systemwide cost per FTE student of \$1,500 but in light of the specialized technical nature of the program such costs are not unreasonable.

The questions raised during the 1970 budget hearings were in response to a budgeting mechanism which was less than reflective of the actual situation at San Diego State College. We believe that this should be rectified in future budgets so that it is clear that the state money used in the operation of KEBS is related to the curricula program of the college.

State College Elementary Schools

Until 1970, the State of California operated six college on-campus laboratory elementary schools at Humboldt, Chico, San Francisco, Fresno, San Diego and UCLA with costs totaling \$1.5 million per year for approximately 1,500 students. The history of these schools dates back to 1890 with the founding of the Chico Laboratory School. The other five schools were established by 1925 as adjustments to the higher education normal schools. The laboratory schools served previously as centers for student teachers to gain classroom experience.

In the state college system the purpose of the schools was reevaluated by the chancellor in 1965. It was determined that the schools were no longer necessary to meet their original function and consequently needed a new program function. In 1966 the state college trustees expanded the laboratory school functions to include research and experimentation.

1970 Legislative Action

Problems involving the continued need for the state college laboratory schools were raised in the 1970-71 Analysis of the Budget Bill. Criticisms include:

1. The schools no longer served their original mission as necessary support for teacher training programs.
2. The laboratory schools are not true laboratories because of the disproportionately large number of children from college connected families and affluent members of the community. Additionally, minority groups are generally underrepresented in the schools.
3. Research and experimentation are emphasized in the schools; however, very little research is carried out by school staff. The little research that exists is usually the project of some academic department (nonlaboratory school) faculty member who is using a class and/or the school as his laboratory. The average laboratory school classroom-teacher does not have the time or funds to carry out research. The classroom teachers do experiment with new materials, oftentimes testing them prior to state textbook adoption.

4. Admission of pupils is carried out on an unsystematic basis despite the existence of some general admissions criteria. The fact that parents must come to the school and fill out an application form and transport their child(ren) to and from school "screens out" the disadvantaged.

5. The accomplishments of laboratory school programs and activities are not well disseminated to the public school districts serviced by the college. Consequently, the impact of the school falls, if at all, on the immediate neighboring public school district.

6. The laboratory schools do not coordinate their programs with or disseminate their accomplishments to state colleges not having on-campus elementary schools. Central direction and guidance is not provided to the on-campus schools.

In light of the above, the Legislature eliminated four laboratory schools of Humboldt, Chico, San Diego and Fresno. The San Francisco school remained primarily due to active community support.

During the interim period of 1970 our office reviewed the activities of the two remaining laboratory schools at UCLA and San Francisco in response to continued legislative concern about these programs. A separate report on the UCLA school was issued by this office on November 15, 1970. In the report we supported the UCLA school's continued operation primarily on the basis that the school's activity of research, experimentation and inquiry in education was a proper function of the University as designated by the Master Plan.

The San Francisco Laboratory School

The Frederic Burk School was established in 1899 as part of the San Francisco Normal School. At that time the basic function of the school was to provide a student teacher experience for prospective teachers. In 1953 the San Francisco State College began its move to its present location and entered into a contract with San Francisco Unified School District to establish a laboratory school on the campus of the college.

The formal agreement between the State Department of Education and the San Francisco Unified School District stated that the district would build an elementary school, and the state would lease it for San Francisco State College to use as a laboratory school. The contract runs for a term of nineteen years and ten months commencing September 1, 1955 and ending on June 30, 1975. By terms of this lease the San Francisco Unified School District agreed to do the following:

- a. Establish a school district that would not exceed 650 pupils;
- b. Keep the school building in good repair for which a budget is maintained. The state does the work and then bills the city;
- c. Provide the original equipment;
- d. Pay annually to the state on or before the end of each fiscal year an amount determined by computing the current expenditures per pupil in the elementary schools of the district for that fiscal year and multiplying the amount so computed by the average daily attendance for the fiscal year in excess of 400 pupils.

California State Colleges—Continued

The state agreed to:

a. Include the same total number of teaching days in the laboratory school as was included in the school calendar for the San Francisco Unified School District;

b. Furnish custodial services and all public utilities including heat, light and telephone;

c. Supply all personnel including teachers, clerical staff, and custodial employees to operate the school;

d. Assume the complete cost of education of all pupils up to and including 400 average daily attendance, it being agreed that the San Francisco Unified School District would not receive credit for the said attendance up to and including 400 average daily attendance as a basis for receipt of funds from the state based on the average daily attendance;

e. Use during the term of the lease as a playground for pupils two and a fraction acres of land owned by the state lying immediately to the north of the school building.

Effect of the Lease Arrangements

The terms of the lease impose certain restrictions on Frederic Burk School including the fact that its school calendar in terms of total number of days must equal that of the San Francisco Unified School District. This has presented problems as the staff has tried to incorporate curriculum workdays and/or planning and evaluation sessions into its calendar. In addition, structural changes to facilitate the development of such programs as nongraded or team teaching which require large instructional areas are the prerogative of the school district. Requests to the district for changes in the plan of the building such as opening passage ways between rooms have not been granted.

Having externally determined school district boundaries tended to have a limiting effect on efforts to achieve diversity within the school population. Out-of-district children have been admitted to mitigate this problem and to an extent these efforts have been successful. However, the prescribed district arrangement has helped to prevent the school's becoming a center for faculty children. College faculty children who do not live in the district are legally excluded.

Staff

The Frederic Burk staff consists of the director, the principal, 18 teachers plus one faculty position which is divided into four 0.25 positions in order to provide for a speech consultant-learning specialist, art consultant, music consultant and physical education consultant. There is also an affiliated nursery school which has two full-time teachers and two half-time teachers. Thirteen teachers hold tenure at the laboratory school.

Honorary rank at the college is granted to laboratory school teachers. However, tenure is with the laboratory school and not with the college. The length of time tenured teachers have served at Frederic Burk is as follows:

<i>Length of time at Frederic Burk School</i>	<i>Number of teachers</i>
16 years -----	1
15 years -----	2
14 years -----	1
13 years -----	2
10 years -----	1
9 years -----	2
7 years -----	1
6 years -----	2
5 years -----	1

Racial Distribution of Student Population

The total enrollment of the Frederic Burk School as of November 1, 1970 is as follows:

	<i>Number</i>	<i>Percent of Total</i>
White -----	320	68.0
Negro -----	75	16.0
Oriental -----	57	12.0
Spanish Surname -----	14	3.0
American Indian -----	2	.5
Other White -----	3	.5
TOTAL -----	471	100.0
Kindergarten through sixth -----	432	
Nursery -----	39	

Admissions Process

The San Francisco Unified School District has set a geographical district for enrollment at Frederic Burk School. This includes the Parkmerced community and the married student housing area at San Francisco State College. No other city school serves these children. Frederic Burk School operates on a 25-1 pupil-teacher ratio. To the extent that class size permits, children are enrolled from anywhere in the city outside the prescribed district. This is done in two ways. One is by application of the parent made during the period from February to May, and another is by accepting all Frederic Burk Nursery School children into the kindergarten whether they live in the Frederic Burk district or not. Since the nursery school enrolls at least two-thirds of its children from minority groups who reside outside the Frederic Burk School district, this assures an integrated school at the kindergarten level for Frederic Burk.

Applications for openings at Frederic Burk are processed by a committee chosen from the staff. The purpose of admitting out-of-district children is to diversify the school population. For this reason, preference is given to those of racial or ethnic minority groups. No effort is made to screen these children as to ability. In general, it is a first come, first served basis where space permits.

Financial Structure

Expenditures for the Frederic Burk Laboratory School for the past three years is included in Table 12.

The program costs per student at the school are \$829 which compares to an average cost throughout the San Francisco Unified School District of \$680 per ADA. While these costs are not exactly comparable since

California State Colleges—Continued

Table 12
Expenditures for Frederic Burke Laboratory School

	1968-69	1969-70	1970-71 (est.)
Personnel services -----	\$331,187	\$349,903	\$372,790
Operating expenditures -----	16,116	16,574	17,000
Equipment -----	1,441	1,885	400
Total -----	\$348,724	\$368,362	\$390,190
Man-years -----	25.3	35.4	26.2

the former is not on an ADA basis they are adequate enough to reflect the actual situation of a higher cost per student at the laboratory school.

Program Considerations

In the 1970 annual report of the laboratory school four main functions were designated as:

1. Preservice training for future teachers.
2. Inservice training for teachers.
3. Program developments and dissemination.
4. Research.

Preservice and inservice training include observations, student assistants and teachers, interns, team teaching, coordination with college departments, workshops and films. Program development has included work in a science curriculum improvement project, a counseling learning team project, an early identification and position intervention project and a technology for children project. Research projects are primarily "action research—or classroom experimentations" conducted by individual teachers. There are no funds budgeted for the school to publish research.

Policy Issue

In terms of staffing, physical facilities, quality of education and motivation the Frederic Burk School is operating a quality elementary program. The issue, however, is whether or not the basic teacher training program at San Francisco State College is receiving benefits commensurate with the \$387,104 General Fund cost of the program. The primary function of the state college is teacher training. This is more limited than the University function which includes research and program development. In interviews with school of education deans, it has been pointed out that preservice and inservice programs along with program development can be conducted between a higher education institutions and functioning district schools. An autonomous on-campus laboratory school is not necessary for these functions.

District Laboratory Schools

The district laboratory school model is currently in effect between the University of California at Berkeley and the Berkeley School District. In this program, three district schools are designated as laboratory schools; 38 teachers, 3 principals and 1,000 students are involved. The state cost is significantly less than on-campus schools since the district pays the basic teacher salary with a \$500-\$700 per teacher annual stipend supplied by the University. The laboratory school classes are conducted in district schools concurrently with regular classes. The

district is a full partner in the arrangement and benefits by obtaining programs and consulting relevant to its student and in-service teacher problems. The University benefits as a result of: (a) its ability to reach a large number of students in their natural learning environments, (b) the low cost of the program and (c) participation with practicing teachers on a joint venture program.

From the foregoing material we have reached the following conclusions:

1. San Francisco State College is operating a quality elementary school.

2. The laboratory school is also useful in preservice and in-service training and program development.

3. The laboratory school is currently closely tied to general school district rules regarding scheduling, student attendance areas, reporting data and limits on experimentation.

4. The state college education programs are primarily for teacher training and not research.

5. There are alternative teacher training—elementary school arrangements such as district laboratory schools.

6. State of California General Funds costs could be reduced from \$390,000 per year to approximately \$59,000 if the school were district operated.

Based on the foregoing conclusions we concur with the Governor's Budget that the on-campus laboratory school at San Francisco be terminated as a completely state supported operation. The benefits to the primary state college mission of teacher training can be obtained more economically through interaction with normal district schools.

Administrative Plan for Utilization of Laboratory School Funds

Item 92 of the 1970 Budget Bill directed the office of the chancellor to provide an Administrative Plan for the use of laboratory school funds for District Laboratory School, Internship, and Teacher Aid programs. In a November 1970 report the chancellor recommended that the funds, if available, be allocated to the state colleges using a modified pro rata system.

As criteria for the development of campus plans, projects of the following nature would be supported by the laboratory school funds:

(1) Provision of teacher aids to surrounding school districts as a means of assisting the districts, as well as providing for an early introduction of potential credential candidates to the classroom. Where applicable, this money could also be used in conjunction with work-study funds especially for the support of minority students who are interested in earning teaching credentials.

(2) Provision of additional materials and personnel for the support of experimental projects developed in cooperation with local school districts. This could include additional psychometrists, psychologists, statisticians, as well as paraprofessional and professional personnel who could work directly in the classroom with the district teachers. Support can also be provided for the development of in-service training programs for district staffs and full-time resource professionals from the colleges can be assigned to the districts.

California State Colleges—Continued

(3) Provision of support for the supervision and training of teacher interns. This phase of the program would have the lowest priority if the reported oversupply of fully credentialed teachers continues, as it is unlikely that a district would appoint interns when fully credentialed and experienced teachers are available for classroom assignments.

Each campus should receive a specified amount based on an equal distribution of 40 percent of available funds. The remaining 60 percent of the funds would be allocated to the individual campuses on the basis of FTE in professional education courses at both the undergraduate and graduate level.

Prior to the expenditure of any funds allotted, each college would be required to submit a plan for the utilization of these funds which has been approved by the president or his designee to the division of academic planning, office of the chancellor. Because of the need for advanced planning, each campus will be expected to submit its projects in a priority order to allow for flexibility of planning. The campuses will also submit a list of the school districts with whom tentative plans have been developed.

III. LIBRARY

Functional Description

The library function at the state colleges includes such operations as the acquisition and processing of books, pamphlets, periodicals and 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 budget for library expenditures is composed of five categories including personal services, books, periodicals, supplies and services and equipment.

