

the near future.

Because these new procedures have only been in progress since early January 1972, and because the eventual changes to the credentials process are not fully defined by the commission, it is premature to assess the efficiency of the new processes.

We concur with the decision to suspend operation of the automated system, particularly the on-line features which were "over designed" with respect to the actual time requirements for issuing a credential. However, there is a possibility that a file of credentialed teachers should be maintained and the current file converted from magnetic disk to magnetic tape. This tape file could be updated periodically if a need is demonstrated for such information, but we are not prepared at this time to make such a recommendation. We will monitor the new system of improved manual procedures and also determine any potential value to be derived from a magnetic tape file of credentialed teachers.

HIGHER EDUCATION

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SCOPE AND FUNCTION

California's system of public higher education is the largest in the nation and currently consists of 122 campuses serving over one million enrolled students. This system is separated into three distinct public 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

HIGHER EDUCATION

Scope and Function—Continued

each segment and to establish an economical and coordinated approach to the needs of higher education. The Coordinating Council for Higher Education was established to assist in the coordinated planning effort.

Assembly Concurrent Resolution 198 (1970) created a Joint Committee on the Master Plan for Higher Education with a broad mandate to review California higher education and the Master Plan. Assembly Concurrent Resolution 166 (1971) requested the committee to examine, in cooperation with the Coordinating Council for Higher Education's Select Committee on the Master Plan, questions regarding optimum size of campuses, the role of traditional campuses, possible expansion of the mission of community colleges, needs for graduate and professional education, and to review academic programs, plans and costs. A joint committee report is required by October 1, 1972 with a progress report by March 1, 1972. A broader discussion of this matter is found on page 942 of this Analysis.

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 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 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 21-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 lower division levels (freshman and sophomore) of undergraduate study 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 94 campuses that comprise the system. Unlike the university and state college systems, community colleges are administered by local boards and derive the majority of their funds from local property taxes. Admission to the community colleges is open to any high school graduate. Other students over 18 may be admitted under special circumstances.

Coordinating Council for Higher Education

The Coordinating Council for Higher Education is an advisory body created under the Donahoe Act to provide coordinated planning for both public and private segments of higher education. The council consists of 10 members, six representing the general public, one member representing each of the three public segments of higher education and one member representing independent colleges and universities. 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.

HIGHER EDUCATION

Admission and Enrollment

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.

For admission to advance standing at the state colleges and university, transfer students are required to have a grade-point average of 2.0 on a scale of 4.0 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 additional 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 was established beginning with the fall 1971 term. All state college campuses accept and give equal consideration to applications filed during the month of November.

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 some students admission under the

assumption they will enroll in a community college.

Enrollment data is the major factor used for evaluating budgetary needs of higher education for both support and capital outlay. There are presently several alternative methods of counting students. Totals can be on the basis of head count, full-time enrollment (FTE) or average daily attendance (ADA). 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 bases. In contrast, the university and state colleges report FTE counts.

Table 1 contains reported enrollment data for the three segments. University statistics show FTE by level of enrollment, state college FTE is provided on the basis of level of instruction and community college ADA includes regular students and defined adults.

Table 1

| | Annual Enrollments | | |
|--|--------------------------|-----------------------------|-----------------------------|
| | <i>Actual</i> 1970-71 | <i>Estimated</i> 1971-72 | <i>Projected</i> 1972-73 |
| University of California FTE | | | |
| Lower division ----- | 30,270 | 30,232 | 31,684 |
| Upper division ----- | 40,489 | 41,685 | 45,316 |
| Graduates ----- | 30,058 | 29,989 | 30,346 |
| Totals ----- | 100817 | 101,906 | 107,346 |
| California State Colleges FTE ¹ | | | |
| Lower division ----- | 76,191 | 79,750 | 84,000 |
| Upper division ----- | 109,042 | 116,750 | 125,810 |
| Graduates ----- | 12,221 | 13,370 | 14,800 |
| Totals ----- | 197,454 | 209,870 | 224,610 |
| Community Colleges ADA | | | |
| Totals ----- | 517,339 | 574,300 | 613,000 |
| GRAND TOTALS ----- | 815,610 | 886,076 | 944,956 |

¹ Does not include summer quarter FTE.

All segments report that enrollment increases during 1971-72 fell short of budget projections. The university budgeted on the basis of 106,059 total FTE, or 4,153 more than their current estimated enrollment. Total university FTE enrollment increased 1.1 percent in 1971-72. A 5.3 percent increase is projected for 1972-73.

State colleges budgeted on the academic year basis of 213,280 total FTE, or 3,410 more than their current estimated enrollment. Total state college FTE enrollment increased 9.1 percent in 1971-72. A 5.5 percent increase is projected for 1972-73.

Community colleges budgeted on the basis of an 11 percent ADA increase for 1972-73. Current estimates indicate total ADA increases will be nearer 7 percent. A 6.7 percent increase is projected for 1972-73.

EXPENDITURE SUMMARY

The proposed state and total expenditures for higher education in 1972-73 are shown in Table 2. Proposed expenditures for 1972-73

HIGHER EDUCATION

EXPENDITURE SUMMARY—Continued

represent approximately the same level of support for higher education as in the current year. There are no General Fund moneys in the capital outlay budget of \$265,596,231.

Table 2
Proposed 1972-73 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>General Fund</i> | <i>All funds</i> | <i>General Fund</i> |
| Coordinating Council for Higher Education..... | \$974 | \$475 | -- | -- | \$974 | \$475 |
| University of California ¹ | 644,292 | 335,800 | \$113,300 | -- | 757,592 | 335,800 |
| Hastings College of Law..... | 2,772 | 1,534 | -- | -- | 2,772 | 1,534 |
| California State Colleges..... | 531,090 | 350,167 | 73,605 | -- | 604,695 | 350,167 |
| California Maritime Academy..... | 1,337 | 891 | -- | -- | 1,337 | 891 |
| Community colleges.. | 2,040 | 999 | 78,691 | -- | 80,731 | 999 |
| State Scholarship and Loan Commission.. | 28,258 | 28,225 | -- | -- | 28,258 | 28,225 |
| Community colleges extended opportunity program..... | 3,350 | 3,350 | -- | -- | 3,350 | 3,350 |
| Totals..... | \$1,214,113 | \$721,441 | \$265,596 | -- | \$1,479,709 | \$721,441 |
| State expenditures as a percent of total expenditures..... | | 59.4% | | | | 48.8% |

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

University capital outlay totals include \$4.5 million from the Capital Outlay Fund for Public Higher Education, \$32,072,000 in other university and nonstate funds, \$34,197,000 in student educational fees, \$25,320,000 in federal funds and \$17,211,000 for health sciences projects if the special funding bond issue is approved November, 1972.

State college capital outlay totals include \$34,557,000 from the Capital Outlay Fund for Public Higher Education and \$39,047,942 from nonstate funds.

Community college capital outlay totals include \$33,526,414 in local district funds and \$45,164,875 from the proceeds of a construction bond issue if approved by the electorate in November, 1972.

MAJOR SOURCES OF SUPPORT

A summary of the funding of current expenditures for higher education in California for the last completed fiscal year, 1970-71, is shown in Table 3. The total expenditures of \$788.7 million for the university excludes \$271.8 million of federal funds supporting special research projects.

HIGHER EDUCATION

The state colleges operating budget for 1970-71 totals \$383.8 million and excludes \$45.2 million in federal funds for college research, institutes and special projects.

Community colleges do not aggregate expenditures according to source of funds. The figures shown for federal support and student fees are our estimates based on available income data.

Approximately \$1.7 billion was expended for higher education support in 1970-71. Of this amount \$828.9 million (48.9 percent) was state support, \$323.7 million (19.1 percent) was local support, \$210.7 million (12.5 percent) was federal support, \$104.9 million (6.2 percent) came from student fees and the remaining \$225.5 million (13.3 percent) resulted from private endowments and other miscellaneous sources. The overall percentages of support by source for 1970-71 are substantially the same as 1969-70 percentages.

Table 3
Expenditures for Higher Education Current Expense by Source of Funds 1970-71
 (in thousands)

| <i>Institutions</i> | <i>State support</i> | <i>Local support</i> | <i>Federal support</i> | <i>Student fees</i> | <i>Other²</i> | <i>Total expenditures</i> | <i>Percent</i> |
|---|----------------------|----------------------|------------------------|---------------------|--------------------------|---------------------------|----------------|
| University of California..... | \$337,079 | -- | \$182,080 | \$63,130 | \$206,442 | \$788,731 | 46.6% |
| California State Colleges..... | 305,132 | -- | 22,803 | 36,809 | 19,102 | 383,846 | 22.7 |
| Community colleges ¹ | 162,752 | \$323,679 | 4,400 | 4,700 | -- | 495,531 | 29.2 |
| Other agencies ³ | 23,926 | -- | 1,426 | 279 | -- | 25,631 | 1.5 |
| Totals..... | \$828,889 | \$323,679 | \$210,709 | \$104,918 | \$225,544 | \$1,693,739 | 100.0% |
| Percent of total expenditures..... | 48.9% | 19.1% | 12.5% | 6.2% | 13.3% | 100.0% | |

¹ Estimated.

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

³ Includes Hastings College of 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).

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 are required to pay the same tuition as other nonresidents. The California Maritime Academy is a traditional exception to the free tuition policy. Tuition income usually is expended for instructional services resulting in a direct offset to state funding requirements. Although designated as an "educational fee" by the regents when it was first established in 1970-71, the income has been used like tuition. Allocations have been primarily for construction of facilities although the 1972-73 budget proposes a \$3 million allocation to student services and a \$1.6 million allocation to student aid. A firm policy for utilization of these funds has not been established by the regents.

There are two basic types of fees charged both resident and nonresident 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 4 illustrates the current level of the tuition and fees at the various segments. Where these vary from campus to campus, a range is indicated.

HIGHER EDUCATION

STUDENT CHARGES—Continued

Table 4
Basic Annual Student Charges 1971-72
(academic year)

| | <i>University of California</i> | <i>California State Colleges</i> | <i>Community Colleges</i> |
|-----------------------------|-------------------------------------|--------------------------------------|-------------------------------|
| Tuition—nonresidents ----- | \$1,500 | \$1,110 | \$900 ¹ |
| Foreign ----- | 1,500 | 1,110 | 900 ¹ |
| Tuition—educational fee : | | | |
| Undergraduate ----- | 300 | — | — |
| Graduate ----- | 360 | — | — |
| Registration fee ----- | 300 | 108-118 | 0-10 |
| Application fee ----- | 20 | 20 | — |
| Campus mandatory fees ----- | 11-78 | 52-72 | — |
| Auxiliary services fees : | | | |
| Room and board ----- | 1,200-1,500 | 938-1,149 | — |
| Parking ----- | 12-108 | 24-27 | 0-10 ² |

¹ Community college tuition for nonresidents and foreign students is \$30 per unit up to a maximum of \$900 per academic year.

² Statutory maximum for the community colleges is \$10 for parking and/or health services.

EVALUATING HIGHER EDUCATION IN CALIFORNIA

Background

As early as 1899 there was created the California Educational Commission of 70 members to make recommendations for improvements in higher education. Since then there have been numerous studies of public higher education in California under legislative authority, by the institutions themselves and by other state agencies.

The first of these studies was the Suzzalo Report in 1932 prepared by the President of the Carnegie Foundation for the Advancement of Teaching. This study was initiated because of interest by the University of California and as a result of legislative efforts to establish regional four-year public colleges and universities under the State Board of Education. The Suzzalo Report's recommendations included a proposal to place all public higher education in California under the authority of the University of California Regents. Subsequent lack of agreement brought little results from this report other than the enactment in 1933 of a law providing for a State Council for Educational Planning and Coordination. This agency did not function effectively and the legislation creating it was later repealed.

The Strayer Report in 1948, entitled "The Survey of the Needs of California in Higher Education," headed by Dr. George D. Strayer of Columbia University, was a comprehensive study and had considerable impact on educational opinion but received only limited legislative support.

The McConnell Report of 1955, called "A Re-Study of the Needs of California in Higher Education," was a document which had major effect on educational and general public opinion in the state and to which the Master Plan Survey of 1959-60 was greatly dependent both

for facts and ideas.