Proposed Budget

	Actual	Estimated	Proposed	Change	
	1969-70	1970-71	1971-72	Amount	Percent
Amount -----	\$22,506,142	\$20,913,790	\$21,196,615	\$282,825	1.1%
Positions -----	1,703.1	1,545.2	1,554.8	9.6	--

The principal library staff activities are book processing and public service. Processing activities involve acquisition, cataloging, ordering and accounting while public service activities involve maintaining reference desks, circulating materials and information. During the 1970-71 fiscal year the chancellor's office proposed to change the staffing formulas in these two areas in order to shift staff resources (approximately 111 positions) from processing to public service. The change would have decreased processing staff by allowing one position for every 950 new volumes instead of one per 850 while increasing service staff based on a factor of one position for every 260 FTE instead of one for every 300. The net result of the proposal was a slight decrease in total staff. This proposal has been partially implemented. The processing staff has been decreased in accordance with the 1/950 factor with an increase in public service staff at the ratio of one for every 272 FTE.

We recommend that the chancellor's office in cooperation with the Department of Finance develop a new staffing formula for library

public service staff based on station assignments as opposed to being based on FTE. As mentioned previously it is of high priority to the state college library program to provide an adequate level of library service. To most academic programs the library serves as a key resource which must be responsive in terms of open hours and availability of materials to student demands. The current staffing formula, even if modified, is based on a FTE formula which does not provide an accurate measure of staff needs. Public service is based on maintaining stations such as reference desks and book check out desks. Staffing should be determined accordingly.

Library Resources

The quantity of budgeted library materials which includes books, serials/publications and supplies is determined through a formula adopted in 1966 designed to bring library holding to a level of 40 volumes per FTE student by the 1974-75 fiscal year. For books and serial/publications the allocation is determined in two parts. The first allocation is for new enrollments wherein 40 volumes per FTE increase over the previous year is allowed. The second allocation is for a "deficit entitlement" which provides an annual increase in volumes designed to achieve the 40 volumes per FTE student level by 1974-75.

In the last two state college budgets the deficit entitlement has been reduced by the Legislature in order to economize budget resources. The 1971-72 budget proposes to eliminate the entitlement again in an attempt to economize on a one year basis. While such action reduces the ability of the colleges to reach their 1974-75 planning standard on time, we do not believe that an additional delay is a critical detriment to the college program. The budget does provide approximately 680,000 new volumes based on enrollment growth as shown in Table 13 which summarizes the status of the acquisition program.

Table 13

Total Budgeted Library Volumes and Volumes Per FTE

Fiscal year	Academic year	Holdings July 1	Budgeted volumes	Holdings June 30	Volumes per FTE
	budgeted enrollment (FTE)				
1965-66	117,240	N/A	N/A	3,178,840	27.11
1966-67	129,615	3,178,840	662,206	3,841,046	29.63
1967-68	140,245	3,841,046	606,374	4,447,420	31.71
1968-69	157,735	4,447,420	826,364	5,273,784	33.43
1969-70	175,240	5,273,784	886,317	6,160,101	35.15
1970-71	196,120	6,160,101	710,320	6,870,421	35.03
1971-72	212,980	6,870,421	679,380	7,549,801	35.45

IV. 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, activities and housing, and place-

California State Colleges—Continued

ment), 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 fully financed by the revenue from the materials and service fee.

Proposed Budget

	Actual	Estimated	Proposed	Change	
	1969-70	1970-71	1971-72	Amount	Percent
Amount -----	\$18,482,143	\$22,155,877	\$23,650,440	\$1,494,563	6.7%
Positions -----	1,713.4	1,988.7	2,047.8	59.1	3.0

Student Fees

One of the recommendations of the 1960 Master Plan was for the respective governing boards to "reaffirm the long-established principle that state colleges and the University of California shall be tuition free to all residents of the state." A review of historical practice indicates that neither segment has, as a matter of policy, been entirely tuition-free.

Tuition has been authorized by statute since 1862 at the state colleges. 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 in Section 23753 of the Education Code which limits the yearly tuition that may be charged to \$25.

Reevaluation of Tuition

The General Fund revenue problem now facing the state, which stems in some measure from the rapid increase in expenditures for higher education during the past decade, has generated considerable reevaluation of the so-called "tuition free" policy.

In October 1969, the Coordinating Council for Higher Education, after reviewing a staff report on student charges, concluded that charges at the University and state colleges, when compared to those in other states, appeared to be low and that additional revenue beyond that to be provided from state and federal sources would be required. As a result the council directed its staff to "prepare specific proposals for increased student charges."

Following review of the staff alternatives at the December 1969 meeting, the following action was taken by the council:

"The Coordinating Council advises the Governor, the Legislature, the Board of Regents, and the Board of Trustees, that student charges should be increased moderately at the University of California and the California State Colleges, and that the following policies be adopted with respect to such charges:

1. Increased student charges should be set by the Board of Regents of the University and Trustees of the State Colleges. Revenues from these charges should be used to:

- a. Fund debt service for capital outlay expenditures (over and above the level of existing 1969-70 state support) for instructional and student service facilities, exclusive of health sciences.
 - b. Supplement student financial aid in order to increase access to the University and state colleges of students unable to attend because of financial reasons.
2. Revenue over and above that needed for debt service and student aid should be used at the discretion of the respective governing boards.
 3. Increased charges should be collected in the form of a 'flat' charge."

In support of the third Coordinating Council for Higher Education recommendation for a flat fee the staff report explored five alternative plans for increasing student charges. These plans with some of the findings on each plan are summarized below.

1. Student charges in conjunction with a comprehensive loan program. The staff concluded that loan programs are less equitable than other alternatives primarily because they do not include means tests. In addition the costs of administration of these programs appear to be high.
2. Graduated student charges based on financial ability to pay. One of the weaknesses of this type of plan is that the factors commonly used in evaluating need are not included in the plan. Although based on adjusted gross income as a test of ability to pay, other factors such as family size, assets and extraordinary expenses are not evaluated.
3. A flat student charge in conjunction with student financial aid for those unable to meet the additional cost. This is the alternative recommended by the council on the basis that it provided the most equity to the student.
4. A differentiated student charge in conjunction with student financial aid. The charge would be based on a benefit or cost concept by level of instruction or discipline. Although this approach may be the most efficient method of pricing higher education, the problem of clearly identifying the educational benefits of each discipline appear to preclude council staff's acceptance of this method.
5. A voucher system whereby the state subsidy per student is allowed each student for use at the institution of his choice whether it be public or private. This would be accompanied by an increase in student charges. This could be an extension of the existing state scholarship program.

To date, tuition has not been instituted to resident state college students. However, a materials and service fee is required.

Materials and Service Fees

Materials and service fee charges are authorized by Section 23751 of the Education Code which states: "The trustees may by rule require all persons to pay fees, rents, deposits and charges for services, facilities or materials provided to such persons. . . ." In 1969-70 the trustees charged \$108 per academic year under this code provision as shown in Table 14.

California State Colleges—Continued

Table 14
Distribution of California State Colleges Materials and Service Fee
(cost per student)

	1969-70
Administration and teaching-----	\$36
Student health services-----	24
Student personnel-----	41
Financial aid-----	7
Total-----	\$108

University of California Student Fees

A reevaluation of student fees was made by the University of California in 1969-70. After consideration of the issue, the regents acted to impose in addition to the \$300 annual registration fee an education fee of \$150 for undergraduate students and \$180 for graduates in 1970-71 increasing to \$300 and \$360 respectively in 1971-72. The minimum levels of mandatory fees for the two systems of higher education in California are summarized in Table 15.

Table 15
Basic Mandatory Student Fees at University of California
and California State Colleges

Segment	1969-70		1970-71		1971-72	
	Under-graduate	Graduate	Under-graduate	Graduate	Under-graduate	Graduate
University of California-----	\$300	\$300	\$450	\$480	\$600	\$660
California State Colleges-----	108	108	118	118	118	118

In comparing the two systems, we see that the student charges have doubled in a three-year period at the University while remaining rather static in the state colleges. This condition reflects a difference in policy wherein the University has recognized that a greater burden of the share of education costs should be shared by the students who are prime beneficiaries of the higher education system.

The state colleges' utilization of student fees as a revenue source not only lags behind the University, but also comparative institutions nationally. The CCHE study found that the state colleges' student fees are not only quite low when compared to national universities which are used by the colleges in their faculty salary survey, but also quite low when compared to national colleges. When compared to institutions in the American Association of State Colleges and Universities during 1968-69 the state college fees ranked 218th among 225 institutions.

We recommend that the materials and service fee be increased by \$70 per FTE per academic year to provide additional revenues of approximately \$15.7 million in 1971-72. We believe that in light of local and national funding trends, the materials and service fee has not been adequately utilized by the California State Colleges as a revenue source. The fee should continue to be administered on a graduated

scale per unit basis according to the policy established by the 1970 Conference Committee.

A fee increase of \$70 would be a comparable increase to that experienced by students at the University of California. Thus, as shown in Table 15, the state college fee was approximately one-third the University fee in 1969-70 which is the relationship maintained by our recommendation for 1971-72. In addition, this increase appears to meet the CCHE recommendation of "moderate."

Uses of Fee Revenues

The possible uses of the fee revenue would include (1) current support budget, (2) student financial assistance and (3) capital outlay. As a general policy and specifically in light of the modest increase in support for 1971-72 found in the Governor's Budget, we believe that the revenue should be used primarily for the current support budget needs with some use for student financial aid and its administration. As we pointed out earlier in this analysis, most of the reductions made in the trustees' workload request by the Department of Finance appeared to be made arbitrarily in order to reach a minimum allocation figure for the total budget. The low allocation was necessary since state revenue expectations in 1971-72 were lower than expenditure estimates. While budget reductions under these circumstances are understandable, we believe that all alternative sources of revenue, including increased student fees, should be explored before there is an unjustified elimination of educational programs. Many of the restorations which we have recommended can be funded from the fee increase. For those restorations which involve the funding of teaching, faculty salaries up to \$5.5 million could come from this source since such costs come under the definition of tuition and are limited to \$25 per FTE by Education Code Section 23753.

Specifically we recommend that the fee be applied as follows:

Program	Funding level	Increase per student (220,000 FTE)
Faculty positions (page 971)-----	\$5,500,000	\$25.00
Instructional television (page 974)-----	668,377	3.00
School relations (page 987)-----	268,196	1.00
Dean of students' office (page 988)-----	685,736	3.00
Admissions and records (page 988)-----	3,055,330	13.00
Financial aid:		
EOP (page 996)-----	2,659,149	12.00
General (page 992)-----	2,860,000	13.00
Totals -----	\$15,697,338	\$70.00

Relations with Schools

We recommend implementation of the relations with schools program (\$268,196) funded from the materials and service fee. The Relations with Schools program has been a trustees' request in the past several years. The program currently consists of two positions located in the chancellor's office to articulate with high school and community college counselors on the academic requirements of the state colleges.

California State Colleges—Continued

This program was created by the Legislature in 1968 at a level of \$192,693 but reduced by the Governor's Budget veto to \$27,170 in 1969.

The Legislature again augmented this program for a northern and southern California pilot program and the funds were again reduced by the Governor. The Governor's opposition to this program appears to stem from fiscal considerations rather than program considerations. General Fund support was the source of support previously requested. We believe that since this is a student service program similar to counseling it can appropriately be funded from student fees. The intent of Relations with Schools program is to establish a liaison officer whose responsibility would exclusively be the relationships between the state college and the local high schools and community colleges. The objectives are to make the California State Colleges more responsive to local needs, to acquaint other educational institutions with state college programs, and to refer students to other institutions of higher education where their needs may be better met. This program provides full-time Relations with Schools Officers at campuses over 5,000 FTE students.

Student Fee Support for Dean of Student's Office

We recommend the full funding of the dean of students' office from materials and service fees for a General Fund savings of \$685,786. As mentioned previously most of the student services function is supported by fees except for half the dean of students' office and 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. We believe that consistent with our proposal to extend a greater financial responsibility to student fees, full funding of the dean of students' office is appropriate.

Admissions and Records

We recommend that the admissions and records function be fully financed from materials and service fees for a General Fund savings of \$3,055,830. The admissions and records service at the state colleges consists primarily of the standard document processing and evaluations related to the process of being admitted to and achieving an academic degree. Traditionally this has been the only service in the student services function of the Governor's Budget which has been funded from the General Fund. The primary reason for such support is that this activity is of primary importance to the college operation and did not fall under the traditional "peripheral activity" definition of student funded programs. We believe that is appropriate to reconsider the budget precedent particularly in regard to extending the use of student fees.

In discussing this issue it is pointed out that \$4,175,653 is collected in application fees as an offset for this service. Our proposal would extend fee funding for the full program cost of approximately \$7 million.

Common Admissions

Over the past several years there has been much legislative interest in improving the admissions procedures of the state colleges. Inefficiencies arising under the traditional admissions procedure where students could apply to various colleges simultaneously caused problems in admitting all qualified students in 1968-69. The 1969 Conference Committee directed that the chancellor's office study the concept of centralized admissions systems. In response to this directive the chancellor's office developed a common admissions program which will be fully implemented for the first time in the fall of 1971.

The administration of this program begins during the period of November 1 to November 30. During this period, the colleges receive and process every application. Each college keypunches specific student data such as social security number, veteran status, place of residence, class level and major. The keypunched information is transmitted to the Northern Regional Center for categorization and identification of duplicate applications and for assignment of a random number to each application. Random selection occurs only after all other selection criteria such as veterans status and residency have been utilized. Subsequent to November 30, the colleges request specific numbers of applications in established categories to fill enrollment quotas. Those applicants not accommodated are then redirected to alternate colleges identified as second and third choices on the application. Those applicants who receive space reservation at the college of their choice are then requested to submit transcripts and test scores for formal evaluation and admission.

During 1970-71 the program is estimated to handle 207,000 applicants at a cost of approximately \$850,000. The 1971-72 budget contains \$798,047 for the program.

Foreign Student Tuition

Chapter 1605, Statutes of 1969, provides for a minimum fee of \$360 for a full-time foreign student for an academic year. Previously, the foreign student tuition was fixed by statute at \$255. A major change made by that measure is the delegation of authority to the trustees for setting this fee at any level beyond the new minimum. In addition, the trustees may establish waivers or reduce the fee for exceptional foreign students. The 1970-71 fee was set at \$360 by the trustees in January of 1970, but increased to \$600 at the May meeting in order to fund a program for an additional 3,200 FTE enrollment of regular students. In July of 1970 the Legislature eliminated \$534,800 in materials and service fee support for the foreign student counseling program based on the rationale that foreign student tuition should fund the program, but the fee was not subsequently raised for this purpose.

Special Study

In order to evaluate the effects of increasing the tuition above the \$600 level the trustees convened a task force in early July of 1970 and held a special committee meeting on July 29, 1970 which directed the staff to prepare a program wherein there would be:

- a. Reinstatement of a minimal foreign student advisory program.

California State Colleges—Continued

b. Increase the foreign student tuition rate equal with the nonresident tuition in scheduled stages.

c. Increase foreign student tuition to a rate equal with nonresident tuition by the fall of 1971-72.

Finally after deliberation at the September meeting the trustees adopted a program requiring that:

A. The rate of tuition required of each nonresident student who:

(1) Is a citizen and resident of a foreign country; and

(2) Is enrolled in the California State Colleges during the fall term of the 1970-71 college year; or who has been accepted for admission on or before November 24, 1970, to a State College for any subsequent semester or quarter during the 1970-71 college year; and

(3) Remains in continuous attendance as a full-time student at the California State Colleges, making normal progress toward a degree objective; and

(4) Has not been awarded a baccalaureate degree or graduate degree from the California State Colleges subsequent to the commencement of the fall term of the 1970-71 academic year;

shall be at the rate of \$600 per academic year per full-time student for all academic terms commencing prior to the 1974-75 fiscal year, and shall at the rate of tuition charged nonresident students who are not citizens and residents of a foreign county for all academic terms commencing during the 1974-75 fiscal year and thereafter.

B. Commencing with the 1971 winter quarter at colleges on quarter system year-round operations, and with the 1971 spring semester at all other colleges, and for each term thereafter, the rate of tuition for each nonresident student who is a citizen and resident of a foreign country and who does not satisfy all of the foregoing provisions of paragraph "A" shall be at the rate of tuition charged nonresident students who are not citizens and residents of a foreign country (\$1,110).

The counseling program was included for funding from the General Fund, not the tuition increase.

Considerable staff work, counseling and negotiation went into the trustee's foreign student program prior to adoption. Despite these efforts, the Governor's Budget proposes all foreign students pay the \$1,110 fee in 1971-72. The key factors which favor the trustee's position is (1) foreign students must plan to pay their tuition for every semester of enrollment as opposed to out-of-state students who usually only pay for two semesters since they may establish residency after one year, (2) it is inequitable to currently enrolled students to increase their fee from \$360 in the fall of 1970 to \$1,110 in the fall of 1971 and (3) Education Code Section 23754 includes foreign student tuition setting as a trustee responsibility.

Miscellaneous Fees

The 1970 Conference Committee believed that there was a need for a uniform policy in the administration of miscellaneous fees throughout the 19 state colleges. The committee directed the chancellor's office to investigate the situation and report by November 1, 1970.

The chancellor's office reported that "in reviewing this matter, it became clear that some colleges were charging students miscellaneous fees to cover the cost of special material or services without authorization by the board of trustees. In these cases, the fees were not assessed against all students and, instead, were limited only to those receiving the special materials or services. The subject of miscellaneous fees was considered at the July, 1970, meeting of the board of trustees. Based on this review, the board took action to delegate to the chancellor authority to establish or modify miscellaneous fees within specific limitations.

"In order to implement this delegation, we have established the criteria for miscellaneous fees that must be observed.

The criteria and procedures for implementation are:

1. The student receives some identifiable, tangible benefit from the miscellaneous fees being charged. (Clay, lumber, paints, etc.)
2. The student has the option of obtaining the materials or service from sources other than the college so long as they meet the instructional requirements.
3. The purpose for which the fee will be charged is not now provided for in other authorized fees."

V. 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 governmental 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.

Proposed Budget

	<i>Actual</i> 1969-70	<i>Estimated</i> 1970-71	<i>Proposed</i> 1971-72	<i>Change</i>	
				<i>Amount</i>	<i>Percent</i>
Expenditures --	\$21,160,117	\$30,078,089	\$34,772,229	\$4,694,140	15.6%
Man-years ----	197.5	250	262.3	12.3	4.9

California State Colleges—Continued
Program Performance

The current expenditure level of student financial aid programs is not possible to predict precisely due to the 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 six. These programs include the Educational Opportunity Grant Program, the National Defense Student Loan Program, the Nursing Student Loan Program, the Work-Study Program, the Nursing Educational Opportunity Grant Program and the Law Enforcement Grant Program, all of which are supported primarily from federal funds. Program administrative costs are funded from federal funds and student materials and service fees. In 1970-71 these programs accounted for a total of \$30,247,958 in loans and grants, a total that is expected to increase to \$33,335,000 in the budget year. Table 16 lists the college-administered programs.

Table 16
College-Administered Financial Aid Programs

Programs	Actual 1969-70	Estimated 1970-71	Estimated 1971-72	Change
Work-study -----	\$6,358,548	\$9,792,250	\$10,860,000	\$1,067,750
NDEA loan -----	8,081,105	10,556,713	12,067,000	1,510,287
Educational Opportunity:				
Federal -----	4,189,181	6,373,000	8,173,500	1,800,500
State -----	1,221,487	1,854,680	350,000	-1,504,680
Nursing:				
Loans -----	53,450	218,500	283,000	64,500
Scholarships -----	2,600	15,965	25,000	9,035
Law enforcement -----	494,900	1,436,850	1,576,500	139,650
Totals -----	\$20,401,271	\$30,247,958	\$33,335,000	\$3,091,042

Need for State College Grant Funds

We recommend that an additional \$2,860,000 be provided for grants to students financed from \$13 of the materials and service fee. The 1969-70 budget for the Scholarship and Loan Commission provided for an inventory of student financial aid to determine the level and scope of existing programs so as to more accurately assess the need for changes in student aid programs.

The commission in February 1970 surveyed all public and private institutions of higher education to determine the kinds of aid available, the dollar amounts available and the number of students served. Because the data received was more comprehensive for undergraduate students than it was for graduate students, a preliminary report was issued in June 1970 showing data for undergraduate aid.

Because previous surveys were directed to data relating solely to campus administered aid, segmental comparisons were usually distorted. If one compares direct student aid funds (excluding loans or employment aid) available per total FTE undergraduate enrollment of the three public segments, the data would show \$16 at the community colleges, \$52 at the state college and \$169 at the University. If we added noncampus direct aid such as the G.I. Bill, OASDI benefits, etc., then the cost per FTE student changes to \$270 at the community colleges, \$247 at the state colleges and \$337 at the University. These comparisons are shown in Table 17.

The significance of this is that comparisons of campus administered direct aid tends only to point to an extremely low level of aid per student in the community colleges, but when all other assistance is considered the state colleges have the least amount of direct aid to the student. This change results because a large proportion of those eligible for the G.I. Bill, OASDI, War Orphan Grants, etc., initiate their college education at the community college level.

Table 17
Direct Aid¹ to Undergraduates in Public Institutions
1969-70

	<i>Scholarships and grants</i>	<i>Noncampus² direct aid</i>	<i>Total</i>
California Community Colleges			
Amount -----	\$4,163,634	\$65,016,294	\$69,179,928
Amount per FTE student -----	16	254	270
California State Colleges			
Amount -----	7,285,645	27,105,170	34,390,815
Amount per FTE student -----	52	194	247
University of California			
Amount -----	11,765,593	11,672,421	23,438,014
Amount per FTE student -----	169	168	337
TOTALS			
Amount -----	23,214,872	103,793,885	127,008,757
Average per FTE student -----	50	223	273

¹ Direct aid excludes loans and employment assistance which are not direct income transfers.

² Off-campus aid includes G.I. Bill, OASDI benefits, etc., not directly controlled by the campus financial aid offices.

As shown on Table 21 precedent has already been established by the University of California for the use of student fees as financial aid. In 1969-70 the University utilized \$38.30 of its \$300 registration fee for this purpose. In light of the need for aid funds in the state colleges we recommend that the policy be extended to this segment.

New Plan for Federal Allocations

In November of 1970 the U.S. Office of Education announced new procedures for allocating EOG and work-study funds to institutions. The intent of the new procedures is to reach very-low-income students. The notice explained that no institution will receive less than 80 percent of current year allocations. The remaining funds will be distributed to institutions according to their estimated enrollment of students in the \$0 to \$3,000 income category, then in the \$3,000 to \$6,000 category, and so on until available funds are exhausted. The first allocation under the new procedure will occur in the spring of 1971 and its effects on California institutions are not known at this time.

California State Colleges—Continued

VI. EDUCATIONAL OPPORTUNITY PROGRAMS

Functional Description

The California State College Education Opportunity Program was established by Chapter 1336 Statutes of 1969 (Senate Bill No. 1072 (Harmer)). This program consists of grants to students up to a \$700 maximum grant per academic year to be administered by the Trustees of the State Colleges. The amount shall be sufficient to cover the cost of the student's tuition, books and room and board as determined by the trustees along with other financial aid resources. The students must be residents who are nominated by high schools, the Veterans Administration and state agencies authorized by the trustees. The trustees set standards and select from the list of nominations. Each college must receive program approval and may receive program funds for directors, counselors and advisers from the trustees. Academic progress records of each student receiving a grant must be kept by the trustees.

The Scholarship and Loan Commission's regular state competitive scholarship program funds cannot be used for Educational Opportunity Program grants authorized by SB 1072. All funds appropriated in Item 116.5 of the 1969 Budget Act were to be expended pursuant to this act. For 1970-71 General Fund support in the total of \$3.2 million was provided to serve 3,500 FTE students as allocated in Table 18.

Table 18
California State Colleges
1970-71 Initial Allocation of Educational Opportunity Program,
Support Budget Funding and Enrollment Quotas

College	Enrollment quota	Allocation of funds		
		Program support	1st yr. grants	2nd yr. grants
Bakersfield	12	\$23,660	\$4,800	--
Dominguez Hills	100	54,564	40,000	\$12,150
Fullerton	160	70,282	64,000	19,575
Hayward	160	71,167	64,000	21,600
Long Beach	300	96,235	120,000	44,820
Los Angeles	475	128,999	190,000	66,825
San Bernardino	50	35,189	20,000	4,725
Cal Poly, K.V.	95	52,339	38,000	14,445
Cal Poly, SLO	70	44,168	28,000	5,535
Chico	95	57,185	38,000	11,610
Fresno	150	72,288	60,000	24,570
Humboldt	30	25,889	12,000	2,700
Sacramento	160	72,074	64,000	24,705
San Diego	350	111,362	140,000	43,335
San Fernando Valley	443	128,538	177,200	51,840
San Francisco	275	92,971	110,000	36,585
San Jose	465	130,606	186,000	59,670
Sonoma	60	37,603	24,000	5,265
Stanislaus	50	25,464	20,000	4,725
Unallocated	--	--	50,000	70,320
Total	3,500	\$1,334,583	\$1,450,000	\$525,000

Additional funding is received from other sources including the federal government, student body organizations and private donors. The

total amount of these funds is not exactly known other than federal financial aid which totaled \$3,038,956 in 1969-70.

Academic performance of state college enrollees is summarized in Table 19.

Table 19
Fall 1969 State College EOP Academic Performance.

College	Median GPA	Median units completed ¹		
		Enrolled full year	Enrolled part year	Percent completing and passing 20 or more units
Dominguez Hills	2.09	17.9	6.5	39
Fullerton	2.23	22.5	6.7	61
Hayward	2.56	22.8	9.4	65
Long Beach	2.44	22.5	5.0	67
Los Angeles	1.96	23.2	8.6	60
San Bernardino	2.21	26.5	8.1	76
Cal Poly, K.V.	2.23	22.1	8.8	64
Cal Poly, SLO.	2.13	25.8	7.5	100
Chico	2.46	26.5	5.0	83
Fresno	2.33	21.8	5.0	64
Sacramento	2.42	24.3	5.0	70
San Diego	2.58	24.1	3.1	66
San Fernando Valley	2.50	27.8	5.0	85
San Francisco	2.61	21.1	11.3	55
San Jose	2.53	27.6	8.8	82
Sonoma	2.75	23.1	2.5	58
Stanislaus	2.21	26.7	10.0	90
Systemwide	2.34	23.5	7.2	67

¹ Quarter college entries have been converted to semester units to facilitate comparisons.