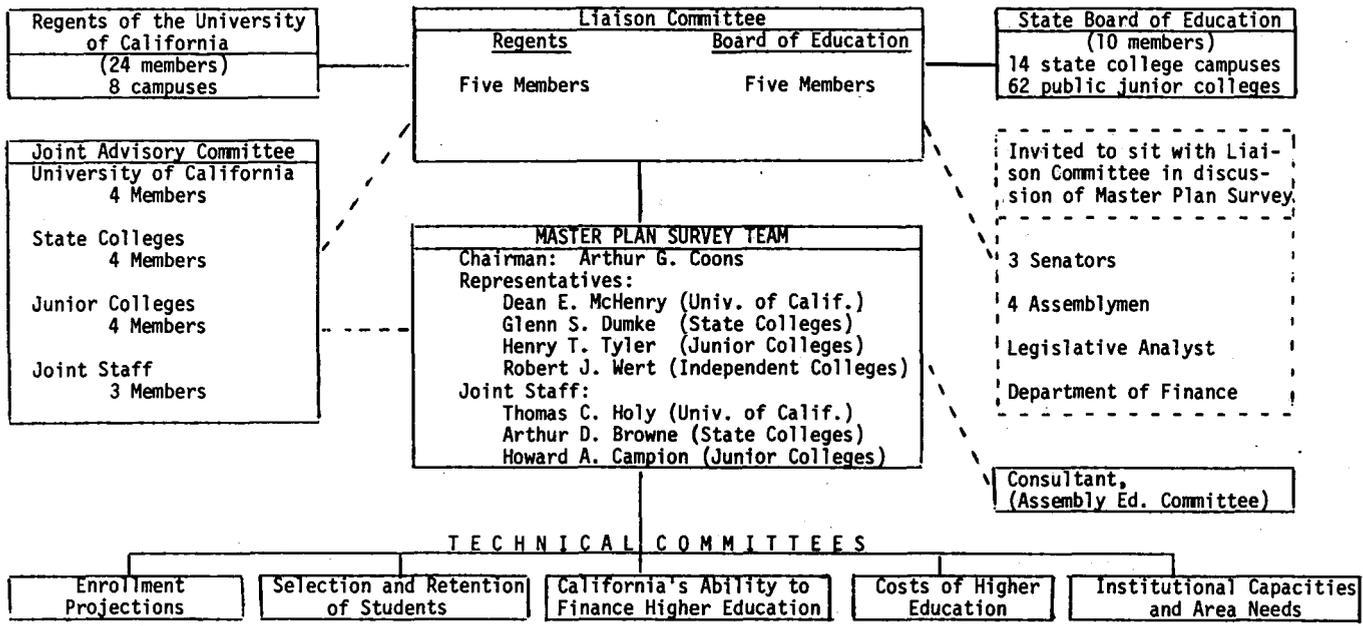
Due to issues raised in these earlier reports, population trends and extreme competition among regions in California for new campuses, the Legislature in 1959 had before it 23 bills on higher education including various proposals for reorganizing the structure and control of higher education.

Creation of the Master Plan for Higher Education

In light of this concern, Assembly Concurrent Resolution 88 was enacted in 1959 requesting the State Board of Education and the Regents of the University of California “. . . to prepare a master plan for the development, expansion, and integration of the facilities, curriculum, and standards of higher education, in junior colleges, state colleges, the University of California, and other institutions of higher education of the state, to meet the needs of the state during the next 10 years and thereafter. . . .”

The resolution was addressed to a then existing 10-member liaison committee, an ad hoc body which had earlier been established with equal representation between the University of California Regents and the State Board of Education for the state colleges as an agency for study and planning with a limited staff. The master plan survey team was responsible to the liaison committee and was composed of one representative each from the University, the state colleges, and the junior colleges, plus a liaison staff representative from the University of California and the California State Colleges plus a California Junior College Association representative. In addition to these six persons representing public segments of higher education, there was one representative chosen by the liaison committee to represent private institutions. In addition to these primary groups a joint advisory committee, several technical committees and an ad hoc consulting group were included as shown in Chart A.

CHART A
ORGANIZATION OF THE MASTER PLAN SURVEY



The result of this effort, a document entitled *A Master Plan for Higher Education in California 1960-75* was submitted by the survey team. Its primary recommendations included (1) the creation of three distinct segments of higher education (the University, the state college system and the junior colleges), (2) the delineation of functions among the segments e.g., the University was designated the primary center for research and professional schools, and (3) the establishment of selective student admission standards for the four-year segments.

The report of the master plan survey team (now known as the master plan) was approved in principle by the Regents of the University of California and the State Board of Education, in a joint meeting on December 18, 1959. The report was considered at a special session of the 1960 Legislature.

The Donahoe Act of 1960

The survey team's recommendations on structure, function, and governance were the basis of the Donahoe Higher Education Act of 1960. The Donahoe Act is compared with the survey team's recommendations in the areas listed below:

- A. In respect to the University of California—No change
- B. In respect to the California State Colleges
 1. The Legislature authorized eight-year terms for trustees rather the recommended 16 years.
 2. The Legislature did not place the Speaker of the Assembly on the board of trustees, as recommended.
 3. The Legislature placed the state colleges in statute (Ed. Code Sec. 22604, 22605, 22607) rather than in the Constitution, as recommended.
- C. In respect to the junior colleges—No change
- D. In respect to the Coordinating Council for Higher Education
 1. The Legislature added three public members to the number recommended.
 2. The Legislature eliminated the complicated voting procedure recommended in favor of one vote for each council member.
 3. The Legislature, in stating the functions of the council, changed the statement in respect to functional differentiation among the segments to

“22703. The coordinating council shall have the following functions advisory to the governing boards of the institutions of public higher education and to appropriate state officials; (1) review of the annual budget and capital outlay requests of the University and the state college system, and presentation of comments on the general level of support sought; (2) advice as to the application of the provisions of this division delineating the different

EVALUATING HIGHER EDUCATION IN CALIFORNIA—Continued

functions of public higher education and counsel as to the programs appropriate to each segment thereof, and in connection therewith shall 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 public higher education; and (3) development of plans for the orderly growth of public higher education and the making of recommendations on the need for and location of new facilities and programs.”

4. The Legislature added a section under the general provision of the Donahoe Act (22501) declaring that it is the policy of the Legislature not to authorize or acquire sites for new institutions of public higher education unless recommended by the council.

Except for legislative actions in respect to structure, functions, and governance, and the few other actions based upon the survey team's recommendations no recommendation of the master plan has legal status.

Recent Concern for Restudy

The master plan has been the basic guide for the development of higher education for over a decade in California. By its own design an expiration date of 1975 was established which makes restudy at this time a programmed event. However, public concern over the status and future of higher education and internal segmental criticism about the restrictions and expectations of the master plan have added additional pressure for restudy. As of this time there are two significant efforts, one by the Legislature and one by the Coordinating Council for Higher Education, being made in this direction.

Legislative Restudy of the Master Plan

During the 1970 legislative session, ACR 198 (Resolution Chapter 285) was enacted to establish the Joint Committee on the Master Plan for Higher Education. A staff of three professionals and a clerk were employed in the spring of 1971. The committee's method of operation appears to be based on engaging a wide public interest and participation through an extensive mailing list and the use of a 90-member ad hoc advisory committee. To date there have been two public committee hearings, one directed at investigating higher education's role in the future of our society and one directed at raising questions for the committee to study prior to its 1973 reporting date.

Coordinating Council for Higher Education Restudy of the Master Plan

In January 1971 the Coordinating Council for Higher Education adopted a resolution calling for the creation of a select Master Plan Committee advisory to the council with details for a plan of action to be presented at its next meeting. In March 1971 the council adopted a plan of action presented by the staff which justified the council's involvement in this area, called for the creation of an advisory committee and proposed a work plan based on conducting bi-weekly meetings. Staffing was to be provided by the council with cooperation from the segments of higher education. An initial report date of March 1, 1972 was also determined. In May 1971 an advisory committee of 14 members was appointed with three additional members added in July for a total of 17. One full-time professional staff was added to the committee in September 1971.

Initially the group has formed three subcommittees to study student aspirations, financing higher education and innovative programs for delivering instruction. Two additional subcommittees on governance and intrainstitutional organization are planned for the spring of 1972. Meetings of the full committee are held once a month with the subcommittees meeting as necessary.

Study Cooperation

With two groups, one legislative and one executive, engaged in similar studies, questions of duplication arose. Both staffs are aware of this concern and have informally agreed to share data inputs and reports. Reciprocal attendance at meetings has been common with a more formal arrangement contained in ACR 166 of the 1971 session (Resolution Chapter 232).

ACR 166

The 1971 Legislature adopted ACR 166 requiring that

“the Joint Committee on the Master Plan for Higher Education and the Select Committee on the Master Plan for Higher Education, in addition to their general research into the needs and requirements for a new master plan for higher education in California, are requested to give specific consideration to the following questions:

1. Should standards be set for the size of campuses in terms of the minimum, optimum, and maximum number of students that will permit both efficiency and quality education and, if so, what should those standards be?
2. Should traditional campuses continue to be the primary higher education delivery system in California or should other approaches be initiated?
3. Should the role of the community colleges be expanded to include three-year terminal programs in vocational and technical fields?

HIGHER EDUCATION

Evaluating Higher Education in California—Continued

4. What will be the future demands and needs for graduate and professional education at all levels?

5. Should a permanent mechanism be established to review, on an ongoing basis, the existing and proposed academic plans and programs of the institutions of higher education so as to reduce course and program proliferation and the costs associated therewith and, if so, how should this be accomplished?; and be it further

Resolved, That independent of its work on revising the Master Plan for Higher Education, the Coordinating Council for Higher Education is requested to continue its review of high-cost programs in higher education on a periodic basis and to continue to render advice to the Legislature on actions that should be taken to insure maximum efficiency of operation; and be it further

Resolved, That the Coordinating Council for Higher Education is requested to submit its report on the Master Plan for Higher Education by November 15, 1972”

Thus the efforts of the CCHE advisory committee will be formally reviewed by the full council and transmitted on a date early enough to be useful to the final legislative report in 1973.

COORDINATING COUNCIL FOR HIGHER EDUCATION

Item 281 from the General

Fund

Budget p. 183 Program p. 1068

| | |
|---|-----------|
| Requested 1972-73..... | \$475,466 |
| Estimated 1971-72 | 453,213 |
| Actual 1970-71 | 357,330 |
| Requested increase \$22,253 (4.9 percent) | |
| Total recommended reduction | None |

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Use of Facilities. Recommend Legislature direct the University of California and the California State Colleges to develop and report their plans to the Coordinating Council for Higher Education for increased interinstitutional use of facilities. In addition, it should direct the segments to use cooperative arrangements as a major criteria in the project approval process.

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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 California 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 to a membership of 15 by adding three public members appointed by the Governor. Under the provisions of Chapter 1774, Statutes of 1965, the council was increased by the addition of three more public members for a total of 18, 12 representing segments of higher education and six representing the general public.

During the 1970 legislative session concern was expressed whether the council should reflect more public representation. As a result Chapter 879 (AB 73) was enacted 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 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 nonvoting 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 and confirmed by the Senate for a four-year term. The six public members are appointed by the Governor and confirmed by the Senate for four-year terms.

ANALYSIS AND RECOMMENDATIONS

The Coordinating Council's budget for 1972-73 is composed of five programs totaling \$973,863 as shown in Table 1. The total is overstated by \$17,601 because the Title VIII federal funds will be transferred to the Governor's office through provisions of Chapter 1719, Statutes of 1971. A note on page 1068 of the Program Budget states that the timing of the passage of the measure and the printing of the budget did not allow for the transfer in budget totals.

COORDINATING COUNCIL FOR HIGHER EDUCATION—Continued

Table 1
Programs of the Coordinating Council for Higher Education

| Program | Actual | Estimated | Proposed |
|---|-----------|-----------|-----------|
| | 1970-71 | 1971-72 | 1972-73 |
| 1. State Coordination Program | \$330,350 | \$423,983 | \$458,411 |
| Man-years | 15.3 | 18.0 | 18.5 |
| 2. Higher education facilities and equipment | 123,053 | 125,000 | 139,445 |
| Man-years | 7.0 | 7.7 | 7.7 |
| 3. Higher education facilities comprehensive planning..... | 248,387 | 339,903 | 307,243 |
| Man-years | 3.7 | 5.0 | 4.0 |
| 4. Community services and continuing education..... | 54,646 | 47,725 | 51,163 |
| Man-years | 3.9 | 3.0 | 3.0 |
| 5. Training in community development..... | 22,280 | 30,889 | 17,601 |
| Man-years | 1.8 | 1.7 | - |
| Totals | \$778,716 | \$967,500 | \$973,863 |
| Man-years | 31.7 | 35.4 | 33.2 |
| Revenues | | | |
| General Fund | \$357,330 | \$453,213 | \$475,466 |
| Federal funds..... | 421,386 | 514,287 | 498,397 |

1. STATE COORDINATION PROGRAM

| | Actual 1970-71 | Estimated 1971-72 | Proposed 1972-73 | Change | |
|--------------------|-------------------|----------------------|---------------------|----------|---------|
| | | | | Amount | Percent |
| Expenditures | \$330,350 | \$423,983 | \$458,411 | \$34,428 | 8.1 |
| Man-years | 15.3 | 18.0 | 18.5 | 5 | 2.7 |

The 1972-73 budget for state coordination programs reflects the current year level of service with provision for an additional 0.5 man-year of clerical assistance. *We recommend approval.*

Legal Responsibilities

Under the 1960 Donahoe Act (Education Code Section 22703) the advisory functions of the council are to (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 the Legislature annually a report which contains recommendations for changes, if any, in the functions and programs of the segments of higher education, and (3) develop 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 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 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 effectuating 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.

e. Assembly Concurrent Resolution No. 166, 1971 session, directing the council to study certain aspects of the Master Plan for Higher Education.

Recent Council Actions

During 1971 the following reports were produced by the council, the more significant of which are summarized in the analysis that follows:

1. Annual Report of the Director.
2. Inventory and Utilization Study for Public Higher Education.
3. Higher Cost Programs in California Public Higher Education.
4. Guidelines for Increasing Efficiency in Graduate Education.
5. 1971-72 Title VIII State Plan.
6. Educational Opportunity Programs in California Higher Education 1969-70.
7. California State Plan Title I of the Higher Education Act of 1965. Amended May 4, 1971.
8. Facilities Sharing Among Institutions of Higher Education in California.
9. Agriculture Programs in California Public Higher Education.
10. Title VI—A 1971 State Plan.

High Cost Programs

In response to HR 376, 1969 session, mentioned previously, the council issued a major report in March 1971 concerning "High Cost Programs in California Public Higher Education." The object of the report was to identify specialized, limited use academic programs and facilities with the objective of concentrating such activities in order to

COORDINATING COUNCIL FOR HIGHER EDUCATION—Continued

gain more efficient use of state resources. The council was able to identify the following nine academic areas wherein statewide study is needed: agriculture, natural resources, biological sciences, fine and applied arts, foreign languages, mathematics, physical sciences, psychology and social sciences.

The report did not specifically evaluate each of the above areas. Instead it left these as subject matters for separate council reports and attached major emphasis on recognizing that high cost programs are primarily the function of small class size which can occur in any academic discipline area. The degree of such occurrence is a function of management practices. The distribution of class sizes within California's public higher education is summarized in the report as follows:

Approximately one-fifth of the classes in the community colleges, one-fourth of the undergraduate classes in the state colleges, and one-third of the undergraduate classes in the University have enrollments of 14 or less students.

At the graduate level, approximately two-thirds of the state college classes and three-fourths of the University classes have enrollments of 14 or less students. One-third of the state college and one-half of the University classes enroll nine or less students.

Compared with similar class size data from out-of-state public universities and colleges, the California segments offer a considerably higher proportion of small classes than do those institutions surveyed. According to the reports a potential saving on the order of \$35,200,000 might be realized by reducing the proportion of small undergraduate and graduate classes in California public institutions to the median percentages reported by the out-of-state public universities and colleges. The report recommended that each of the California segments establish policies or guidelines on small classes and that these policies should emphasize the need for formal justification to continue a small class.

Segmental Response

Responses to the council's directive for minimum class size policies by the segments were received in June 1971. The segments reported a policy wherein budget recognition would not be granted unless a course achieved the following minimums:

| | Class Size Minimums | | |
|---------------------------------|----------------------------|---------------------------|------------------------------|
| | <i>Lower Division</i> | <i>Upper Division</i> | <i>Graduate Division</i> |
| University of California | 12 | 8 | 4 |
| California State Colleges | 13 | 10 | 5 |

Coordinating Council for Higher Education Staff Comments

At the December 1971 Coordinating Council meeting staff comments were made on the segmental responses which included:

1. Graduate class size minimums of four at the University and five at the state colleges appear to be low. The segmental guidelines are at the low end of minimums adopted in other states. Minimum class sizes in colleges and universities in other states generally range from five to eight students. Graduate instruction generally is the most expensive of the three instructional levels in higher education. One reason for this high cost is that instruction is most frequently given by senior professors to small groups of students. A reduction in the number of small classes would provide a double economy: (1) more extensive use of available faculty and facilities, and (2) encouragement to eliminate low-enrollment graduate programs.

Further comments on this issue are made in the state college section of this *Analysis*.

2. Upper division class size minimums at the University of California appear to be low. Among institutions having minimum class size guidelines reported in the council's survey, the University of California's policy of eight students is one of the lowest. A 10-student minimum, as proposed by the Board of Trustees, is more in line with public college and university practices in those public universities supplying comparable data to the council. The CCHE staff recommends that the minimum enrollment for upper division classes should be increased by the Regents to 10 students. The CCHE staff believes that consideration should be given by the Board of Regents and by the President to amending their policy statement accordingly, to become effective in the fall of 1972.

Another aspect of high cost programs discussed in the report is that of low productivity. Productivity measures include the number of degrees granted, student credit hours produced and the number of student majors. While not making conclusive findings in this area, the council was concerned enough to recommend that the segments of higher education develop policies to measure productivity with definite performance criteria.

Council Review of Academic Programs

As one result of the council's interest in high cost programs, the council and the segments have developed a system for council review of new and existing academic degree programs. We believe this to be a necessary function in order for the council to fulfill its role of planning for the orderly growth of public higher education. Specifically, it has been agreed that segmental academic plans be reviewed annually by the council to insure that they represent sufficiently the broad interests of the state, which among others includes the prudent use of public funds. In addition to annual review of plans, selected academic programs will be reviewed periodically. An academic plan differs

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from an academic program. The plan is a five-year description of the academic programs proposed for initiation or discontinuance by the segment. The program is:

1. A series of courses arranged in a scope and sequence leading to a degree or certificate; or
2. A school or college within a segment; or
3. A research institute or center.

This review program is to be carried out primarily at a staff level. However, if a dispute arises, formal council action on the matter is contemplated. To date no such action has occurred although there is controversy concerning the Regent's proposal for a new law school at Santa Barbara.

We believe that the council's actions in the areas of high cost programs and review of academic plans and programs are steps in the proper direction of meeting the legislative mandate of Education Code Section 22703 discussed previously.

Facilities Sharing Among Academic Institutions

We recommend that the Legislature direct the University of California and the California State Colleges to develop and report their plans to the California Council for Higher Education for increased interinstitutional use of facilities listed below. In addition, it should direct the segments to use cooperative arrangements as a major criteria in the project approval process.

In July of 1971 the council issued a report entitled "Facility Sharing among Institutions of Higher Education in California." This report was funded through the federal Higher Education Facilities Act in response to concern about institutional cooperation. The report covered examples of facility sharing nationally, an inventory of such sharing in California and perceived obstacles and suggestions for expanded cooperative arrangements.

A major finding of the report was that there are few significant examples of sharing in California. The apparent obstacles to more sharing include (1) an institutional framework designed to focus on the unified campus, (2) the concept of institutional self-sufficiency, (3) physical isolation of colleges, and (4) traditional rivalry. Little hope was expressed in making major changes in the status quo. However, some areas of potential sharing particularly in developing new facilities include:

- Libraries
- Computer Center
- Specialized research laboratories
- Specialized off-campus instruction and research stations
- Urban projects
- Extension centers

- Stadiums
- Museums and gallerys
- Theaters
- Agricultural field stations
- Health science facilities
- Intermural fields
- Television production studios
- Entire campuses

The council report concludes that interinstitutional cooperation has little chance of being promoted internally due to the obstacles mentioned previously. In light of this we believe it appropriate for the Legislature to require stronger efforts in this direction.

Restudy of Master Plan for Higher Education

In January 1971 the CCHE adopted a resolution calling for the creation of a select Master Plan Committee advisory to the council with details on a plan of action to be presented at their next meeting. In March 1971 the council adopted a plan of action presented by the staff which justified the council's involvement in this area, called for the creation of an advisory committee and proposed a work plan based on conducting biweekly meetings. Staffing was to be provided by the council with cooperation from the segments of higher education. An initial report date of March 1, 1972, was also determined. In May 1971 an advisory committee of 14 members was appointed with three additional members added in July for a total of 17. One full-time professional staff was added to aid the committee in September 1971.

Initially, the group has formed three subcommittees to study student aspirations, financing higher education and innovative programs for delivering instruction. Two additional subcommittees on governance and intrainstitutional organization are planned for the spring of 1972. Meetings of the full committee are held once a month with the subcommittees meeting as necessary. Additional information on this committee and its interaction with the Legislative Joint Committee on Restudying the Master Plan for Higher Education is found on page 000 of this *Analysis*.

Facility Space Utilization

Based on recommendations by the Office of Legislative Analyst that classroom utilization be extended from an 8 a.m.-5 p.m. model to an 8 a.m.-10 p.m. model, 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 which were based on 8 a.m.

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to 5 p.m.

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 Fuller-

Table 2
Fall 1969 Facilities Utilization

| | Weekly room hours | | Station occupancy | | Station utilization | |
|----------------------------|-------------------|---------|-------------------|---------|---------------------|---------|
| | 8 to 5 | 8 to 10 | 8 to 5 | 8 to 10 | 8 to 5 | 8 to 10 |
| 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 | — |

ton 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 2.

The results of relating these data to 1963 and 1968 are shown in Table 3 for the University and state colleges.

Table 3
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 |

These data demonstrate a significant improvement in space utilization in the state colleges since 1963 while the University was remaining relatively static. 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.

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. By changing basic assumptions to include (1) stronger administrative control over scheduling, (2) evenings and Saturday scheduling, (3) the mathematical capabilities of modern computers, and (4) 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. 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. In light of the minimal capital outlay program of the state in the past few years, we continue

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to support the high space utilization concept.

It should be noted that the staff report recommended that the council formally adopt the ACR 151 standards. However, due to strong opposition by the University of California the official council action only urges the segments to "move towards" the standard.

The Facilities Analysis Model

As a spinoff of the space utilization study the council contracted with a private consultant through federal funds to attempt to produce a facilities analysis model aimed at cost optimization. The main direction of the model is to analyze the interaction of capital outlay costs and operation costs. Thus, as an institution utilizes classrooms and labs more efficiently, the capital outlay related costs will decrease. On the other hand, it may be that operating costs increase due to scheduling difficulties and additional utility and maintenance costs. As mentioned previously the output of the study is to seek the least cost point. The model currently is in its developmental stage.

Educational Opportunity Programs

The Budget Act of 1970 directed that "... the Coordinating Council for Higher Education shall make an evaluation of educational opportunity programs in all segments of public higher education for a report on findings and recommendations to the Governor and Legislature annually." In April 1971 the council issued a report entitled "Educational Opportunity Programs in California Public Higher Education 1969-70." The report provided a summary of EOP evaluations, by the segments, by the Auditor General, by the Department of Finance, by the Coordinating Council itself and by one outside consultant to Rio Hondo College. In addition, it discussed recent council actions and made recommendations.

The council summary of the outstanding comments about EOP programs made by the segments in the annual reports included the following:

1. Retention of EOP students is greater than the average retention of regular students during the first year of higher education.
2. Academic achievement, on the whole, is equal to, and sometimes greater than that normally assumed for regular students.
3. EOP program services are vital to the progress and survival of EOP students in higher education.
4. The establishment of EOP programs in public higher education is, so far, the most effective means of increasing minority and disadvantaged student enrollment in higher education.
5. Private, federal and other nonstate funds are the largest source for EOP programs in the state colleges. The community colleges' annual report covers only SB 164 funds. However, information submitted to the Coordinating Council in October 1970 shows that nonstate

funding for EOPS represented 80 percent of total funding for 1969-70. The University does not receive direct state appropriations for support of EOP programs.