The persistence data on these enrollees demonstrated that 86.6 percent completed the first year. Of those who completed the year 75.5 percent were in good academic standing.

Proposed Budget

	Actual 1969-70	Estimated 1970-71	Proposed 1971-72	Change	
				Amount	Percent
Expenditures	\$2,196,462	\$3,272,283	\$1,652,153	\$-1,620,130	-49.5%
Man-hours	109	177.4	155	-22.4	-12.6

The 1971-72 state college Educational Opportunity Program (EOP) budget proposes to continue the current year level of enrollment (3,500 FTE) with a reduction of \$1,620,130 and 22.4 positions. Specific program staffs have been eliminated at Stanislaus, Bakersfield, San Bernardino and Humboldt for \$160,489 of the reduction. The remaining reduction consists of state student financial aid funds for first and

Table 20

	Trustees Request	Governor's Budget	Change
Administrative Funds	\$1,462,642	\$1,302,153	\$-160,489
Financial Aids:			
1st Year	1,652,200	350,000	-1,302,200
2d and 3d Year	1,006,949	---	-1,006,949
Total funding	\$4,121,791	\$1,652,153	\$-2,469,638
New enrollment	3,755 FTE	3,500 FTE	-255 FTE

California State Colleges—Continued

second year enrollees. No recognition is given to third year enrollees. Table 20 compares the trustees requested EOP budget with the Governor's Budget.

We recommend maintenance of the established state college Educational Opportunity Program at the level of 3,755 FTE new enrollees; we recommend restoration of \$160,489 in General Fund administrative support at small colleges, we recommend elimination of General Fund support for grants (\$—350,000) with a \$2,659,149 financial aid program financed from the materials and service fee for a new General Fund savings of \$189,511 (350,000 —\$160,489). Four specific issues in the EOP program for 1971-72 are (1) the level of enrollment, (2) the need for administration at small colleges, (3) the level of student financial aid and (4) the source of funds for the state aid. Concerning the first issue the state college EOP program began with a base of 3150 FTE enrollments in 1969-70. This base was adjusted upward in 1970-71 to 3,500 FTE to reflect enrollment growth in the system. If the enrollment growth policy were continued there would be 3,755 FTE budgeted for 1971-72 instead of the 3,500 FTE level reflecting no growth. We believe that the 3,500 FTE level represents a curtailment of the program and that 3,755 FTE should be authorized.

Unreasonable Program Elimination

The second issue is whether or not the four small colleges should have a budgeted EOP staff to operate their programs. The budget eliminates the staff due to "very high administrative costs" (\$160,489). In 1970-71 the four colleges were allocated 142 enrollments in the program with an administrative cost of \$110,202 producing a cost per FTE of \$777 compared to systemwide cost of \$381 per FTE. We agree that such costs are high. However, as explained in the 1970-71 Analysis, this condition is due to diseconomies of scale related to low enrollments. To eliminate the entire program costs due to such a condition is a severe reaction which appears unreasonable. EOP students at the small colleges require counseling, tutoring and program structure to the same degree as students at any other college. To allow the enrollments without such a program support is a disservice.

The third issue involves student financial aid. Since the inception of this program the state has provided a basic level of financial aid per student which combined with work-study funds and loans provide the economic basis for the students matriculation. The 1970-71 budget provided state aid at the level of \$400 per new enrollee and \$200 per continuing enrollee. The 1971-72 aid budget totaling \$350,000 eliminates the state financial aid to continuing students while reducing first year aid to a level of \$100 per enrollee. This action is based on the rationale that "the budget assumes that additional Federal Economic Opportunity Grant (EOG) and NDEA funds will be received by the colleges."

We know of no justification for the budget rationale. The amount of funds to be received under the federal EOG program is highly uncertain at this time. In November of 1970 Health, Education, and Wel-

fare (HEW) announced that new procedures would apply to allocating EOG funds with no definite commitments made until the spring of 1971. We believe that it is to the detriment of the program to radically reduce the state's commitment to student aid particularly in light of the uncertainty of other sources of support.

The final issue related to this program is the source of funding for EOP grants. At the University of California EOP grants are funded from \$19.50 of the general registration fee as shown in Table 21.

Table 21
Distribution of University of California Registration Fee
(cost per student)

Instruction and Research:	1969-70
Laboratory fees -----	\$27.00
Organized Activities and Auxiliary Enterprises:	
Intercollegiate athletics -----	15.40
Extension and Public Service:	
Arts and lectures -----	5.80
Student Services:	
Dean of students -----	3.20
Educational student and alumni placement -----	13.70
Public ceremonies and cultural programs -----	3.10
Recreation activities -----	11.40
Health service -----	71.90
Student aid administration -----	9.40
Counseling -----	14.60
Foreign student program -----	2.80
Housing service -----	6.80
Miscellaneous student services -----	8.50
Student Aid:	
Grants-in-aid -----	38.30
Education opportunities program -----	19.50
Provisions for Allocation:	
Capital debt service -----	20.00
Unallocated fees -----	28.20
Total -----	\$300.00

In conjunction with discussions in the student fee section of this Analysis (page 984) and the financial aid section (page 991) it would be consistent statewide higher education policy to use part of our proposed increased student materials and service fee for grants. We recommend that a 1971-72 EOP grant request of \$2,659,149 be added to the materials and service fee, \$12 per student, increase proposed on page 987.

VII. 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

Proposed Budget

	<i>Actual</i>	<i>Estimated</i>	<i>Proposed</i>	<i>Change</i>	
	1969-70	1970-71	1971-72	Amount	Percent
Expenditures -----	\$31,344,837	\$35,120,320	\$38,401,364	\$3,281,044	9.3%
Man-years -----	2,723.2	2,977.7	3,112.5	134.8	4.5

California State Colleges—Continued

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.

As an economy measure in 1970-71 the budget increased the custodian standards from one position per 15,000 square feet of cleanable space to one per 15,600 square feet. We recommended that the new custodian standards not be permanently adopted until a comprehensive report is completed by the chancellor's office. We had not been able to ascertain the basis on which the new 15,600 square feet standard was formulated. It appeared that the revision proposed in the budget may have been made without a full evaluation of the long-run effects on building deterioration and common practice in other institutions. The conference committee directed that the 15,600 square feet be considered as interim standards and a study to clarify the validity be made before the new standards are permanently adopted.

During the interim the chancellor's office addressed the report by ascertaining custodian practices at other institutions throughout the country. Preliminary data shows that the new workload is reasonable on a comparative basis; however, the final report is not completed as of this time. *We recommend approval as budgeted.*

VIII. YEAR-ROUND OPERATION

	Actual 1969-70	Estimated 1970-71	Proposed 1971-72	Change	
				Amount	Percent
Cycling costs -----	\$1,315,461	\$1,474,208	\$1,608,962	\$134,754	9%
Program operation costs	7,479,527	7,296,631	8,973,805	1,677,174	22.9

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 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.

A complete discussion of the year-round operation issue as it affects all segments of higher education is found on page 859. Recent legislative action which supports the continuance of the state college Year-round Operation program includes:

(a) Restoring 1970-71 funds for the state college program from internal budget savings of \$1,000,000.

(b) Directing that any special budgetary standards for year-round operations, including cycling costs, must be shown and be subject to thorough justification in the 1971-72 Governor's Budget; that special budget allowances for YRO be reviewed and that the Trustees of the California State Colleges and the Department of Finance budget summer quarter programs using budgetary standards that are no higher for summer quarter than for the other three quarters.

(c) Enacted in Chapter 1517/1970 which establishes the intent of the Legislature to have year-round operations at the California State Colleges in order to allow increased access to higher education and to permit maximum use of existing facilities. It requires that any state college with an academic year enrollment of 10,000 FTE on the effective date of enactment shall operate on a year-round basis by June 1, 1976. (In 1970-71 there will be 10 colleges with over 10,000 FTE.)

Compliance with Chapter 1517 (AB 887)

The state colleges have evaluated their ability to comply with the mandate of Chapter 1517 in a report issued in January 1971. The report indicated that nine colleges; Chico, Fresno, Fullerton, Long Beach, Sacramento, San Diego, San Fernando Valley, San Francisco and San Jose will be involved in the conversion. While the colleges would prefer to receive planning funds beginning in 1971-72 the report indicates that the conversion could be made in accordance with the schedule shown in Table 22.

Table 22
Delayed Conversion Schedule
To Year-Round Operation at Nine State Colleges

College	Academic year					
	1971-72	1972-73	1973-74	1974-75	1975-76 ⁴	1976-77
1		P ¹	P	C ²	YRO ³	YRO
2			P	P	C	YRO
3			P	P	C	YRO
4			P	P	C	YRO
5			P	P	C	YRO
6			P	P	C	YRO
7			P	P	C	YRO
8			P	P	C	YRO
9			P	P	C	YRO

Notes:

- ¹ P indicates planning.
- ² C indicates year of conversion to QSYRO.
- ³ YRO indicates four-quarter year, beginning with summer.
- ⁴ Deadline for beginning quarter calendar.

Related to the overall faculty reduction \$750,000 was reduced from the year-round operation budget presentation. These positions are part of the total faculty reduction justified under the rationale we analyze on page 967. The decision reached by the Legislature in the general instruction section of this analysis should be applied here.

IX. REIMBURSED ACTIVITIES

Functional Description

Of the major budget functions, reimbursed activities is the only one involving no appropriated state funds. This self-supporting function includes the costs for summer session, services to college auxiliary organizations, and all research and special projects performed by college employees for non-college connected private and public agencies. These types of activities are included in the general support budget in order to protect the personnel rights of the employees involved and to insure that the activities are under the direct administrative control of the college for both budgetary and academic purposes.

California State Colleges—Continued
Proposed Budget

The projected expenditure program totals \$18,720,447 which is anticipated to be completely offset by reimbursements related directly to each activity. This program represents an increase of only \$1,599 over the planned expenditures for 1970-71. Table 23 summarizes the program breakdown.

Table 23
Reimbursed Activities Breakdown

	<i>Actual</i> 1969-70	<i>Estimated</i> 1970-71	<i>Proposed</i> 1971-72
Summer session -----	\$8,413,702	\$9,861,545	\$9,837,383
Research -----	44,789	276,694	282,052
Special project -----	3,671,803	5,864,288	5,707,628
Auxiliary organization -----	2,291,434	2,710,526	2,893,384
Miscellaneous -----	11,557	--	--
Totals -----	\$14,433,285	\$18,713,053	\$18,720,447

Other Reimbursed Programs

Separate self-supporting programs listed in the budget other than the previous reimbursed activities include the parking, housing and extension programs as summarized in Table 24.

Table 24
State College Special Funded Programs

<i>Program</i>	<i>Actual</i> 1969-70	<i>Estimated</i> 1970-71	<i>Proposed</i> 1971-72	<i>Change</i>	
				<i>Amount</i>	<i>Percent</i>
Parking -----	\$1,568,000	\$1,653,889	\$1,714,080	\$60,191	3.6%
Housing -----	4,238,095	4,891,465	4,943,709	52,244	1.1
Extension -----	3,296,408	4,273,608	4,723,164	449,556	10.1

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).

Housing

The Housing Program in the California State Colleges essentially provides residential facilities for single college students; however, a small number of married students are currently being housed in facilities which were built some years ago.

Extension

Extension programs are offered at 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. Enrollments are shown in Table 2.

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. 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.

We recommend approval as budgeted.

X. 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 Budget

	Actual	Estimated	Proposed	Change	
	1969-70	1970-71	1971-72	Amount	Percent
Expenditures ---	\$5,433,000	\$6,376,452	\$6,661,320	\$284,868	4.5%
Man-years -----	271.7	290.7	287.3	-3.4	-1.1

The 1971-72 budget for the chancellor's office maintains the current level of service with a \$100,000 decrease in the facilities planning office which has experienced a decreased workload. *We recommend approval as budgeted.*

XI. STATEWIDE PROGRAMS

Functional Description

Statewide programs include international program, disciplinary procedures, security, trustee's audit program, Academic Senate, workmen's compensation and initial complement to expendable equipment.

Proposed Budget

	Actual	Estimated	Proposed	Change	
	1969-70	1970-71	1971-72	Amount	Percent
Expenditures ---	\$1,169,884	\$2,048,578	\$1,494,271	\$-554,307	-27.1%
Man-years -----	23.5	30.4	30	-0.4	--

California State Colleges—Continued

Academic Senate

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 expenditure in 1971-72 is \$157,457 which maintains the current year level of service. *We recommend approval.*

International Program

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 1970-71 level of 505 FTE 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 25.

Table 25
International Program Enrollment

Year	FTE budgeted enrollment	FTE actual enrollment
1964-65	238	212
1965-66	290	201
1966-67	230	265
1967-68	270	257
1968-69	300	366
1969-70	425	379
1970-71 (estimated)	505	--
1971-72 (proposed)	300	--

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.