The council summary of the common findings and conclusions in the external agency reports included the following:

1. Definitions of an EOP student in the segments are so broad as to be subject to numerous interpretations on the campuses. Therefore, data on the numbers of students enrolled in EOP are imprecise and budget allocations by the Governor and the Legislature can be made only on unclear data.

2. EOP programs are decentralized. Therefore, no two EOP programs in a segment are identical, and programs differ throughout public higher education. However, all programs provide some form of support services, e.g., counseling, tutoring, and financial aid.

3. Grade point average alone does not reveal the achievement of individual student objectives and goals.

4. Peer advising and counseling are the most dynamic and effective components of support services to EOP students.

From data and comments contained in the various reports, segmental as well as external, the report found that there has been no consistent basis for determining the needs of EOP programs and EOP students. No basis has been established for comparing the needs, performance, characteristics, and success of students among and between the segments. Similarly no consistent data exist for comparing program services, administrative characteristics, funding, and other factors among and between segments. Thus it is not possible to identify the "most successful" or "least successful" programs and program components, much less to aid the weaker programs through experience gained in stronger ones.

The report stated "it cannot be said, therefore, that there is any demonstrable rationale for the present state allocations to EOP to the state colleges and community colleges, i.e., the amounts allocated are not based on reliable data concerning the amounts needed per student for program administration, tutoring, counseling and other services, or for financial aid; nor are fund allocations based upon an adequate estimate of the number of students now in high school (or already classed as dropouts) who can and need to be "rescued" from the dropout/poverty/welfare syndrome which is the real target of Educational Opportunity Programs."

Recommendations were made concerning the need for a uniform data collection system to be administered by the council, the need for certain internal administrative changes and the need for two legislative actions. The latter included:

1. Consideration should be given to amending language regarding the intent of SB 1072 (Education Code Section 31226.1) which only implies EOP grant assistance to an EOP student beyond the first year.

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Council recommended that language in the present law should be changed to "Such grants may be granted and renewed according to standards set by the Trustees *and shall be renewed annually upon determination of student need* until the student has received a baccalaureate degree or has completed four academic years, whichever occurs first.

2. Current state college EOP nomination procedures are duplicative and wasteful efforts. Education Code Section 31226.4 should be amended to alleviate this problem.

We believe that (1) there is merit in the latter recommendation and (2) it would not be reasonable to adopt the former recommendation. The first recommendation creates a legal right for a specific grant of state funds up to four years based on need. Such a provision removes administrative flexibility in allocating financial aid funds from other sources such as loans and work study. Concerning nomination procedures, it appears that the process currently in law is merely a technicality with little program effect.

2. HIGHER EDUCATION FACILITIES AND EQUIPMENT PROGRAM

| | Actual | Estimated | Proposed | Change | |
|--------------------|-----------|-----------|-----------|-----------|---------|
| | 1970-71 | 1971-72 | 1972-73 | Amount | Percent |
| Expenditures | \$123,053 | \$125,000 | \$139,445 | +\$14,445 | 11.6 |
| Man-years | 7.0 | 7.7 | 7.7 | — | — |

A. *Higher Education Facilities Act.* Under Title I of the Higher Education Facilities Act of 1963 the federal government provides matching funds on a 1-to-1 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. Priorities are given to colleges with large enrollment increases, high space utilization and programs which require classroom space. Expenditures for the program are shown in Table 4. *We recommend approval.*

Table 4
Allocation of Federal Funds Under Title I, Higher Education Facilities Act of 1963

| | Actual 1967-68 | Actual 1968-69 | Actual 1969-70 | Actual 1970-71 |
|---|-------------------|-------------------|-------------------|-------------------|
| Junior colleges and technical institutes | \$5,265,020 | \$6,678,961 | — | \$3,369,174 |
| University of California | 2,660,715 | 2,491,751 | \$37,702 | — |
| California State Colleges | 16,084,003 | 7,050,179 | 1,991,392 | — |
| Private colleges..... | 3,101,000 | 5,611,901 | 1,081,139 | — |
| Totals..... | \$27,110,738 | \$21,832,792 | \$3,110,233 | \$3,369,174 |

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

Table 5
Allocation of Title VI-A Funds
(1965-66 through 1970-71)

| <i>Segment</i> | <i>Grants Awarded</i> | <i>Amount</i> | <i>Average award</i> |
|--------------------------------|---------------------------|---------------|--------------------------|
| Category I—equipment | | | |
| Independent colleges | 65 | \$1,210,862 | \$18,629 |
| Community colleges | 123 | 3,338,535 | 27,142 |
| State colleges | 34 | 1,442,144 | 42,563 |
| University of California | 12 | 506,248 | 42,187 |
| Total equipment | 234 | \$6,502,789 | \$27,789 |
| Category II—closed circuit TV | | | |
| Independent colleges | 10 | \$86,404 | \$8,640 |
| Community colleges | 29 | 499,733 | 17,232 |
| State colleges | 8 | 80,889 | 10,111 |
| University of California | 4 | 111,650 | 27,912 |
| Total TV | 51 | \$778,676 | \$15,268 |
| Grand totals | 285 | \$7,281,465 | N/A |

The 7.7 positions budgeted for the above activities are fully reimbursed from federal funds. *We recommend approval.*

3. HIGHER EDUCATION FACILITIES COMPREHENSIVE PLANNING PROGRAM

| | <i>Actual</i> | <i>Estimated</i> | <i>Proposed</i> | <i>Change</i> | |
|--------------------|----------------|------------------|-----------------|---------------|----------------|
| | <i>1970-71</i> | <i>1971-72</i> | <i>1972-73</i> | <i>Amount</i> | <i>Percent</i> |
| Expenditures | \$248,387 | \$339,903 | \$307,243 | \$-32,660 | 9.6 |
| Man-years | 3.7 | 5.0 | 4.0 | -1 | 20 |

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

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of Education and is intended to enable California to develop a comprehensive plan for the construction of higher education facilities over the next 10 to 15 years. The plan is to include all two- and four-year public and private institutions.

The program was authorized by an amendment to Title I of the Higher Education Facilities Act of 1963 and has three basic purposes: to improve the methodology of enrollment projections for the segments, to assist in the preparation of a facilities inventory of the junior colleges, and to formulate a California Facilities Planning Guide.

Recent reports accomplished under the auspices of this program include: Evaluation of Year-round Operations, Academic and Facilities Master Plan—California Community Colleges and State Colleges, Joint Use of Facilities and the Facilities Analysis Model.

One temporary help position was administratively established in the current year but is not recommended for continuation in 1972-73. Administrative funds for this program are reimbursed from the federal government. *We recommend approval.*

4. COMMUNITY SERVICES AND CONTINUING EDUCATION PROGRAM

| | Actual | Estimated | Proposed | Change | |
|--------------------|----------|-----------|----------|----------|---------|
| | | | | Amount | Percent |
| Expenditures | \$54,646 | \$47,725 | \$51,163 | \$+3,438 | 7.2 |
| Man-years | 3.9 | 3.0 | 3.0 | — | — |

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 combatting 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.

In last year's *Analysis* we commented on the need for a comprehensive evaluation of the program. Subsequently the council has contract-

ed for a report which is due in March 1972. *We recommend approval.*

5. TRAINING IN COMMUNITY DEVELOPMENT PROGRAM

| | <i>Actual</i> 1970-71 | <i>Estimated</i> 1971-72 | <i>Proposed</i> 1972-73 |
|--------------------|--------------------------|-----------------------------|----------------------------|
| Expenditures | \$22,280 | \$30,889 | \$17,601 |
| Man-years | 1.8 | 1.7 | — |

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.

In last year's *Analysis* we raised issues concerning state administration, evaluation and funding levels of the program. One of our main contentions was that the program did not properly belong under an agency such as the CCHE. The council reached a similar conclusion and sponsored legislation to transfer Title VIII program responsibilities. This change was incorporated in AB 3048 of the 1971 session (Chapter 1719) and the program will transfer to the Governor's office in 1972-73 as shown on page 1068 of the Program Budget.

**WESTERN INTERSTATE COMMISSION FOR
HIGHER EDUCATION**

Item 282 from the General

Fund

Budget p. 185 Program p. 1073

| | |
|-----------------------------------|----------|
| Requested 1972-73..... | \$15,000 |
| Estimated 1971-72 | 15,000 |
| Actual 1970-71 | 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 for educating out-of-state students, of which approximately two-thirds go 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 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.

This budget act item provides California's 1972-1973 membership dues to the organization at the current year level of \$15,000. Dues for 1973-74 are scheduled to increase to \$28,000 for the first increase since 1963.

UNIVERSITY OF CALIFORNIA

Items 283-287 from the General Fund and Item 288

from the Calif. Water Fund

Budget p. 187 Program p. 1075

| | |
|---|------------------------|
| Requested 1972-73..... | \$355,900,000 |
| Estimated 1971-72 | 337,191,074 |
| Actual 1970-71 | 337,179,136 |
| Requested increase \$18,708,926 (5.5 percent) | |
| Total recommended augmentation..... | 1,809,868 ¹ |

¹ \$1,500,000 of this recommended augmentation can be funded by adoption of our recommendation number 7 to use 1971-72 savings not reported in the budget. This would leave a remainder of \$309,868 for augmentation from the General Fund surplus.

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

- | | |
|--|------|
| 1. <i>Nonresident Tuition. Augment \$946,000.</i> Recommend replacement of estimated loss of nonresident tuition resulting from lowering adult age to 18 years and to adjust to the latest estimate. | 973 |
| 2. <i>Overhead. Reduce Budget Bill \$1,551,372.</i> Recommend state's share of the reserve for overestimates be applied to the 1972-73 budget. | 976 |
| 3. <i>Overhead expenditures. Reduce \$154,760.</i> Recommend expenditure allocations from overhead be reduced to the level authorized by the Legislature. | 976 |
| 4. <i>Instruction Support. Augment \$1 million.</i> Recommend increase to meet deficiencies in teaching equipment. | 984 |
| 5. <i>MD Training.</i> Recommend feasibility report on special MD degree program for scientists currently holding Ph.D. degrees. | 987 |
| 6. <i>Dental Clinic Subsidy.</i> Recommend report on use, need and control of the clinical support subsidy. | 992 |
| 7. <i>County Hospital Subsidy.</i> Recommend \$1.5 million of 1971-72 savings be reappropriated to fund University budget deficiencies in 1972-73. | 993 |
| 8. <i>Libraries. Augment \$550,000.</i> Recommend increase for workload in reference and circulation activities. | 999 |
| 9. <i>Extended University.</i> Recommend annual progress reports on the degree program for part-time students. | 1001 |
| 10. <i>Davis Extension.</i> Recommend report on Davis concurrent course program. | 1002 |
| 11. <i>Professional School Journals.</i> Recommend report relating to need for state subsidy. | 1005 |
| 12. <i>Maintenance. Augment \$500,000.</i> Recommend in- | 1011 |

University of California—Continued

- crease for workload growth.
13. *Employee Health Insurance. Augment \$520,000.* Recommend increase of \$2 to correspond with the level authorized in current law for other state employees. 1015
14. *Unemployment Insurance.* Recommend special consideration of the policy to not budget estimated claims. 1015

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, emphasis is placed on instruction in professional fields and graduate programs leading to master's and doctoral degrees. In 1970-71 a total of 25,970 degrees were granted, including 17,935 bachelor's degrees, 5,084 master's degrees and 2,951 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 by-product.

Enrollment Estimates

Enrollment growth is the primary indicator of workload needs. The 1972-73 workload needs are based on an estimated enrollment increase of 1,287 or 1.2 percent for three quarters (academic year) not

including summer session students. Table 1 compares 1971-72 budgeted enrollments to those proposed for 1972-73 and the percentage increases by each level.

Table 1
University of California Enrollments Average
of Fall, Winter and Spring Quarter Full-Time Equivalent Students

| | <i>Actual 1970-71</i> | <i>Budgeted 1971-72</i> | <i>Proposed 1972-73</i> | <i>Change from 1971-72</i> | <i>Percent change</i> |
|-------------------------|---------------------------|-----------------------------|-----------------------------|--------------------------------|---------------------------|
| General campuses | | | | | |
| Lower Division..... | 30,270 | 30,780 | 31,684 | 904 | 2.9% |
| Upper Division..... | 39,901 | 42,603 | 44,646 | 2,043 | 4.8 |
| Graduates: | | | | | |
| 1st stage..... | 14,171 | 14,833 | 13,860 | -973 | -6.6 |
| 2nd stage..... | 9,359 | 10,225 | 8,759 | -1,466 | -14.3 |
| Subtotals..... | 93,701 | 98,441 | 98,949 | 508 | 0.5% |
| Health sciences | | | | | |
| Upper Division..... | 588 | 584 | 670 | 86 | 14.7 |
| Graduates: | | | | | |
| 1st stage..... | 6,046 | 6,505 | 7,088 | 583 | 9.9 |
| 2nd stage..... | 482 | 529 | 639 | 110 | 20.8 |
| Subtotals..... | 7,116 | 7,618 | 8,397 | 779 | 10.2% |
| University totals | | | | | |
| Lower Division..... | 30,270 | 30,780 | 31,684 | 904 | 2.9 |
| Upper Division..... | 40,489 | 43,187 | 45,316 | 2,129 | 4.9 |
| Graduates: | | | | | |
| 1st stage..... | 20,217 | 21,338 | 20,948 | -390 | -1.8 |
| 2nd stage..... | 9,841 | 10,754 | 9,398 | -1,356 | -12.6 |
| Totals, University..... | 100,817 | 106,059 | 107,346 | 1,287 | 1.2% |

Fall 1971 Enrollment Down

The primary factor that influences budget enrollment estimates is the experience of latest fall quarter enrollment. Fall 1971 enrollment was 109,066 or 46 students above the 1970 fall enrollment. Because health science enrollments increased by 544 students, the general campus enrollments actually decreased by 498 over the previous year.

Although new undergraduates increased by 1,329, this was more than offset by a decrease of 666 for continuing and returning students and a 1,161 decrease in graduates.

Enrollment Assumptions

Undergraduate enrollment estimates are based on Department of Finance projections with appropriate revisions made in light of the fall 1971 experience. It is assumed that these enrollment estimates continue the current policy of admitting all qualified undergraduates. Graduate enrollment estimates take into consideration campus academic plans, rates of graduates growth, job market needs of the discipline and fall 1971 experience.

University of California—Continued**Reduction in Graduate Enrollment**

Graduate enrollment on the general campuses in 1972-73 is estimated to be 22,619 or 2,434 below the amount budgeted and 1971-72. This is a reduction of 9.7 percent from the budgeted amount and 911 students less than actual students reported in 1970-71. Because graduate admissions are usually based on quotas for each department or discipline, the enrollments are usually considered controllable. For this reason it is difficult to determine whether dollars for graduate workload are being reduced because of declining enrollment or graduate enrollment is being reduced because of declining budget dollars.

Enrollments for health sciences which are mostly graduate students continues to expand. The budget is up 779 students or 10.2 percent over the 1971-72 budget.

Although the budgeted enrollment for all students shows a 1.2 percent increase over the 1971-72 budgeted enrollment, this might be misleading. The latest revised estimate for 1971-72 based on fall experience is 101,906 FTE students. The 107,346 FTE proposed in 1972-73 is 5,440 FTE or 5.3 percent more than the 1971-72 revised estimate. Because of last year's 1-percent increase, the proposed 5.3-percent increase for 1972-73 might be optimistic.

Long-Range Growth Plan

In July of 1971 the work of a special task force was reported to the regents regarding the University long-range growth plan. The task force estimated a potential of 139,000 students in 1980-81 compared to 98,623 on the general campuses in 1970-71. This is an increase of 40,000 students over the next 10 years averaging 4,000 students per year. The latest estimates for 1971-72 and 1972-73 have already indicated these estimates were too high and will probably be revised downward. The University administration is currently reviewing the task force report for revision and formal approval of the regents.

Department of Finance Audit Reports

As has been reported in the press, the Department of Finance has conducted management audits of the University during the past year. The press has listed many of the recommendations made by the auditors including numerous direct quotes from the reports. It is our understanding that the auditors' initial reports were sent to the University for review and comment and that following this, the final reports would be published and made public. As of the date of this writing we have not received copies of these confidential reports.

ANALYSIS AND RECOMMENDATIONS

Expenditures

Table 2 shows the University of California budget for the 1971-72 and 1972-73 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 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.

Table 2
Proposed Budget for 1972-73

| | 1971-72 | 1972-73 | Increase |
|--|------------------------|------------------------|---------------------|
| 1. Instruction and departmental research..... | \$198,011,726 | \$198,570,090 | \$558,364 |
| 2. Summer session..... | 4,844,967 | 5,195,389 | 350,422 |
| 3. Teaching hospitals and clinics..... | 95,766,761 | 104,188,109 | 8,421,348 |
| 4. Organized activities—other..... | 11,693,112 | 11,835,722 | 142,610 |
| 5. Organized research..... | 41,963,812 | 41,996,049 | 32,237 |
| 6. Libraries..... | 26,556,633 | 26,558,630 | 1,997 |
| 7. Extension and public service..... | 32,572,399 | 33,288,350 | 715,951 |
| 8. General administration and services..... | 41,917,641 | 41,211,947 | -705,694 |
| 9. Maintenance and operation of plant..... | 34,580,539 | 34,582,021 | 1,482 |
| 10. Student services..... | 26,838,713 | 30,206,162 | 3,367,449 |
| 11. Staff benefits..... | 30,656,517 | 30,099,517 | -557,000 |
| 12. Provisions for allocation..... | -1,654,887 | 9,104,882 | 10,759,769 |
| 13. Special Regents' Program..... | 16,289,340 | 16,336,000 | 46,660 |
| Totals, education and general..... | 560,037,273 | 583,172,868 | 23,135,595 |
| 14. Auxiliary enterprises..... | 45,888,226 | 49,887,111 | 3,998,885 |
| 15. Student aid..... | 6,276,004 | 7,932,282 | 1,656,278 |
| Totals, support budget (continuing operations)..... | 612,201,503 | 640,992,261 | 28,790,758 |
| Sponsored research and activities..... | 221,097,376 | 234,439,475 | 13,342,099 |
| Major AEC-supported laboratories..... | 271,761,000 | 271,761,000 | -- |
| Grand total..... | \$1,105,059,879 | \$1,147,192,736 | \$42,132,857 |

Revenue

In 1972-73 the total University support budget is \$640,992,261 which is an increase of \$28,790,758 or 4.7 percent over 1971-72. Of this increase, state appropriations added \$18,708,926, University general funds were reduced by \$8,257,174, special restricted state appropriations added \$38,800 and other University revenue sources added \$18,300,206. The state budgetary interest is not limited to the state appropriations.

University of California—Continued

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 3.

Table 3
Revenues—Total Support Budget
1971-72 and 1972-73

| | 1971-72 | 1972-73 | Increase |
|------------------------------------|----------------------|----------------------|---------------------|
| General funds | | | |
| State appropriation..... | \$337,091,074 | \$355,800,000 | \$18,708,926 |
| University general funds: | | | |
| Nonresident tuition..... | 11,481,070 | 10,286,720 | -1,194,350 |
| Other student fees..... | 4,066,015 | 3,825,330 | -240,685 |
| Other current funds..... | 1,422,494 | 1,187,132 | -235,362 |
| Funds used as income | | | |
| Federal overhead..... | 18,314,002 | 13,962,348 | -4,351,654 |
| Prior year balances..... | 538,123 | -- | -538,123 |
| Other..... | 2,070,000 | 373,000 | -1,697,000 |
| Total general funds..... | \$374,982,778 | \$385,434,530 | \$10,451,752 |
| Restricted funds | | | |
| State appropriations | | | |
| Mosquito research..... | \$100,000 | \$100,000 | -- |
| Real estate program..... | 133,200 | 172,000 | \$38,800 |
| Federal appropriations..... | 4,014,591 | 4,014,591 | -- |
| University sources..... | 232,970,934 | 251,271,140 | 18,300,206 |
| Total restricted funds..... | \$237,218,725 | \$255,557,731 | \$18,339,006 |
| Total revenue..... | \$612,201,503 | \$640,992,261 | \$28,790,758 |

Department of Finance Policy

In developing the University budget, University officials were allocated a lump sum amount with specific decisions left to the discretion of the University. The same procedure was used in developing budgets in the previous two years.

The University was given a state General Fund allocation of \$355.8

million or an increase of \$18.7 million over the appropriation for 1971-72. The Department of Finance developed the allocation by allowing increases over last year for merit increases (\$6.6 million) price increases (\$4.3 million) and for replacement of University funds used in last year's budget that were not available this year (\$8.5 million). These adjustments totaled \$19.4 million and increased the base to \$356.5 million which represents last year's budget adjusted for inflation and was \$700,000 more than the final allocation.

To fund the \$700,000 shortage plus any workload changes or program innovations desired, the University was authorized to carry over any potential savings resulting from the enrollment shortfall in 1971-72. This was estimated by the Department of Finance to be \$4.5 million. The allocation also anticipated additional savings resulting from its audit reports which could be reassigned by the University.

In summary, the final allocation of \$355.8 million fell \$700,000 short of maintaining last year's budget as adjusted for inflation and did not provide for enrollment increases or other workload related adjustments.

The University Decisions

Based on this allocation, the University prepared a budget providing for merit increases, price increases and the funding adjustments. In addition, one funding change resulting from an audit report freed \$557,000 of state funds for staff benefits and this was reallocated to provide 29 new faculty and related support. No other change in state funding was made over last year's budget.

It should be noted that substantial program reductions were made in the current year 1971-72 budget. The Legislature endeavored to restore \$11.7 million of these reductions, but they were vetoed by the Governor.

Again in this 1972-73 budget, although an increase of \$18.7 million or 5.5 percent is shown over last year, the budget does not maintain the reduced program level authorized in 1971-72. With the exception of provisions for new faculty positions, no workload increases have been provided for program costs. In addition the budget contemplates further unidentified savings by failing to provide for unemployment insurance claims and employee health insurance increases authorized and budgeted in all other state agencies.

Priority Consideration of Our Analysis

Because of the continuing constraints on the availability of General Fund resources, certain priority considerations have been applied to arrive at our recommendations. Again this year 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 7.5 percent increase to correspond to our recommendation for civil service classes. This recom-

University of California—Continued

mentation for an augmentation of \$8.9 million would add another 5 percent to the 7.5 percent proposed in the budget. This recommendation is included in another section of our analysis and is not shown in the analysis of the operating budget.

Although several areas of the 1972-73 operating budget are proposed for funding below the historic or traditional workload standards, 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.

Educational Fee (Tuition)

The educational fee at the University is applied to all registered students. Current fees are \$300 per academic year for undergraduates and \$360 for graduates. Students with demonstrated financial need may defer payment in the form of a loan.

The budget estimates that \$33,860,699 in 1972-73 will be realized from this fee. Of this total \$7.2 million is estimated to be deferred by students and \$20.6 million is allocated to capital outlay. Table 4 shows the estimated income and expenditures of the educational fee for 1971-72 and 1972-73.

Table 4

| | 1971-72 | 1972-73 | Difference |
|---------------------------|--------------|--------------|--------------|
| Income | | | |
| Educational fee..... | \$33,858,002 | \$33,860,699 | \$2,697 |
| Less amount deferred..... | -6,673,986 | -7,262,029 | 588,043 |
| Net income..... | \$27,184,016 | \$26,598,670 | -\$585,346 |
| Expenditures | | | |
| Capital outlay..... | \$25,913,454 | \$20,640,670 | -\$5,272,784 |
| Operating budget..... | 1,270,562 | 5,958,000 | 4,687,438 |

New Uses of Tuition

Of the \$5,958,000 allocated to the operating budget in 1972-73, \$4.6 million represents new items of funding from the educational fee. For 1972-73 the regents have allocated \$1.6 million to student aid and \$3 million for counseling and advising services to students. The latter item is a traditional registration fee type expense and the purpose of this allocation was to offset the need for an increase in the registration fee. Although there will be no change in total fees paid by students the effect of this allocation is the same as if the regents had reduced tuition and increased the registration fee.

Reduced Income from Nonresident Tuition

In 1971-72 nonresident tuition was increased from \$1,200 to \$1,500 per academic year. The \$1,500 when combined with other mandatory fees, such as the registration fee of \$300 and the educational fee of \$300 for undergraduates and \$360 for graduates, requires nonresidents to pay a minimum of \$2,100 per academic year. A majority of nonresidents are graduate students who would be paying \$2,160 plus local campus mandatory fees.