The 1971-72 budget anticipates a program level of 300 FTE. *We recommend approval.*

Trustee's Audit Staff

Chapter 1406, Statutes of 1969, provided for the establishment of an audit staff reporting directly to the Trustees of the California State

Colleges. The present audit staff consists of three auditors and 0.5 clerical position and reports directly to the audit committee of the board of trustees. Under the direction of the board, this management audit staff will perform management analysis and carry out auditing procedures throughout the state college system. The 1971-72 budget maintains the current level of service. *We recommend approval as budgeted.*

Security Augmentation

The 1971-72 budget proposes a 7.5 position (\$75,000) security force augmentation. These positions are unallocated to be held as a contingency force and allocated only on specific justification. The current security staff force exceeds 200 positions throughout the 19 colleges. The augmentation represents less than 0.5 position per college.

CALIFORNIA MARITIME ACADEMY

Item 290 from the General Fund

Vol. IV p. 610

Budget p. 299

Requested 1971-72	\$791,000
Estimated 1970-71	803,631
Actual 1969-70	808,125
Requested decrease \$12,631 (1.5 percent)	
Total recommended reduction	\$200,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. *Termination of Academy. Reduce \$200,000. Recommend 1005 phase out by not accepting new enrollees.*

2. *Termination of Academy. Recommend Coordinating Council for Higher Education analyze alternative uses for facilities.*

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 was established in 1929 and 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.

Legal authorizations for the academy are found in Education Code Sections 25951 through 26157. The general mission of the academy, as stated in the State Education Code, is "to give instruction in the science and practice of navigation, seamanship, steam, diesel, and electrical engineering to male students from the several counties of the state who have the qualifications of good moral character, education, and physical fitness, required by the board of governors of the school."

The academy is governed by a five-member board designated as being in the State Department of Education. This board consists of the

California Maritime Academy—Continued

Superintendent of Public Instruction or his designee and four members appointed by the Governor for a term of four years. 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.

The academy program consists of both an academic program and specialized programs in either deck officer or engineering officer training. The annual program is three terms, two of which are devoted to shore-based instruction with three months training at sea on 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.

ANALYSIS AND RECOMMENDATIONS

The academy's General Fund budget contains four elements shown in Table 1.

Table 1
Maritime Academy Program Elements

<i>Elements</i>	<i>Actual 1969-70</i>	<i>Estimated 1970-71</i>	<i>Proposed 1971-72</i>	<i>Change</i>
Classroom instruction -----	\$315,782	\$318,613	\$299,212	—\$19,401
Sea training -----	298,913	329,162	321,108	—8,054
Residential -----	196,144	207,814	215,250	7,436
Administration and services -----	402,291	405,213	427,475	22,262
Gross Total -----	\$1,213,130	\$1,260,802	\$1,263,045	\$2,243
Reimbursements -----	—192,676	—240,571	—256,645	—16,074
Federal funds -----	—212,329	—216,600	—215,400	—1,200
Net General Fund -----	\$808,125	\$803,631	\$791,000	—\$12,631
Enrollment -----	230	215	268	--
General Fund cost per student--	\$3,513	\$3,737	\$2,951	—\$786

Total funding for the program showing the relationships between state, federal and student fees is shown in Table 2.

Table 2
Sources of Support California Maritime Academy
1960-61 to 1971-72

<i>Year</i>	<i>Total Support</i>	<i>General Fund</i>	<i>%</i>	<i>Federal Funds</i>	<i>%</i>	<i>Student and other fees</i>	<i>%</i>
1960-61 -----	\$749,570	\$390,836	52.2	\$204,124	27.2	\$154,610	20.6
1961-62 -----	778,724	415,488	53.3	205,436	26.4	157,800	20.3
1962-63 -----	801,804	435,422	54.3	203,642	25.4	162,740	20.3
1963-64 -----	848,322	491,425	57.9	206,619	24.4	150,278	17.7
1964-65 -----	882,521	531,205	60.2	205,702	23.3	145,614	16.5
1965-66 -----	931,592	563,478	60.5	208,121	22.3	159,993	17.2
1966-67 -----	1,016,372	592,685	58.3	219,397	21.6	204,290	20.1
1967-68 -----	1,014,329	622,830	61.4	187,525	18.5	203,974	20.1
1968-69 -----	1,111,687	699,845	62.9	213,752	19.2	198,090	17.9
1969-70 -----	1,213,130	808,125	66.6	212,329	17.5	192,676	15.9
1970-71 (est.) -----	1,260,802	803,631	63.7	216,600	17.1	240,571	19.2
1971-72 (proposed) --	1,263,045	791,000	62.6	215,400	17.1	256,645	20.3

ACADEMIC OPERATIONS PROGRAMS

	Actual	Estimated	Proposed	Change	
	1969-70	1970-71	1971-72	Amount	Percent
Classroom instruction --	\$315,782	\$318,613	\$299,212	-\$19,401	6.5%
Sea training -----	298,913	329,162	321,108	-8,054	2.4

Instruction at the Maritime Academy is based on a trimester program wherein two trimesters are in classrooms at the institution and one is at sea. The classroom instruction program element covers the two trimesters at the institution. Enrollments at the institution have been at a level of approximately 250 students primarily due to limitations on housing and classroom facilities. There is no proposed change in the level of service for 1970-71.

One trimester per year is spent at sea in order to gain on-line experience in ship operation. During the past two years the crew has traveled an average of 15,000 miles and has visited 13 ports throughout the world.

In the 1970-71 Analysis of the Budget Bill we recommended that funds for the sea training program be authorized subject to an independent inspection of the training ship Golden Bear to determine if it meets the standards of safety and seaworthiness of merchant marine vessels. It came to our attention that the Maritime Academy's training ship Golden Bear was in poor physical condition. Problems were reported involving the loading of ballast, cracks, exterior damage and general safety features. The Legislature considered the matter and decided to have the ship fully reviewed in order to insure proper standards of safety for the Academy's students and personnel who spend three months aboard at sea. The 1970-71 Budget Bill contains language for the inspection by a qualified review team to determine if the Golden Bear meets merchant marine standards. The findings of the inspection were to be made public and all deficiencies rectified prior to funds being authorized for the sea training excursion in 1970-71.

Concurrent with this action, the Legislature passed AJR 34 requesting the federal government to release the Crescent City which had been suggested as a replacement by the Academy staff. In September of 1970 the release was granted providing a new training ship for the 1970-71 training cruise.

Termination of Academy Program

1. We recommend that the Maritime Academy program be phased out over the next two years by not accepting new enrollees for an estimated General Fund savings of approximately \$200,000 in 1971-72.

2. We recommend that the Coordinating Council for Higher Education analyze alternative uses for the academy's facilities. Among the alternatives particular attention should be placed on possible use in the marine sciences.

On November 13, 1970, the Ways and Means Subcommittee on Education held a hearing at the California Maritime Academy facility. The hearing was conducted for the purpose of familiarizing the legislative committee with the operation and problems of the Maritime Academy. Some of the major findings resulting from the hearing are as follows:

California Maritime Academy—Continued

1. *The Problem of Employment for Maritime Graduates.* There is an over supply of both deck officers and engineers in the Merchant Marine. Consequently, it has been difficult for the last graduating class of the academy to find merchant marine jobs other than summer replacement help. Compounding this problem is the fact that the maritime industry is dominated by two unions, which are implementing unfavorable employment practices towards Maritime Academy graduates. The unions, the International Organization of Masters, Mates and Pilots, and the Marine Engineers Benevolence Association are currently in the process of running their own training facilities. These facilities are being paid for by the maritime industry and graduates of such facilities are given preferential employment status over graduates of the state maritime academies.

In addition, a February 1970 Report to the Subcommittee on Maritime Education and Training of the House of Representatives Committee on Merchant Marine and Fisheries, disclosed that over the next five years there will be an over supply of licensed officers by as much as 44 percent in relation to the jobs available. The academy staff responded to this situation by explaining that they are trying to find employment for their graduates in many areas other than the licensed Merchant Marine category. However, the original function is being diluted.

2. *Governance of the California Maritime Academy.* The California Maritime Academy is located in the Department of Education by statute. However, it is operated by its own board of governors practically autonomous of the Department of Education. The committee was interested in the fact that perhaps the academy could achieve accreditation status and better use of laboratory facilities if it were part of the four-year segments of higher education in California. One example is the Texas A. & M.-Corpus Christi method of operation. Students in Texas spend their first two years at a community college or regular state college before attending the Maritime Academy. In this way, they achieve their liberal arts category of work in the first two years and spend the last two years in specialized training at the Maritime Academy to gain their license in the Merchant Marine.

3. *The Operating Condition of the Training Ship Crescent City.* The new training ship Crescent City which is to replace the Golden Bear is in extremely poor physical condition and may not be ready for the training cruise in January 1971. In attempting to get the Crescent City operational for the training voyage, the academy dismissed classes for two weeks of the fall trimester and utilized the cadets on a full-time basis in cleaning the ship. This led to morale problems at the academy in that the students were utilized for very basic maintenance work while paying tuition for the purpose of instruction leading towards a Merchant Marine license.

4. *Articulation Between the Maritime Academy and the California State Colleges and the University of California.* There is a lack of

uniform articulation between the academy and the other segments of higher education. Thus, the University of California does not recognize the maritime degree. However, some of the state colleges recognize part or all of the academic program towards degree credits at the four-year colleges. It was explained that Long Beach State College will accept the degree from the academy at face value if a student applies for graduate school. Other state colleges apply only 50 percent to 75 percent of the units taken at the academy creating a problem in which a student must retrain in undergraduate work before he will be allowed into graduate school.

5. *Nonaccredited Status of the Maritime Academy.* The academy is not accredited by the Western Association of Schools and Colleges. This creates difficulty to the academy graduates seeking to upgrade their degrees at a future time and to the academy in seeking federal aid for programs. Currently, the academy is on a correspondence status with the Western Association of Schools and Colleges and is attempting to gain accreditation.

6. *The Need for Better Laboratory Equipment.* The academy does not have a physics or chemistry lab which can be operated by the students. In addition, information concerning computerized instruction and nuclear acceleration must be gained by field trips to other facilities in the bay area.

The foregoing problems of unemployment, deficiencies in the academic program, the high cost per student and the reduction in federal funding lead us to the conclusion that the academy program should be terminated. It appears to be a poor investment of scarce tax resources to continue such a specialized training program which has output of questionable utility. In fairness to currently enrolled students the second and third year program should be allowed in 1971-72 with no first year class authorized.

The approximate residential and instructional cost of the first year enrollees is \$200,000.

RESIDENTIAL PROGRAM			Change	
Actual 1969-70	Estimated 1970-71	Proposed 1971-72	Amount	Percent
\$196,144	\$207,814	\$215,250	\$7,436	3.4%

The Maritime Academy is exclusively a residential program. The residential program element reflects the costs of feeding and maintaining residence facilities for the students.

The Federal Maritime Academy Act of 1958 permits an outright grant of \$25,000 to academies operating in accordance with prescribed standards, and an additional \$50,000 for academies that agree to accept students from other states. The act also provides payments of not more than \$600 per student per academic year to assist in defraying the cost of uniforms, books, and subsistence. For each student the state receives \$400 of this, and the student \$200.

California Maritime Academy—Continued

ADMINISTRATION AND INSTITUTIONAL SERVICES PROGRAM

Actual 1969-70	Estimated 1970-71	Proposed 1971-72	Change	
			Amount	Percent
\$402,291	\$405,213	\$427,475	\$22,262	5.5%

The administration and institutional services program element includes the costs of the administrative staff, the plant operation staff and the maintenance staff. There are no proposed increases in the level of service.

BOARD OF GOVERNORS OF THE COMMUNITY COLLEGES

Items 291 and 292

from the General Fund

Vol. IV p. 617

Budget p. 301

Requested 1971-72 -----	\$4,329,574
Estimated 1970-71 -----	5,376,929
Actual 1969-70 -----	3,614,513
Requested decrease \$1,047,355 (19.4 percent)	
Total recommended increase -----	\$1,150,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis
page

1. *Extended Opportunity Program. Augment \$1,150,000.* Rec- 1019
ommend restoration of program based on demonstrated need and
satisfactory past performance.

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 community colleges as an integral and effective element in the structure of public higher education in California. The functions of this board are specifically designed to preserve local autonomy and control in the relationship between the board and the 68 governing boards of the local community colleges and the duties each is to perform. The board is composed of 15 members appointed by the Governor.

Financing Community Colleges

State Funding. In 1969-70, approximately 32 percent (\$126 million) of the total support budget costs (\$400 million) for community colleges is provided by the State of California. The percentage of state support by college varies from a low of 7 percent to a high of 50 percent depending primarily on the results of an apportionment computation formula.

State apportionments are determined by first providing a basic aid grant of \$125 per ADA to all districts maintaining community colleges regardless of local wealth. Using the following formula, additional state support is then provided to less wealthy districts through a foundation program designed to provide equalization (E) per student.

$$E + \text{1970-71 Foundation amount (\$643)} - \left[\begin{array}{l} \text{Basic aid (\$125)} + \frac{\text{District aid}}{\left(\begin{array}{l} \text{Standard computational tax rate (\$.25)} \times \text{Local assessed valuation per ADA} \end{array} \right)} \end{array} \right]$$

As an example, a district with \$50,000 of assessed valuation per ADA receives the basic aid of \$125 per student with \$393 in equalization aid for a total of \$518 per ADA. Using the above formula the equalization aid (E) per student would be the product.

$$\begin{aligned} E &= \$643 - (\$125 + (.25 \times \$50,000)) \\ E &= \$643 - (\$125 + \$125) \\ E &= \$393 \end{aligned}$$

A wealthier district which could afford a higher district aid contribution receives less equalization aid due to the formula with the very wealthiest districts receiving no equalization aid. As mentioned previously, these districts still receive the \$125 basic aid per ADA regardless of their level of equalization aid.