The 1972-73 budget anticipates income of \$10,286,720 from this fee. This is about \$1.2 million less than the amount that had been originally estimated in the 1971-72 budget. This reduction of \$1.2 million is replaced by an equal increase of state funds in the 1972-73 budget.

Nonresident enrollment has been decreasing since 1969. The reasons for this decline appear to be: the recent increases in nonresident tuition, the implementation of the educational fee, restrictions in the growth of graduate enrollments, and decline in federal grants, fellowships and employment opportunities for graduate students. The estimated nonresident tuition income of \$10.3 million for 1972-73 is based on an estimate of approximately 6,986 tuition paying nonresident students.

Loss of Fees from 18-Year-Old Adult Law

We recommend an augmentation of \$946,000 from the General Fund to replace the estimated loss of nonresident tuition resulting from the lowering of the legal age of adults to 18 years and to adjust to the latest estimate.

The University has informed us that Chapter 1748, Statutes of 1971, will lower the legal age of adults to 18 years old and will result in a reduction in the number of students who will legally be classified as nonresidents.

Previous to the change, the unmarried minor (any person under 21 years) derived legal residence from his parents. The lowering of the age of a minor to under 18 will allow those students 18-20 whose parents resided outside of the state to establish residency. The University estimates that 1,200 students would be reclassified as residents beginning in the spring quarter of 1973 and this would reduce the 1972-73 income estimate by \$600,000.

In addition, revised estimates based on fall 1971 experience indicates that the budget estimate is high by 230 students or \$346,500. Neither this revised estimate nor the reduction relating to the change in majority were submitted to the Department of Finance in time for inclusion in the Governor's Budget.

Because the budget does not reflect these changes, University general fund income is overbudgeted by \$946,000 and unless replaced an unidentified program cut would have to be made in another area of the budget.

University of California—Continued

Overhead Funds from the Federal Government

Included as a revenue in Table 3 is \$13,962,348 for 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 \$34,000,000.

| | |
|-----------------------------------|------------------|
| Estimated overhead receipts | \$34,000,000 |
| Less assigned overhead | <u>2,972,559</u> |
| | \$31,027,441 |
| Less 50 percent U.C. share | 15,513,721 |
| Less 10 percent contingency | <u>1,551,372</u> |
| Total state share | \$13,962,348 |

Table 5 displays how the overhead receipts are applied for each fiscal year since 1965-66. 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.

Table 5
Application of University of California Federal Contract and Grant Overhead Receipts

| | <i>Application of overhead receipts</i> | | | | | | <i>Distribution of balance</i> | |
|---------------------|---|---|--|--------------------------|-------------------------------|----------------|--------------------------------|-------------------------------|
| | <i>Overhead receipts</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> |
| 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----- | 28,111,327 | 84,775 | 2,632,785 | 9,931,159 | 9,931,159 | 5,531,449 | 2,765,724 | 2,765,724 |
| 1971-72 (estimate)- | 30,100,000 | 1,312,175 | 2,834,559 | 12,976,633 | 12,976,633 | -- | -- | -- |
| 1972-73 (estimate)- | 34,000,000 | 3,102,745 | 2,972,559 | 13,962,348 | 13,962,348 | -- | -- | -- |

University of California—Continued

Use of State Funds Held in Reserve

We recommend that the state share of the 10-percent reserve for overestimates be applied to the 1972-73 budget for a General Fund savings of \$1,551,372.

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 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."

Included in the 1972-73 reserve is \$3,102,745 of which 50 percent represents the state share. If not needed the state's share will eventually be returned to the state in the 1974-75 budget. If the state share was eliminated from the reserve, the University could still apply its own share thereby maintaining a 5-percent reserve or it could replace the state funds with University funds to continue with a 10-percent reserve. The only effect of our recommendation would be that instead of the University reimbursing the General Fund two years later, the General Fund would reimburse the University two years later. We do not believe that it is reasonable to continue to hold substantial amounts of cash in reserve for this contingency when other areas of the budget are forced to absorb reductions in services.

Our recommendation would free these state funds amounting to \$1,551,372 for application to the 1972-73 budget.

Assigned Overhead Exceeds Approved Budget

We recommend that the administrative expenditures proposed from assigned overhead be reduced to the level authorized in the 1971-72 budget for a General Fund savings of \$154,760. We further recommend that the University be directed to limit future allocations of assigned overhead to the level approved in the budget.

Assigned overhead represents those expenditures related to contract and grant administration that are funded from overhead receipts prior to the 50-50 division of the funds. The estimated expenditures identified in the Governor's Budget show an increase of \$138,000 or 4.8 percent but this is misleading because the 1971-72 budget has been revised upward by \$171,521 over the amount approved by the Legislature. The increase over last year's budget is \$309,521 or 11.6 percent detailed as follows:

| | 1971-72 | 1972-73 | Change |
|-----------------------------------|------------------|------------------|----------------|
| Washington office..... | \$96,009 | \$98,449 | \$2,440 |
| Indirect cost studies..... | 76,313 | 82,185 | 5,872 |
| Contract and grant administration | <u>2,490,716</u> | <u>2,791,925</u> | <u>301,209</u> |
| Total..... | \$2,663,038 | \$2,972,559 | \$309,521 |

In our 1968-69 analysis, we questioned a proposed increase from assigned overhead on the basis of insufficient justification. Although the budget was eventually approved as submitted, the Supplementary Report of the Committee on Conference on the Budget Bill included language as follows:

“In future University budget presentations any positions funded from federal overhead funds prior to the 50-50 division between the state and the University must be identified for review by the Legislature in the normal budgetary procedure.”

Beginning in the 1969-70 budget, the University has reported proposed expenditures from this source but has consistently allocated more funds than authorized by the Legislature. This can be shown in Table 6 which identifies the originally budgeted amount as approved by the Legislature, the revised amount which received legislative review, and the actual amount allocated.

Table 6
Overhead Funds Assigned to Administration
Showing Budgeted, Revised and Actual Expenditures
1968-69 through 1972-73

| | <i>Budgeted</i> | <i>Revised</i> | <i>Actual</i> | <i>Allocated without prior legislative review</i> |
|--------------|-----------------|----------------|---------------|---|
| 1968-69..... | \$1,795,999 | \$1,795,999 | \$1,883,285 | \$87,286 |
| 1969-70..... | 1,816,256 | 1,965,758 | 2,071,942 | 106,184 |
| 1970-71..... | 2,370,758 | 2,536,038 | 2,632,785 | 96,747 |
| 1971-72..... | 2,663,038 | 2,834,559 | -- | (171,521) |
| 1972-73..... | 2,972,559 | -- | -- | -- |

We believe the legislative intent was clear and the University should allocate no more overhead funds for this purpose than the amount authorized by the Legislature. As far as we can determine there is no detailed justification for the increase other than a lump sum percentage ratio of administration to total contracts and grants.

Our recommendation would reduce the amount authorized for 1972-73 to the 1971-72 approved level for a reduction of \$309,521 of which 50 percent or \$154,760 would be savings to the General Fund.

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

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the medical schools and health sciences centers. In addition, the faculty performs research within the organizational structure of the academic departments.

Proposed Budget

| | 1971-72 | 1972-73 | Change | |
|---------------------|---------------|---------------|-------------|---------|
| | | | Amount | Percent |
| Total..... | \$198,011,726 | \$198,570,090 | \$ +558,364 | 0.3% |
| General funds | 183,917,540 | 184,500,669 | +583,129 | 0.3% |

The proposed budget for the general campuses increases \$552,126 or 0.4 percent. The increase to the General Fund of \$577,206 is greater because of a \$25,080 reduction in University restricted fund income. The General Fund budget increases include \$330,600 for 29 FTE faculty positions and \$246,026 for related instructional support.

General Campus Faculty Staffing

Enrollment increases at the general campuses are estimated to be 508 or 0.5 percent above that budgeted in 1971-72. The additional 29 faculty positions corresponds to this enrollment change and maintains the student faculty ratio at 17.4 to 1 which is the 1971-72 ratio. The total faculty FTE authorization will be 5,685 in 1972-73. Because some campuses anticipate enrollment increases while others are projecting a decline, faculty entitlements will be reallocated between campuses. Faculty at Santa Barbara, Los Angeles and Riverside will be reduced while Santa Cruz, Davis, Irvine and San Diego will receive additional faculty. Table 7 shows the resulting student faculty ratios at each campus.

Table 7
General Campus Student-Faculty Ratios 1970-71 through 1972-73

| | Budget 1970-71 | Budget 1971-72 | Budget 1972-73 |
|-------------------------------|-------------------|-------------------|-------------------|
| Berkeley..... | 15.40 | 16.39 | 16.50 |
| Davis..... | 17.69 | 18.54 | 18.54 |
| Los Angeles..... | 16.15 | 16.87 | 16.50 |
| Riverside..... | 16.68 | 18.39 | 18.39 |
| Santa Barbara..... | 18.44 | 18.53 | 18.53 |
| San Diego—General campus..... | 16.89 | 18.59 | 18.61 |
| Marine sciences..... | 8.43 | 6.73 | 6.77 |
| Irvine..... | 17.48 | 18.87 | 18.87 |
| Santa Cruz..... | 15.69 | 16.79 | 17.81 |
| Eight-campus average..... | 16.48 | 17.40 | 17.40 |
| Faculty FTE positions..... | 5,752 | 5,656 | 5,685 |

New Department of Finance Standard

In last year's analysis we noted the Governor's Budget referred to an "historic" standard for the University of nine hours of classroom instruction per faculty member and the budget further stated that if the University budgeted "at this standard, all state-supported Univer-

sity 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."

In response to this statement we noted we were 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 further stated that we could 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. During the budget hearings we were unable to identify the basis for such a standard.

Again this year the Governor's Budget refers to this standard as follows:

"Regular faculty members on a systemwide average will be expected to spend 6.4 contact hours each week with students in lecture and laboratory classrooms. This is a further step toward meeting the standard of nine weekly classroom contact hours for University faculty."

We have made a further review of this standard to determine if it has been used in the past.

Historic Standards

In 1925, teaching guidelines developed at Berkeley included eight hours for professors and associate professors, nine hours for assistant professors and 12 hours for instructors. There was apparently no firm requirement that these be followed but some departments did.

In 1933, when faced with budget cuts resulting from the depression, review indicated at that time that the teaching load was generally considered to be three courses (eight to nine hours per week) but this was reduced for those professors who supervised doctoral students. For instance, the physics department allowed the equivalent of three teaching hours for supervision of six to eight doctoral students.

The University reports that in 1950, the average faculty class contact load at Berkeley was 8.1 hours. In our 1962-63 analysis we discussed faculty staffing patterns at the University. Although we noted that no formal staffing pattern existed, we pointed to the 1960 unit cost study that suggested the faculty workload consisted of 27 teaching hours. We noted that this would be equivalent to nine hours in the classroom and 18 hours of preparation for each faculty member. We also noted that supervision of 27 tutorial students by a faculty member would also be equivalent to 27 teaching hours.

In our 1967-68 analysis we again discussed faculty workload and

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stated "There is no evidence of a single, explicit definition of faculty workload at the University." At that time we presented faculty contact-hour data which showed faculty exceeding the 27 teaching hour equivalent referred to in our 1962-63 analysis but only when tutorial students were included.

In summary, we have been unable to find any "historic standard" that could be construed to require all faculty members to average nine hours of classroom and laboratory instruction as has been proposed in the budget. On the contrary all evidence we have found indicates an average considerably lower than nine hours. For this reason we can only conclude that the primary purpose of the new standard is to justify budget reductions.

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. This information for the five largest campuses for both faculty regular ranks and irregular ranks are shown in Table 8. Only those faculty members who have a 100-percent appointment in a teaching position are included in this table.

We had intended to display contact-hour data in the form used in the "Teerink" report, but the University was unable to reproduce those calculations.

Table 8
Average Number of Faculty Contact Hours¹ per Week
Full-Time Faculty: Fall 1965 to Fall 1970

| Five general campuses ² | 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 |
| 1970..... | 27,424.5 | 3,272 | 8.38 | 6 | 29 | 31 | 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 |
| 1970..... | 5,939.2 | 558 | 10.64 | 4 | 22 | 23 | 16 | 15 | 20 |
| 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 | | | | | | |
| 1970..... | 33,363.7 | 3,830 | 8.71 | | | | | | |

¹ Faculty contract 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 tutorial courses for credit.