The theory behind the equalization aid formula recognizes that there should be a minimum statewide level of support for community colleges set at the foundation level with local districts supplementing this in accordance with the level of service which is feasible. District resources are raised from property taxes fixed by law at a maximum level of 35 cents per \$100 of assessed valuation for general purposes with limited permissible overrides.

Problems With Current Financing System

The chief problem with the current financing procedure is that a great variance occurs in expenditures per student throughout the 68 college districts largely due to the fact that districts with a large assessed valuation per ADA can raise more revenue with a tax rate equal or lower than that of a low value district.

Thus, in 1968-69 the average current expense spent per regular resident student ranged from a low of \$626 to a high of \$1,288 with an average expense of \$776.

A related factor is that the wide range of ability among districts allows for variations of tax burden on local taxpayers with those in low value districts having to bear a greater tax rate in order to support students at levels comparable to wealthier districts. In 1968-69 district tax rates for community college purposes range from 35 cents to 90 cents. This disparity is further aggravated by the constitutional and statutory requirement for the \$125 basic aid program which is allocated regardless of need or local ability to pay.

Alternative Funding Proposals

Changes in the current funding for community colleges have been considered in several recent reports. In 1966 the State Department of Education contracted for a report entitled "Financing Junior Colleges in California," in 1969 the Coordinating Council for Higher Education presented a report entitled "Review of Junior College Finance," and recent agendas of the Board of Governors of the Community Colleges have presented additional information. From these sources we will

Board of Governors of the Community Colleges—Continued

discuss the major alternatives for changes in the levels of funding and systems of funding.

Levels of Funding

Full State Funding. The State of California could assume full responsibility for funding community colleges support costs. This arrangement would relieve local property taxes of approximately \$274 million in obligations and allow for more uniform distribution of funds per student.

This approach would constitute a major change in policy. Current policy recognizes that community colleges are to be managed by locally elected boards capable of responding to local needs. Total state support would lead to more central review and control presumably by the board of governors.

50-50 Funding. In accordance with the Master Plan guideline and the increasing responsibility of the community colleges, the state could simply increase its share of support from its current approximate level of 32 percent to 50 percent.

The major drawbacks to this proposal are (1) that while seeking more funding from statewide revenue, it does not propose to reform the current inequities of expenditure per student and tax efforts discussed previously, and (2) the additional state cost would be approximately \$74 million.

Changes in Systems of Funding

Divide State School Fund into Two Funds. It has been proposed that the existing school fund could be separated into two separate funds, one for K-12 education grades and one for grades 13 and 14. This would follow the concept of Senate Bill No. 1481 of the 1967 session.

The advantages of this proposal would be related to 1.) gaining increases in the foundation level and correspondingly in the state funding share, 2.) gaining separate identification in comparing community college support to state college and University support instead of comparing it to K-12 support, and 3.) gaining increased fiscal administration by the board. Additional advantages would be the retention of "school fund" identification which has the constitutional assurance of top priority for state funds, has procedures for emergency situations and could be modified by law without including considerations which affect K-12 districts.

The disadvantages of this approach relate to the fact that current inequities would continue and an unidentified degree of state control would result.

Appropriations Through the Budget Act. Arguments for abandonment of the State School Fund, in favor of receiving state funds through budgetary appropriations, include the following:

1. The community colleges are a segment of public higher education in California. As long as state funds are allocated from a single State School Fund, financial need of community colleges will be weighed against the financial need of elementary and high schools rather than the University and state colleges.

2. Community colleges would gain visibility by appearing as a separate segment of higher education in the Governor's Budget.

3. The budgetary appropriation procedure lends itself to better consideration of the varied program support needs (enrollment size, type of curriculum, student services) of community colleges, similar to considerations given to state colleges and the University budgetary needs.

4. The budgetary appropriation procedure could allow development of a simpler and more equitable formula for allocating state funds by the Legislature.

Uniform Statewide Property Tax. Under a system of uniform property tax all assessed valuation in the state would be taxed at, for example, 25 cents per \$100 to provide the local share of the foundation program. Provision could be made to allow locally determined overrides and the payment of additional costs by nondistrict territory for equipment and capital outlay. Funds would be collected at the local level and remitted to a special state fund to be allocated on an ADA basis.

The uniform tax levy system would reduce the effect of varying individual district financial abilities, continue a foundation program approach and provide a financial incentive for nondistrict territory to annex to a district. In addition, it would not affect local control and under current law it would result in a 10-cent general purpose tax usage (the difference between the 35-cent statutory limit and the 25-cent statewide tax).

Arguments for the Status Quo. Arguments favoring continuation of the present procedure whereby community college districts receive state funds from a single State School Fund, include the following:

1. Once a foundation program has been established by statute, that level of funding is generally assured from year to year. Community colleges may then seek, when necessary, additional funding.

2. Abandonment of the State School Fund might require statutory changes deleting reference to community colleges as secondary schools, a type of statutory language that could result in the loss of federal funds (\$3.1 million for 1969-70) under Public Laws 815 and 874 unless federal legislation can be changed.

3. Utilization of the State School Fund procedure is more effective than the budget appropriation procedure in preventing the level of state funding for community colleges from being determined on a political basis.

4. The community colleges, in receiving state aid from the School Fund, continue to be considered as a part of the public school system and have first call on available revenue in the State General Fund.

1970-71 Legislative Action

The board's 1970-71 Finance Program was contained in SB 250 (Burgener) and a companion bill AB 412 (Crandall). The program would have:

- (1) Increased the regular foundation program from \$643 to \$718,
- (2) Increased the adult foundation program from \$520 to \$600, and
- (3) Changed the definition of an adult from a person (over 21 years of age) taking "less than 10 class hours" to "less than seven class hours."

Board of Governors of the Community Colleges—Continued

This package would have required an additional \$32 million in state general funds. Neither bill passed the Legislature. However, the final version of the state budget did contain approximately \$19 per unit of ADA over the present foundation levels for those students in districts receiving state equalization funds. (All but eight of the 68 community college districts received state equalization aid during 1969-70). This provision amounts to an estimated \$9 million for the community college system.

Other finance bills adopted by the 1970 Legislature related to raising the legal level of nonresident tuition (to the full current cost of education less state basic aid) and revising the fee structure for parking.

1971-72 Board of Governors' Finance Proposal

The board's proposed program for 1971-72 contains three major components: (1) provision for the annual increase in the prices of those resources which community colleges require to conduct their programs, (2) maintenance of the funding base for community college districts, and (3) the establishment of two special purpose permissive override taxes for development of college programs dealing with disadvantaged students and instruction in vocational and occupational areas. Each of these proposals calls for an explicit increase in either state or local funding of community colleges.

The estimated proposed increases for 1971-72 over the current year are as follows:

	Per student		Total (in millions)	
	State	Local	State	Local
1. Price increase -----	\$39	-	\$19.9	-
2. Maintenance of funding base...	12	-	6.1	-
3. Program development -----	-	(up to) \$100 ¹	-	(up to) \$55 ¹
Total proposed change ----	\$51	(up to) \$100	\$26	(up to) \$55

¹ The local estimate for program development is based upon all districts utilizing the full amount of each five cents permissive.

Components (1) and (2) of the proposal are intended to halt the downward trend in expenditures for items affected by inflation, as exhibited by community college districts over the last two decades.

Component (3) suggests a provision for needed program development to be funded locally. This latter proposal would provide resources in two program areas which heretofore have received no explicit local funding provision despite indications of need for annual funding changes. For 1971-72 the proposal would cost the state \$26 million over the current year level which includes the \$9 million (\$19 per ADA) in funding provided by the 1970 Budget Act.

Issues with Board of Governor's Funding Proposal. The first component of the plan proposes that the state should fund the full cost-of-living increase. As mentioned previously the total cost to the districts and the state of operating community colleges statewide is shared approximately 70 percent and 30 percent respectively. Maintaining the same relationship, it would be reasonable to expect that price increases be shared accordingly.

In rebuttal to the above point, the community colleges argue that the state share of support is eroding from the Master Plan proposal. The Master Plan for Higher Education established the community colleges as a major element in California's system of higher education. By promoting the 60-40 program in four-year colleges wherein only 40 percent of undergraduates should be freshmen and sophomores, it placed a burden on community colleges to handle students diverted from the four-year schools due to the policy. The Master Plan recommended that the State of California should fund 45 percent of community college costs in consideration of the above program.

The second component of the funding proposal is an attempt to recover revenue lost due to the condition wherein assessed valuation per ADA is decreasing. Since incremental enrollment increases have been greater than increases in assessed valuations, there results a loss of district revenue. This condition is rectified by either (1) raising the local tax rate or (2) seeking additional state funding. The community colleges have proposed the latter.

Considerations of the second component should include (1) the fact that the state already funds through the equalization program half the revenue lost and (2) the fact that the proposal is estimated to cost \$6.1 million.

Legislative Analyst Proposal

We have developed proposals for basic reform in all public school finance which should be addressed (see page 723) before final decisions are made on the issue of community college finance. Major points in our proposal include that:

1. A statewide property tax be established for public school support to promote equalization of property tax support among school districts.
2. The foundation program be defined to reflect "basic instructional support" costs.
3. A system of school district revenue and expenditure limitations be established which will permit local governing boards to impose property taxes at their own discretion to support "basic general support" and "basic pupil services support" at the levels established by the Legislature and permit the local electorate by vote to exceed the amounts prescribed for basic instructional support, basic general support and basic pupil services support.
4. Legislation be adopted authorizing an annual adjustment in the total funds designated for program support, composed of instructional, general and pupil services support, which will reflect the impact of inflation on school costs including a national index factor which represents increased productivity.

ANALYSIS AND RECOMMENDATIONS

The California community colleges are established to provide transfer courses for students planning to continue their education at four-year institutions, to provide vocational training and to provide general education. There are currently 93 community colleges in California governed by 68 separate boards of trustees. In the fall of 1969 these

Higher Education

Items 291-292

Board of Governors of the Community Colleges—Continued

institutions enrolled a total of 688,220 full-time and part-time students as shown in Table 1.

Table 1
Community College Enrollment, Fall 1969

<i>Student classification</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Grand total</i>
Freshmen -----	185,660	236,283	421,943
Sophomores -----	70,709	76,056	146,765
Ungraded -----	6,552	112,960	119,512
Total -----	262,921	425,299	688,220

Proposed Budget

The board of governor's program budget is composed of eight programs as shown in Table 2.

Table 2
Board of Governor's Budget Summary

<i>Programs</i>	<i>Actual 1969-70</i>	<i>Estimated 1970-71</i>	<i>Proposed 1971-72</i>	<i>Change</i>	
				<i>Amount</i>	<i>Percent</i>
I. Executive -----	\$129,260	\$153,986	\$158,811	\$4,825	3.1%
II. Academic and Student Affairs--	182,127	329,389	353,970	24,581	7.4
III. Vocational Education -----	462,034	563,248	617,408	54,155	9.6
IV. Fiscal Affairs ---	217,989	501,920	412,080	-89,840	-17.9
V. Special Programs ---	---	169,025	198,769	29,744	17.6
VI. Administration & Public Affairs --	128,170	389,193	267,557	-121,636	-31.2
VII. Extended Opportunity ---	2,940,373	4,505,347	3,350,000	-1,155,347	-25.6
VIII. Psychiatric Technicians Training -----	---	100,000	100,000	---	---
Totals -----	\$4,059,953	\$6,712,108	\$5,458,590	-\$1,253,518	-18.6%
<i>Funding</i>					
General Fund -----	\$3,614,513	\$5,376,929	\$4,329,574	-\$1,047,355	-19.5%
Reimbursements -----	445,440	1,235,179	1,029,016	-206,163	-16.7
Vocational Nurses and Psychiatric Technician Fund ---	---	100,000	100,000	---	---

As indicated in the foregoing table, the proposed 1971-72 budget maintains the current-year level of service except in the extended opportunity program. Our analysis will follow the sequence shown in Table 2.

I. Executive

<i>Programs</i>	<i>Actual 1969-70</i>	<i>Estimated 1970-71</i>	<i>Proposed 1971-72</i>	<i>Change</i>	
				<i>Amount</i>	<i>Percent</i>
Expenditures -----	\$129,260	\$153,986	\$158,811	\$4,825	3.1%
Man-years -----	6.3	8.3	7.3	-1	

The executive function encompasses the operation of the chancellor's immediate staff. It is responsible for implementing the board of governor's policy decisions and managing the established decisions. One position has been eliminated in 1971-72. *We recommend approval.*

II. Academic and Student Affairs

	Actual	Estimated	Proposed	Change	
	1969-70	1970-71	1971-72	Amount	Percent
Expenditures -----	\$182,127	\$329,389	\$353,970	\$24,581	7.4%
Man-years -----	9.4	16.5	16.5	-	-

The academic and student affairs program is primarily concerned with the academic activities of community colleges including planning, admissions, continuing education, student affairs and extended opportunity program administration. The budgeted elements of this program are:

	Actual	Estimated	Proposed	Change	
	1969-70	1970-71	1971-72	Amount	Percent
Academic Affairs -----	\$111,754	\$174,042	\$203,661	\$29,619	17.0%
Extended Opportunity ---	70,373	155,347	150,309	-5,038	-3.3

Educational planning is concerned with community college's long-range vocational education plans and statements of programs and services. Review and coordination of academic plans with vocational plans is designed to insure that changing student needs are appropriately met and that unnecessary duplication is avoided. Continuing education workload includes the evaluation of programs and the development of standards, guidelines and policies to be adopted by the board.