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

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In the past we have compared the changes in the student-faculty ratios to the changes in contact hours as a basis for anticipating the effect of changing the student-faculty ratio.

We had 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.

In last years' analysis we noted that in 1969 faculty contact had increased for the first time since the data had been reported and that increases in the student-faculty ratios during the past few years had apparently been a major contributor to this upturn.

The 1970 data shows that although the student-faculty ratio continued to increase, contact hours dropped substantially. Table 9 makes this comparison.

Table 9
Comparison of Student-Faculty Ratio to Faculty Contact Hours
Five General Campuses

| | <i>Student-faculty ratio</i> | <i>Faculty contact hours</i> | |
|-----------------------|------------------------------|------------------------------|------------------|
| | | <i>Regular ranks</i> | <i>All ranks</i> |
| 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..... | 16.5 | 8.38 | 8.71 |
| 1971 (estimated)..... | 17.8 | -- | -- |
| 1972 (proposed)..... | 17.2 | -- | -- |

Average Class Size Declining

We are unable to explain how the numbers of students per faculty can continue to be increased while faculty contact with students continues to fall. It has often been suggested that increases to the student-faculty ratios have forced the faculty to increase the class size, but we cannot verify this by the data. Although students per contact hour (average class size) has apparently increased at the lower division this is offset by reductions in graduate students per contact hour. For all levels of instruction, the average class size per regular faculty is at its lowest level. This is shown in Table 10.

Table 10
Students per class contact hour (average class size) for
regular faculty by course level (1962-1970)

| | <i>Lower division</i> | <i>Upper division</i> | <i>Graduate</i> | <i>All students</i> |
|-----------|-----------------------|-----------------------|-----------------|---------------------|
| 1962..... | 43 | 24 | 9 | 24 |
| 1964..... | 49 | 27 | 9 | 25 |
| 1966..... | 49 | 27 | 8 | 24 |
| 1968..... | 47 | 25 | 7 | 21 |
| 1970..... | 50 | 27 | 6 | 21 |

Increasing Emphasis on Graduate Instruction

Although the percentage of graduate students in the total enrollment has fallen since 1962, the percentage of faculty contact hours devoted to graduate instruction has increased sharply. This is displayed in Table 11. This increasing emphasis on graduate contact has been at the expense of undergraduate instruction, particularly for lower division students. Partly in recognition of this type of trend a policy of improved undergraduate teaching was initiated in the fall 1971, the effects of which are not included in our most recent data.

Table 11
Comparison of Percent of Total Faculty Contact Hours for Graduate Instruction to Percent of Graduates in Total Enrollments 1962-1972

| | <i>Percent of contact hours for graduates</i> | <i>Percent of graduates</i> |
|------------------------|---|-----------------------------|
| 1962 | 32.1 | 31.6 |
| 1964 | 37.3 | 32.0 |
| 1966 | 41.6 | 32.0 |
| 1968 | 46.0 | 31.3 |
| 1970 | 46.1 | 29.9 |
| 1972 (estimated) | — | 28.5 |

Teaching Assistants

The budget includes 1,649 teaching assistants in 1971-72 and no increase is proposed in 1972-73. For the last several years the workload need for teaching assistants has been evaluated on the basis of the relationship of positions to undergraduate students. Prior to the use of this measurement, teaching assistants were budgeted at one teaching assistant for every four faculty positions.

The ratio of teaching assistants to undergraduates compensates for changes in the proportion of undergraduate students to graduate students and would be more clearly related to the weighted student faculty ratio used to measure faculty need. The simple TA to faculty ratio method corresponds more to the unweighted student-faculty ratio. The University has departed from the traditional weighted stu-

Table 12
Undergraduate Students per Teaching Assistant and Faculty per Teaching Assistant 1967-68 through 1972-73

| | <i>Undergraduate students per TA</i> | <i>Faculty per TA</i> |
|---------------|--------------------------------------|-----------------------|
| 1967-68 | 40.92 | 3.78 |
| 1968-69 | 40.84 | 3.75 |
| 1969-70 | 40.83 | 3.54 |
| 1970-71 | 42.68 | 3.49 |
| 1971-72 | 44.49 | 3.43 |
| 1972-73 | 46.27 | 3.45 |

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dent-faculty ratio concept thereby eliminating the effects of the changing mix of students. For this reason it would appear to be appropriate to evaluate the proportion of TA's to faculty as an additional indicator of need. Both of these ratios are shown in Table 12.

The number of undergraduates per TA has been increasing rapidly since 1969-70 and is proposed to again increase from 44.49 in 1971-72 to 46.27 in 1972-73. Conversely, the number of faculty per TA has been decreasing except for a small increase in 1972-73. This means that the proportion of teaching assistants to total teaching staff has been increasing. Because teaching assistants are used almost exclusively for undergraduate instruction this changing proportion may have the policy effect of forcing faculty to devote greater time to graduate instruction.

Instructional Support

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 equipment. Historically, these items are merged into a single grouping for budget purposes and measured on the basis of dollars per faculty position to determine workload needs.

The budget includes an increase of \$226,026 from general funds which is directly related to the addition of the 29 faculty positions. This continues the 1971-72 rate of \$7,820 per faculty member.

Need for Instructional Equipment

We recommend an augmentation of \$1 million for instructional support to meet current deficiencies in teaching equipment.

The 1971-72 Governor's Budget included a reduction of \$1.9 million from state funds of which about \$780,000 could be related to the reduction of 100 faculty positions last year. We opposed this reduction on the basis that reductions in support for the instructional process were not consistent with the corresponding increase in enrollment. The Legislature restored the \$1.9 million reduction but this was subsequently vetoed.

Although it is difficult to identify the specific departments where these cuts were eventually made, a spot check showed that equipment and facilities allotments were a common area of reduction in most academic departments. The University informs us that instructional equipment funds were reduced from \$1,860,000 in 1970-71 to \$934,000 in 1971-72 for a reduction of \$926,000 or 49.8 percent. We are concerned that the reduction in the availability of instructional equip-

ment funds can only result in a reduction in the level of instructional services to students.

As further evidence of the critical nature of this deficiency, the regents have allocated \$1.5 million for instructional equipment from the University's 50 percent share of 1971-72 overhead. Because adequate funding of instructional equipment is considered a state responsibility, we do not believe the regents should be required to allocate overhead funds to this function. Our recommendation for a \$1 million augmentation would only partially restore last year's non-faculty-related cut and would assist in purchasing new or replacement equipment.

Health Sciences Instruction

The budget provides for an increase of \$3.3 million for health sciences instruction including 130 FTE faculty positions. This increase is anticipated to be funded from increased federal funds which are expected to become available under the new Federal Comprehensive Health Manpower Training Act of 1971. General Fund expenditures will increase by only \$5,923.

The additional faculty included to provide for an increase of 779 FTE students or 10.2 percent over the 1971-72 budgeted enrollments of 7,618.

The University evaluates its need for health science faculty on the basis of separate student faculty ratios for each discipline and each type of student. For example, the 1971-72 ratios allowed one faculty for every 3.7 medical curricula student, 7.4 interns and residents at campus and county hospitals, 10.57 interns and residents at affiliated hospitals and so forth. Using 1971-72 ratios, the increased enrollment would generate about 105 new faculty positions. The additional 25 positions included in the budget represents an enrichment of student faculty ratios over last year's level.

At the time this analysis was written, the specific allocation of the 130 new faculty positions to individual campuses and schools had not been made by the University.

Table 13 displays the numbers of FTE faculty and head count students by school in 1971-72. Also shown is the unweighted ratio of students to faculty for each school.

Table 13
Faculty, Enrollment and Students per Faculty
for Health Sciences

| | <i>FTE faculty</i> <i>1971-72</i> | <i>Head count</i> <i>enrollment</i> <i>1971-72</i> | <i>Students</i> <i>per</i> <i>faculty</i> |
|--------------------------|--------------------------------------|--|---|
| Dentistry..... | 158.8 | 809 | 5.1 |
| Medicine..... | 894.0 | 4,534 | 4.5 |
| Nursing..... | 83.6 | 692 | 8.3 |
| Optometry..... | 9.0 | 219 | 24.3 |
| Pharmacy..... | 37.3 | 407 | 10.9 |
| Public health..... | 62.7 | 571 | 9.1 |
| Veterinary medicine..... | 72.1 | 455 | 6.3 |
| Unallocated..... | 6.0 | — | — |
| Totals..... | 1,323.5 | 7,687 | 5.8 |

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Increased Federal Funds

The Federal Comprehensive Health Manpower Act of 1971, among other things, authorizes grants to medical, dental and other health schools based on the numbers of students enrolled with incentive for increased enrollments. Although the budget contemplates \$3.3 million from this bill, the actual dollar benefit to the University is still uncertain at this time. Although there appears to be a substantial increase in federal funds if appropriated at the authorized level, some of these funds replace existing grants and the net increase to the University cannot be determined. Other provisions require enrollment increases as a basis for receiving grants and these will be subject to federal interpretation, which are difficult to estimate in advance.

Medical Schools

Table 14 displays the 1972-73 enrollments at the medical schools. For medical curriculum students a total of 1,916 is estimated for an increase of 135. Interns and residents will increase by 168 to a total of 2,432. Graduate academics (primarily Ph.D. candidates) will total 590 for an increase of 165 or 39 percent. Paramedical enrollments remain constant at 64 students.

Table 14
Medical School Enrollments 1972-73

| | <i>Davis</i> | <i>Irvine</i> | <i>Los Angeles</i> | <i>San Diego</i> | <i>San Francisco</i> | <i>Total</i> |
|-------------------------|--------------|---------------|--------------------|------------------|----------------------|--------------|
| MD curriculum | | | | | | |
| 1st year..... | 100 | 65 | 132 | 96 | 146 | 539 |
| 2nd year..... | 100 | 64 | 140 | 56 | 133 | 493 |
| 3rd year..... | 52 | 63 | 138 | 55 | 140 | 448 |
| 4th year..... | 50 | 62 | 143 | 50 | 131 | 436 |
| Total..... | 302 | 254 | 553 | 257 | 550 | 1,916 |
| Interns and residents.. | 245 | 350 | 935 | 302 | 600 | 2,432 |
| Graduate academic.... | 85 | 50 | 205 | 90 | 160 | 590 |
| Paramedical..... | -- | -- | -- | -- | 64 | 64 |
| Total..... | 632 | 654 | 1,693 | 649 | 1,374 | 5,002 |

Increases to the medical curriculum are primarily at San Diego, Davis and Los Angeles. At San Diego the first year class has been increased by 40 students to 96. The expanded first year class at Davis last year now moves into its second year for an increase of 48 second year students. An increase of 35 students at Los Angeles is distributed between the last three years of the curriculum.

The five medical schools will enroll 2,432 interns and residents in

1972-73. This is an increase of 168 or 7.4 percent over the 1971-72 budget. Of these, 1,606 will be trained in campus and county hospitals while 826 will be trained in other affiliated hospitals. Of the 168 increase, 44 will be at campus and county hospitals and 124 will be at affiliated hospitals.

Program for Training Ph.D.'s to Be Medical Doctors

We recommend that the University evaluate the feasibility of establishing a special MD degree program for scientists currently holding Ph.D. degrees and to report its findings to the Joint Legislative Budget Committee by October 1, 1972.

The 10-year health plan submitted by the University to the Legislature last year pointed to the projected shortage of medical doctors in California. The University plan anticipated meeting only a portion of this deficiency. Conversely, there is growing evidence that the current oversupply of Ph.D.'s is anticipated to increase. Dr. Allan Carter's study indicated the oversupply would grow progressively greater into the 1980's.

Because the first two years of medical school places primary emphasis on the basic sciences, many current Ph.D. holders may already have adequate basic science training that would enable them to qualify for entrance into the clinical training phase of the M.D. curriculum at the third year. A similar pilot program is in operation at the University of Miami School of Medicine where 20 such students are to be graduated as M.D.'s after 18 months to 2 years' training.

We are suggesting that if the output of short-supply M.D.'s can be increased at lesser cost and time per student by retraining oversupply Ph.D.'s, such a plan should be given serious consideration.

Our recommendation is that the University evaluate the feasibility of such a program for initiation at one or more of its medical schools and explore the potential of federal funding for such a program. We would contemplate that such a report would include such things as numbers of people involved, dollar costs, and estimated per-student savings as well as a description of the revised curriculum.