The student affairs activity involves efforts to aid the colleges advise and serve students so that they may succeed in their academic work. Included in this activity is the admissions and articulation workload which is designed to plan and implement policies which aid the flow of students into the four-year segments of higher education.

Performance of Community College Transfers

A major indicator of the success of the admissions and articulation activity of community colleges is the performance of transfers after they enter the four-year institutions. Table 3 presents the grade point data from the University of California's community college transfers. These data show about a four-tenths decrease in grade point averages when comparing the university average of the student to the average achieved in the community college. Of greater interest is the fact that the performance at the university between eligible and ineligible transfer students is nearly identical, varying only by one-tenth of a grade point. Since the total number of students in each group per year (approximately 1,500) was equal, it appears that there is evidence to conclude that the community colleges are significantly upgrading those ineligible students who continue their higher education into the university.

No increased level of service is proposed for this program in 1971-72. We recommend approval.

Table 3
Grade Point Performance of Community College Transfers at the University of California

	Fall 1968				Fall 1969				4-year average			
	No.	Prev. inst.	U.C.	Diff.	No.	Prev. inst.	U.C.	Diff.	No.	Prev. inst.	U.C.	Diff.
<i>Eligible from high school</i>												
Berkeley -----	376	3.07	2.66	-0.43	270	3.13	3.00	-0.13	347	3.06	2.72	-0.35
Davis -----	357	2.95	2.56	-0.39	384	3.07	2.65	-0.42	306	3.00	2.55	-0.44
Irvine -----	92	3.03	2.65	-0.38	119	3.00	2.59	-0.41	98	3.04	2.47	-0.56
Los Angeles -----	367	2.99	2.61	-0.38	362	3.10	2.65	-0.45	420	3.00	2.57	-0.44
Riverside -----	102	3.07	2.69	-0.38	152	3.15	2.85	-0.30	110	3.07	2.68	-0.38
San Diego -----	38	3.07	2.46	-0.61	71	3.18	2.68	-0.50	47	3.04	2.53	-0.57
Santa Barbara -----	274	3.00	2.61	-0.39	348	3.03	2.64	-0.39	302	2.99	2.55	-0.44
Total number -----	1,576				1,706				1,630			
Average grade point -----		3.03	2.61	-0.42		3.09	2.72	-0.37		3.03	2.58	-0.45
<i>Ineligible from high school</i>												
Berkeley -----	333	2.87	2.62	-0.25	274	2.94	2.71	-0.23	320	2.86	2.53	-0.34
Davis -----	144	2.70	2.36	-0.34	241	2.83	2.66	-0.17	168	2.75	2.42	-0.34
Irvine -----	60	2.75	2.34	-0.41	104	2.95	2.69	-0.26	77	2.86	2.47	-0.40
Los Angeles -----	413	2.75	2.47	-0.28	487	2.77	2.63	-0.15	454	2.78	2.47	-0.31
Riverside -----	74	2.91	2.57	-0.34	128	2.87	2.73	-0.15	90	2.87	2.55	-0.34
San Diego -----	33	2.83	2.29	-0.54	56	2.90	2.30	-0.60	32	2.94	2.31	-0.63
Santa Barbara -----	219	2.74	2.42	-0.32	352	2.78	2.40	-0.38	268	2.76	2.38	-0.38
Total number -----	1,276				1,642				1,409			
Average grade point -----		2.79	2.44	-0.35		2.86	2.59	-0.28		2.83	2.45	-0.38

III. Vocational Education

	Actual	Estimated	Proposed	Change	
	1969-70	1970-71	1971-72	Amount	Percent
Expenditures -----	\$462,034	\$563,248	\$617,403	\$54,155	9.6
Man-years -----	23.6	25.9	27.9	2	7.7

The vocational education program proposes to expend \$617,403 in 1971-72 derived from federal funds. The primary activity of this program is to administer the allocation of federal funds and recommend applications for funding. In addition, this program is involved in training institutes and the dissemination of information among the various community college deans.

The budget for 1971-72 proposes a staff increase of two positions funded from federal sources to aid in program evaluations. *We recommend approval.*

IV. Fiscal Affairs

	Actual	Estimated	Proposed	Change	
	1969-70	1970-71	1971-72	Amount	Percent
Expenditures -----	\$217,989	\$501,920	\$412,080	-\$89,840	-17.9
Man-years -----	11.2	21.2	21.2	-	-

The fiscal affairs program is designed to provide leadership to community college districts in capital outlay planning, district organization and fiscal planning. The program is composed of two elements as shown in Table 4.

Table 4
Elements of Fiscal Affairs Program

Elements	Actual	Estimated	Proposed	Change	
	1969-70	1970-71	1971-72	Amount	Percent
Facilities planning ---	\$185,485	\$317,636	\$233,356	-\$84,280	26.5
Financial services ----	82,504	184,284	178,724	-5,560	3.0

The facilities planning activity has the basic duty of establishing 10-year construction master plans for the 68 community college districts and updating them annually. This element is also involved in implementing space utilization standards, capital outlay budgeting and approval of new sites.

Financial services is involved in district organization, program budgeting and community college finance. The district organization program element aids counties in preparing district organization plans. The objective of this element is to include all territory of California into a community college district by 1972. Under current law the expense of educating students from nondistrict territory is derived from a tax levied by each county upon the nondistrict territory. Since the tax is levied on a per-student basis, the tax is usually quite low on the nondistrict territory. This low tax rate has the effect of creating resistance in nondistrict areas toward organizing into a district since districts generally have higher tax rates for this purpose.

Under general fiscal services, approximately 50 percent of the total staff effort is spent in apportionment duties, the remainder in activities designed to improve both the efficiency of operations and the quality of decisionmaking in financial matters in the community colleges. Major program areas in which work is to be concentrated in 1971-72

Board of Governors of the Community Colleges—Continued

are (1) implementation in legislation of the outcomes of the study of alternatives to foundation program funding, (2) testing models for program budgeting in the community colleges, and (3) completion of a new study of the need for additional campuses for submission to the Coordinating Council in connection with its 1972 study.

There is no increased level of service in this program for 1971-72. *We recommend approval.*

V. Special Studies

	Actual	Estimated	Proposed	Change	
	1969-70	1970-71	1971-72	Amount	Percent
Expenditures -----	-	\$169,025	\$198,769	\$29,744	17.6
Man-years -----	-	10	9	-1	-10

This program is fully funded from reimbursements to the Board of Governors. Specific studies have been made of facilities utilization and inventories. The 1971-72 budget anticipates a federal reimbursement to develop a model state plan for extending community college services. *We recommend approval.*

VI. Administration and Public Affairs

	Actual	Estimated	Proposed	Change	
	1969-70	1970-71	1971-72	Amount	Percent
Expenditures -----	\$128,170	\$389,193	\$267,557	-\$121,636	31.3
Man-years -----	6.8	21.8	15.8	-6	27.5

This program provides those administrative and staff services which are necessary for the operation of the Board of Governors and the office of the chancellor. These include legal services, information systems services, accounting and personnel services, administrative services, and those activities which are related to public affairs (legislative, interagency and field relations). In addition, the division includes the staff which issues community college credentials for the Board of Governors.

The budget reflects a decrease of six temporary help positions related to a decreased workload in the credentials activity. *We recommend approval.*

VII. Extended Opportunity Programs and Services

	Actual	Estimated	Proposed	Change	
	1969-70	1970-71	1971-72	Amount	Percent
Expenditures -----	\$2,940,373	\$4,505,347	\$3,350,000	\$-1,155,347	-25.6

The extended opportunity program is designed to provide services necessary (1) to facilitate language, educational and social development of students, thus raising their potential for succeeding in college, and (2) to aid students with socioeconomic handicaps to enroll and take part in college educational opportunities.

This program was initially funded by the 1969 Budget Conference Committee. The program design was thereafter established by Chapter 1479, Statutes of 1969. It requires special community college programs to identify students affected by language, social, and economic handicaps, to establish and develop services, techniques, and activities directed to recruiting and retaining such students in community colleges,

and stimulating their interest in intellectual, educational and vocational attainment.

The statute established a 13-member advisory committee to the Board of Governors of the Community Colleges. The committee will advise on policy, and review and report annually to the Board of Governors on the progress of this program.

The Board of Governors is responsible for program rules and regulations. The local district boards may establish, with the approval of the state board, programs and services which may include:

- a. Tutorial services
- b. The establishment of remedial courses
- c. The establishment of a program of multicultural studies
- d. Counseling services
- e. Recruitment services
- f. Loans or grants to meet living costs or a portion thereof
- g. Loans or grants to meet the cost of student fees
- h. Loans or grants to meet cost of transportation between home and college
- i. Scholarships
- j. Work-experience programs
- k. Job placement programs

The local boards make application to the state board for the apportionment of funds appropriated for this program. Such funds are paid by the Controller to the county treasurer or jurisdiction in accordance with a schedule established by the state board and approved by the Department of Finance.

The total statewide program, including student performance data for educational opportunity in California, is discussed on page 870 of this analysis.

Restoration of EOP

We recommend the restoration of \$1,150,000 for the Community College Extended Opportunity Program. The 1971-72 Board of Governor's budget proposes a \$1,150,000 reduction in the state Extended Opportunity Program in the community colleges. The budget rationale states that the total program will not be reduced due to the substitution of federal dollars for the state reduction. We have the following problems with this rationale: (1) there is no substantial basis on which additional federal funds can be anticipated, (2) the program has been established through state administration and planning and there is no federal program which could provide direct substitution funds for this program, (3) the budget does not show a scheduling for expenditure of the anticipated federal funds, and (4) without a definite commitment for substitution funds the budget action is unreasonable since the only certainty it provides is that there will be a 25 percent program reduction in 1971-72 which will have a damaging impact at many colleges.

As shown previously on page 877 the program has been effective in terms of student performance. Demand for this program from community colleges is quite high as shown from the facts that (1) in 1969-70 \$10.4 million was requested while only \$2.9 million was avail-

Board of Governors of the Community Colleges—Continued

able and (2) the program budget (page 632) acknowledges "it has been obvious from the start that the need for EOP in the community colleges (both programs and dollars) has far exceeded the resources which are available at the district and state levels." We believe that the program should be continued at the existing level of service and so recommend.

VIII. Psychiatric Technician Training

	Actual	Estimated	Proposed	Change	
	1969-70	1970-71	1971-72	Amount	Percent
Expenditures.....	-	\$100,000	\$100,000	-	-

Chapter 1324, Statutes of 1970, appropriates \$200,000 from the Vocational Nurse and Psychiatric Technicians Examiners Fund to the Board of Governors of the Community Colleges for use during 1970-71 and 1971-72 to establish psychiatric technician training programs. The funds can be expended, but not limited to, scholarships, program planning, supervision and instruction in the clinical experience of the program, cost of books, uniforms, training materials and grants to cover the cost of necessary transportation for classroom instruction and clinical experience.

On October 21, 1970, the Board of Governors adopted criteria and guidelines for approval of programs pursuant to this legislation, and is now reviewing applications for funds. *We recommend approval.*

STATE SCHOLARSHIP AND LOAN COMMISSION

Items 293 and 294 from the General Fund and the State Guaranteed Loan Reserve Fund

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Requested 1971-72	\$20,031,299
Estimated 1970-71	17,045,672
Actual 1969-70	13,061,442
Requested increase \$2,985,627 (17.5 percent)	
Total recommended augmentation	\$2,853,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis page

1. *Scholarships. Augment \$2,796,000.* Recommend funds be 1023 restored to maintain the average scholarship cost at the workload level.

2. *Graduate Fellowships. Augment \$57,000.* Recommend 1025 funds be restored to maintain the average fellowship cost at the workload level.

GENERAL PROGRAM STATEMENT

Statewide student financial assistance programs are provided through the State Scholarship and Loan Commission which was created in 1955 to administer the State Scholarship Program. Additional responsibilities

were added with the initiation of the Graduate Fellowship Program in 1965, the Guaranteed Loan Program in 1966 and the College Opportunity Grant Program in 1969. Legislation in 1969 authorized the Commission to administer the children of Deceased Peace Officers' Program and a Public Service Internship Program was authorized in 1970. This latter program is not funded in the budget. The commission consists of nine members appointed by the Governor to represent public and private institutions of higher education as well as the general public. The staff is headed by an executive director with a budgeted level of 64.2 man-years of personnel services.

For continuing operation of the commission \$20,031,299 is budgeted in 1971-72. This represents an increase of \$2,985,627 or 17.5 percent, over the amount authorized in 1970-71. The programs and funds are summarized in Table 1.

Table 1
Summary of Program Expenditures and Funding Sources

<i>Expenditures</i>	<i>Actual 1969-70</i>	<i>Estimated 1970-71</i>	<i>Proposed 1971-72</i>	<i>Increase</i>
Scholarship Program	\$11,325,229	\$14,233,082	\$16,631,754	\$2,398,672
Graduate Fellowship Program....	718,332	991,707	391,107	-600,600
College Opportunity Grant Program	899,181	1,772,271	2,955,239	1,182,968
Guaranteed Loan Program.....	59,747	48,612	31,299	-17,313
Children of deceased peace officers	--	--	21,900	21,900
Administration	58,903	(95,975)	(103,899)	--
Program Totals	\$13,061,442	\$17,045,672	\$20,031,299	\$2,985,627
<i>Funding</i>				
State General Fund	\$13,001,695	\$16,997,060	\$20,000,000	\$3,002,940
Guaranteed Loan Reserve Fund...	59,747	48,612	31,299	-17,313
Fund Totals	\$13,061,442	\$17,045,672	\$20,031,299	\$2,985,627

ANALYSIS AND RECOMMENDATIONS

SCHOLARSHIP PROGRAM

<i>1970-71</i>	<i>1971-72</i>	<i>Change</i>
\$14,233,082	\$16,631,754	\$2,398,672 (16.9%)

This program was established in 1955 when the Scholarship Commission was created. The legislative purpose or goal for approving this program as expressed in the statutes was that "the development of the talents of its qualified citizen will bring tangible benefits to the state in the future."

The commission is authorized to grant new scholarship awards each year equal to 3 percent of the high school graduates of the previous year. This percentage was increased from 2 percent by Chapter 292, Statutes of 1970. Scholarships at independent colleges range from \$300 to \$2,000 per year but never greater than tuition and fees. Average awards are usually less than the average tuition because the amount of an individual's stipend is determined on the basis of an estimate of each student's financial need. Scholarships for students attending the University of California average about \$400 and for those attending

State Scholarship and Loan Commission—Continued

the state colleges approximately \$150, depending upon the level of fees set by the colleges.

These scholarships are granted to academically 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.

Evaluation of Program Objectives

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 college, thus contributing to expansion of independent college enrollment.
3. Encourage and assist able and financially needy students to attend any California college.

An evaluation of the first two objectives has always been difficult because of lack of measurement data. The average award to students at independent colleges is about \$1,450. Although there are no reliable unit cost data for undergraduate University and state college students, if we assume these costs are greater than the \$1,450 average award, then there would be a net savings to the state for each student diverted.

Offsetting these savings would be the additional state costs of adding students to the University and state colleges who would have attended community colleges at a lesser state cost or not attended college at all, were it not for the additional financial aid. At the present time this is not measureable but an increasing percentage of these scholarships is going to students at the University and state colleges.

Table 2 shows that students in public institutions exceed 50 percent of all scholarships in 1970. This increasing percentage is largely the result of an expansion of the number of new scholarships and it is assumed that further expansion will continue this trend, thereby diverting additional students from the community colleges to the state colleges and University.

For these reasons we cannot be certain that this program actually is meeting the first objective of saving state funds.

Table 2
Number and Percentage of Total Awards at Public and Independent
Institutions 1963 through 1970

	Public institutions		Independent institutions	
	Number	Percent	Number	Percent
1963-----	1,572	35.0	2,908	65.0
1964-----	1,848	36.1	3,252	63.9
1965-----	1,985	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
1969-----	6,714	49.7	6,800	50.3
1970-----	8,174	51.5	7,706	48.5

Although spokesmen for the independent colleges feel that the program has contributed to the expansion of independent college enrollments, there is little tangible evidence either to support or take exception to this conclusion. It is true that enrollments at the private institutions have increased substantially since the beginning of this program but these enrollment increases are considerably less than those in the public sector of higher education.

The third objective, to assist able and financially needy students to attend college, can be measured by tangible data in the form of numbers of students assisted and expenditures made to these students. This is shown in Table 3.

Table 3
State Scholarship Award Funds—1964-65 through 1971-72

	<i>Number of awards</i>	<i>Average award amount</i>	<i>Total award expenditures.</i>
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 actual -----	10,467	715	7,486,385
1969-70 actual -----	13,514	816	11,031,705
1970-71 estimated -----	15,914	865	13,774,359
1971-72 proposed -----	21,509	745	16,024,205

Scholarship Awards

As shown in Table 3 scholarship costs are budgeted at \$16,024,205, increasing \$2,249,846 or 16.3 percent over 1970-71. The number of scholarships are estimated to be 15,914 in 1970-71 and 21,509 in 1971-72 for an increase of 5,595. Of this increase, 3,116 are new scholarships resulting from enactment of Chapter 292, Statutes of 1970 Assembly Bill 31 which increased the number of new scholarships from 2 percent of high school graduates to 3 percent.

The remainder is primarily renewal grants for fourth year students and is a reflection of the expansion authorized in 1968-69 when new awards were doubled from 1 to 2 percent of high school graduates.

Budget Cuts Scholarship Level

We recommend an augmentation of \$2,796,000 to maintain scholarships at the existing statutory program level. The 1971-72 budget includes a reduction in the average cost of a scholarship of \$130 from the estimated workload level for 1971-72. The basis for this reduction as stated in the Governor's Budget is "that this student financial need can be met in 1971-72 by an expected expansion of the Federal Guaranteed Loan Program." This proposed shift from a grant program to a loan program represents a major policy change which has not received legislative consideration. We do not concur with this proposed change.

Student aid is normally provided in a "package", combining grants, loans and work aid. This package is based on an assessment of the individual students needs and the resources available in accordance with which scholarships and grants are more likely to go to the most needy students while loans and employment opportunities are more likely to

State Scholarship and Loan Commission—Continued

be used by less needy students. For this reason the various forms of students aid are not necessarily interchangeable.

In determining the financial need of students applying for a grant, the commission already considers a factor for student self help which anticipates employment or loans. In addition, because the grant is limited to tuition and fees up to a maximum of \$2,000, many students have additional college costs which are met by loans and/or employment. The budget contemplates adding to the loan burden of these students.

Finally, the budget reduction is unfair to those students already in the program and planning to renew their grants. These students made decisions to attend college and chose specific colleges under the assumption that the state would continue to fund the statutory level. Since the purpose of the program is to encourage these students to make these decisions, once they are made, it does not appear appropriate for the state to withdraw from its responsibility.

If the budget is not augmented the commission will reduce the awards at independent colleges and the University of California by \$150 and at the state colleges by \$50. We do not consider this to be an appropriate method of accomplishing the program objective of assisting able and needy students. Our recommended augmentation would provide for an average grant of \$375 which is the 1971-72 workload level thereby maintaining the existing program level. The increase of \$10 over 1970-71 is necessary to meet the increases in tuition and fees that have already been approved.

Administrative Costs

In addition to the scholarship costs the budget includes \$607,549 for administrative costs of the program. This is an increase of \$148,826 or 32.4 percent over the revised 1970-71 level. There were 7.5 positions for the first year workload increase associated with expansion of the scholarship program, and these are proposed for continuation in 1971-72 at a full year's costs. An additional 7.6 positions are proposed for 1971-72 for workload associated with the continuing expansion of applicants and awards.

GRADUATE FELLOWSHIP PROGRAM

1970-71	1971-72	Change
\$991,707	\$391,107	(-60.6%)

Financial assistance to graduate students was started in 1965 with the establishment of the Graduate Fellowship Program. The goal of the program as specified in the statutes 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. To accomplish this goal the primary objective is to assist financially needy graduate students. The commission believes there are additional state benefits available that are similar to those in the scholarship program. These would be to assist in the diversion of students from public to independent colleges thereby saving state funds and assisting independent colleges to expand enrollment. As in the scholarship program it is difficult to verify these benefits.

The number of awards authorized each year, including renewals, 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 number and average costs of fellowships along with total expenditures are shown in Table 4.

Table 4
Graduate Fellowship Award Funds, 1967-68 through 1971-72

	<i>Number of fellowships</i>	<i>Average award amount</i>	<i>Total award expenditures</i>
1967-68 -----	282	\$793	\$223,629
1968-69 -----	785	829	651,231
1969-70 -----	797	880	701,111
1970-71 estimated -----	938	1,013	950,000
1970-72 proposed -----	380	950	361,000

Fellowship Program to be Terminated

In last year's Analysis we questioned the validity of the goal or objective to increase the supply of college teachers. We noted that the alleged "existing and predicted shortage of faculty" was inconsistent with the increasing evidence that the supply of Ph.D.'s was beginning to exceed demand. It is now more apparent that college and University recruiters are operating in a buyer's market. The budget notes that "emphasis on the objective of this program may actually aggravate the present surplus problem."

For this reason the budget provides funds for renewal awards only and does not provide for the 960 new fellowships in 1971-72 that are authorized by the statutory formula. Assuming an average grant of \$1,100 which was the commission's workload estimate for 1971-72, the decision to terminate the program and not fund these 960 new scholarships resulted in a savings of \$1,056,000 from the estimated workload level.

Reduction in Average Grant

We recommend an augmentation of \$57,000 to maintain the average award at the existing workload level. For those 380 students currently in the program, and continued in 1971-72, the budget proposes a reduction to the average grant of \$150. This corresponds to the decision in the scholarship program that makes a similar reduction to the average grant. We recommend against this reduction for the same reasons as stated for the scholarship program. Our augmentation of \$57,000 would provide for an average grant of \$1,100 which is the commission's estimate of the existing workload level.

COLLEGE OPPORTUNITY GRANT PROGRAM

<i>1970-71</i>	<i>1971-72</i>	<i>Change</i>
\$1,772,271	\$2,955,230	\$1,182,968 (66.7%)

The College Opportunity Grant Program authorized by Chapter 1410, Statutes of 1968, has the goal of increasing access to higher education to disadvantaged students. To accomplish this goal the pro-

State Scholarship and Loan Commission—Continued

gram was established as a four-year pilot demonstration to assist disadvantaged students who are selected by using experimental methods and subjective judgments as well as the conventional selection methods. A yearly progress report to the Legislature is required.

The statutes authorize 1,000 grants per year to cover living expenses, transportation, supplies and books, up to a maximum of \$1,100 plus an additional amount for tuition and fees. Legislative intent specifies that primary emphasis be directed to the public community colleges.

Although it is relatively early in the program's history to accurately assess the validity of the selection process established by the commission, there are indications that these will prove successful in the long run. Using grade point averages as a yardstick, the 1969 winners had a high school average of 2.73 on a 4.00 scale. The mean college GPA earned by these students in their first year was 2.32. In the second year increased numbers of applicants resulted in keener competition for these awards. The mean high school GPA of second-year winners was 3.00 and it is reasonable to assume that they will obtain a higher average in college than the first-year group.

Proposed Budget

The budget increase for 1971-72 is \$1,182,968 or 66.7 percent. Of this increase \$1,165,299 is for grants and \$17,669 is for administrative costs. Table 5 shows the number of students, the average grant and total expenditures since the beginning of the program. The substantial increase in the average grant each year occurs as students move from community colleges to four-year institutions with the additional tuition and fee cost. The increase for administration includes the addition of one clerical position for workload.

Table 5
College Opportunity Grant Funds—1969-70 through 1971-72

	Number of grants	Average grant	Total grant expenditures
1969-70	1,000	833	\$833,438
1970-71 estimated	1,720	956	1,645,021
1971-72 proposed	2,392	1,174	2,810,320

GUARANTEED LOAN PROGRAM

1970-71	1971-72	Change
\$48,612	\$31,299	\$-17,313 (-35.6%)

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.

The first loan was made in November 1966 and since that time the commission has guaranteed 18,061 loans totaling \$15,158,000 for California students. All federal funds were encumbered in 1967 and since that time the commission has been unable to guarantee additional loans. The federal government has directly administered the program since that time. The present function of the state program is to provide necessary administration for the outstanding loans.

The budget request for this program is \$31,299, representing a decrease of \$17,313 or 35.6 percent over 1970-71. The reduction results from reduced workload needs and includes the deletion of one clerical position.

Funding is from a special appropriation in Item 294 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 payment of defaulted loans. There is no General Fund support for this program.

CHILDREN OF DECEASED PEACE OFFICERS PROGRAM

1970-71	1971-72	Change
---	\$21,900	\$21,900

This program was authorized by Chapter 1616, Statutes of 1969, but was not funded in 1970-71. The program goal is to assure a college education for financially needy, dependent children of peace officers who die in the line of duty. The budget includes \$20,000 for stipends and \$1,900 for operating expense. The stipend amount assumes there will be 20 grants averaging \$1,000 each but there is no experience available to verify this estimate.

PUBLIC SERVICE INTERNSHIP PROGRAM

This program was authorized by Chapter 815, Statutes of 1970, with the goal of attracting high-quality students to public service careers and to provide college students with greater understanding of the tasks of government. The commission estimates about \$190,000 would be required to fund this program including \$120,000 for stipends to interns. No funds were included in the original legislation and the 1971-72 budget does not provide for this program which will remain inactive. The statutory authorization for the program will terminate on June 30, 1973.