Psychiatric Instruction Program (Item 285)

We recommend approval.

A special appropriation of \$150,000 from the General Fund was added to the 1970-71 Budget Act to provide a psychiatric instruction program at the San Diego Medical School. This was approved as a three-year pilot study designed to determine if San Diego could train psychiatrists at a lesser cost than the Department of Mental Hygiene.

The special instructional program provided for five FTE psychiatric residents at the San Diego Medical School. The original appropriation of \$150,000 was offset by an equal reduction from the budget of Langley Porter Neuropsychiatric Institute.

Budget Act language called for progress and expenditure reports to

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be submitted to the Joint Legislative Budget Committee annually for the life of the project. The first report was required in September 1971.

The Legislature also directed the University of California and the Department of Mental Hygiene jointly to develop standards for comparing the costs of the two programs. Based on our recommendation last year the Legislature directed that clinical overhead costs as well as direct instructional costs should be included in the standards.

1971 Reports Submitted

The University has submitted both required reports. The program report is a general discussion of the program indicating there were five residents in 1970-71 and six in 1971-72.

With respect to the requested report on cost comparison data, the University informed us that appropriate data did not exist for 1970-71 since several major clinical programs at San Diego were not fully active. For that reason the University suggested 1971-72 data would be more meaningful and this will be included in next year's report.

2. SUMMER SESSION

Functional Description

The master plan recommended that every public higher education institution that is able to offer academic programs in the summer months do so to make full use of the state's higher education physical facilities. Summer sessions will be operated on all of the University campuses in 1971-72. This budget category contains the incremental costs associated with these summer programs and are offset by student fees.

Proposed Budget

| | 1971-72 | 1972-73 | Change | |
|---------------------|-------------|-------------|------------|---------|
| | | | Amount | Percent |
| Total..... | \$4,844,967 | \$5,195,389 | +\$350,422 | 7.2% |
| General funds | - | - | - | |

A workload increase of \$350,422 will be provided from student fees.

Table 15 shows the actual summer headcount enrollments for 1969, 1970 and 1971. These enrollments have been adjusted to offset the effect of double counting.

Table 15
Summer Session Enrollment

| | 1969-70 Actual | 1970-71 Actual | 1971-72 Actual |
|---------------------|-------------------|-------------------|-------------------|
| Berkeley..... | 784 | 7,636 | 8,688 |
| Irvine..... | 509 | 781 | 883 |
| Davis..... | 1,650 | 1,648 | 1,836 |
| Los Angeles..... | 1,592 | 7,666 | 7,061 |
| Riverside..... | 1,008 | 1,058 | 1,135 |
| San Diego..... | -- | 118 | 766 |
| San Francisco..... | 1,107 | 947 | 1,273 |
| Santa Barbara..... | 2,084 | 2,012 | 1,915 |
| Santa Cruz..... | 399 | 645 | 741 |
| Total..... | 9,133 | 22,511 | 24,298 |
| Percent..... | +0.7 | +146.5 | +7.9 |

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.

Proposed Budget

| | 1971-72 | 1972-73 | Change | |
|--------------------|--------------|---------------|--------------|---------|
| | | | Amount | Percent |
| Total..... | \$95,766,761 | \$104,188,109 | +\$8,421,348 | 8.8% |
| General funds..... | 13,691,086 | 13,691,086 | - | - |

There is no increase proposed from general funds. The increase of \$8,421,348 is from University restricted funds primarily for patient care costs funded from charges for services.

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The General Fund allocation in both 1971-72 and 1972-73 is as follows:

| | |
|---------------------------|--------------|
| University hospitals | |
| Los Angeles..... | \$5,228,986 |
| San Diego | 2,320,647 |
| San Francisco | 4,952,584 |
| County medical centers | |
| Davis..... | 300,000 |
| Irvine | 300,000 |
| Veterinary medicine | 588,869 |
| Totals | \$13,691,086 |

Teaching Hospital Subsidy

For the three University hospitals 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 1972-73 the percentage of state subsidy to the total operation budget is 12.3 percent compared to 13.3 percent in 1971-72.

Also shown in Table 16 is a continuing decline in the departmental patient days per clinical student.

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

| | <i>Total operating budget</i> | <i>Subsidy</i> | <i>Percent of subsidy to total budget</i> | <i>Departmental patient days per clinical student</i> |
|--------------------------|---------------------------------------|----------------|---|---|
| 1968-69..... | \$54,403,000 | \$8,628,000 | 15.9% | 344 |
| 1969-70..... | 68,553,000 | 11,098,000 | 16.2 | 288 |
| 1970-71..... | 84,018,000 | 11,755,000 | 14.0 | 268 |
| 1971-72 (estimated)..... | 93,759,000 | 12,502,000 | 13.3 | 238 |
| 1972-73 (proposed)..... | 101,620,000 | 12,502,000 | 12.3 | 209 |

Workload data printed in the Governor's Budget shows a reduction in departmental patient days from 267,230 to 241,026. State support as a percent of departmental patient charges also falls from 21.7 percent to 21.2 percent but this is still greater than the 19 percent originally estimated for 1971-72 in last year's budget.

Although most indicators show declining levels of state support, these may not be true measures of workload need. The Medi-Cal Reform Plan provided for the inclusion of other indigents with current Medi-Cal eligibles and this should provide additional funds to the

hospitals and less need to subsidize indigent teaching patients. We are unable to estimate the magnitude of this change at this time.

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. Also included under this function is the new subsidy funds for medical educational programs at Sacramento and Orange County hospitals added in last year's budget.

Proposed Budget

| | 1971-72 | 1972-73 | Change | |
|---------------------|--------------|--------------|------------|---------|
| | | | Amount | Percent |
| Total..... | \$11,693,112 | \$11,835,722 | +\$142,610 | 1.2% |
| General Funds | 5,828,395 | 5,828,395 | — | — |

The increase of \$142,610 is from University restricted funds and there is no increase in General Funds. State-supported activities and the amount of state funds included in the 1972-73 budget are:

| | |
|---|-------------|
| General campuses (\$710,035) | |
| Elementary schools..... | \$386,860 |
| Education field service center..... | 28,164 |
| Neuropsychiatric institute school | 2,240 |
| Art galleries and collections..... | 155,916 |
| Vivarium, Life Sciences..... | 134,458 |
| Other | 2,397 |
| Health sciences(\$5,118,360) | |
| Medical education—county hospitals..... | 4,022,230 |
| Dental clinic subsidy | 687,681 |
| Vivaria | 263,025 |
| Medical support labs | 114,308 |
| Experimental animal resources..... | 31,116 |
| Total state funds | \$5,828,395 |

Noncompliance to Legislative Action

The 1971-72 budget as proposed included an unallocated reduction of \$63,557 to organized activities. During the legislative budget hearing, the University indicated this reduction would probably be allocated to the elementary school at Los Angeles. At that time we noted that the organized activity budget included an increase of \$219,000 for dental clinic subsidy and it did not appear reasonable to make an

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arbitrary reduction at the elementary school to provide an increased level of subsidy at the dentistry school. The Legislature concurred and eliminated the elementary school cut and reduced the subsidy increase at the dental schools to \$155,694.

The University disregarded this action and allocated funds on the basis of the original budget.

Dental Clinic Subsidy

We recommend that the University be directed to prepare a special report on the dental clinic subsidy to be submitted to the Joint Legislative Budget Committee by October 1, 1972. This report should be directed to (1) the use of the subsidy, (2) the basis for determining the need for a specific level of subsidy, (3) a description of the admission procedures and the current financial screening policies of dental clinic patients, (4) the type of budgetary controls used and why are they not effective, and (5) a comparison of needs between the two dental schools.

The University has informed us that it "could not comply with the Legislature's action because there is a deficit of \$200,000 in the dental clinic budget and thus there are no funds to transfer from the clinic to the elementary school."

For several years the dental school at Los Angeles has exceeded its approved subsidy budget and we are unable to determine the reason for this. A comparison between San Francisco and Los Angeles shows that Los Angeles has substantially more subsidy dollars per student than San Francisco. Table 17 shows that after the 1971-72 increase was allocated, Los Angeles has \$1,170 per student while San Francisco has only \$827 per student. For this reason, we have difficulty explaining why Los Angeles was unable to comply with the legislative action.

Table 17
Dental Clinic Subsidy per Student, San Francisco-Los Angeles
1968-69 through 1972-73

| | San Francisco | | | Los Angeles | | |
|---------|-------------------------------------|-----------|-----------------|-------------------------------------|-----------|-----------------|
| | FTE students (DDS curriculum) | Subsidy | Cost per FTE | FTE students (DDS curriculum) | Subsidy | Cost per FTE |
| 1968-69 | 297 | \$167,588 | \$564 | 291 | \$147,611 | \$507 |
| 1969-70 | 296 | 135,125 | 457 | 368 | 200,000 | 543 |
| 1970-71 | 302 | 206,406 | 683 | 372 | 499,000 | 1,341 |
| 1971-72 | 304 | 251,410 | 827 | 373 | 436,271 | 1,170 |
| 1972-73 | 308 | 251,410 | 816 | 384 | 436,271 | 1,136 |

Another possible explanation for the inability to control expenditures would be inadequate controls over the admission process of patients. The recommended report should provide substantive data to assist in our review of these problems.

Medical Education Programs at County Hospitals

In the 1971-72 budget the Legislature added a new item (Item 282.1) to the Budget Act appropriating \$5 million to the University of California for medical education programs at county operated hospitals for Davis and Irvine Medical Schools. This item was considered necessary to help defray the additional costs resulting from affiliation with University medical schools that were being paid from the local property tax base.

Budget Act control language approved by the Legislature included three restrictions:

(1) That \$2,500,000 shall be expended by the University when it is determined necessary for the maintenance of the educational programs of the University medical schools which are affiliated with these county facilities.

(2) That any expenditures made from this item shall be reported to the Department of Finance and the Joint Legislative Budget Committee with an explanation of the purpose of the expenditure and the method for determining the amount of expenditure.

(3) That \$2,500,000 shall be expended only if full funding for the county option program is not made by any other provision of this act.

The Governor subsequently reduced the \$5 million appropriation to \$4,022,230. The 1972-73 budget continues this level of appropriation but it no longer is identifiable as a separate budget act item and all 1971-72 control language has been deleted from the 1972 Budget Bill.

As discussed below, \$1.5 million will not be expended in 1971-72. As a result the effect of continuing the \$4 million into 1972-73 is to increase the amount available for allocation by \$1.5 million.

Savings in 1971-72 Not Reported in Budget.

We recommend that \$1.5 million of 1971-72 savings in the Medical Education Program be reported for 1971-72 and the funds be reappropriated to fund University budget deficiencies in 1972-73. One of the restrictions placed in the control language for Item 282.1 was the provision limiting \$2.5 million to expenditure only if full funding for county option program was not made in the Budget Act. Although the Budget Act did not make such a provision, subsequent approval of Medi-Cal reform legislation accomplished substantially the same purpose. On this basis the Director of Finance took action to freeze \$1.5 million of the \$4 million appropriation. In a letter dated August 26, 1971, to the University from the Director of Finance, he stated:

"Under MRP, the funding for the county option program is no longer an issue since indigents will be covered under the same conditions which apply to other Medi-Cal eligibles. Therefore, in keeping with the spirit and intent of the budget language, the state will recognize that the county option program was not fully funded at the level called for in Section 14150.1 of the Welfare and Institutions Code only for the period July 1, 1971, to September 30, 1971.

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Therefore, the total amount which may be charged to Item 282.1 under this provision shall be \$500,000. This amount provides one-fourth of \$2 million which would be equivalent to the scaled down \$2,500,000 in the original budget item. The remaining \$1,500,000 for this purpose is frozen and shall not be available for expenditure.”

Although the \$1.5 million is clearly frozen by the Department of Finance and will not be expended by the University, the 1972-73 budget reports the total \$4,022,230 as an expenditure in 1971-72. As a result the \$1.5 million in savings has not been counted in the General Fund surplus available for appropriation. Our recommendation would account for these savings and make an additional \$1.5 million available to fund University budget deficiencies without altering the General Fund surplus as reported in the budget.

Allocations to Sacramento and Orange Counties

The Sacramento County Board of Supervisors has signed an agreement whereby \$1.5 million will be paid to the county in recognition of the county's support of the hospital operating budget in 1971-72. This budget is intended to represent activity levels commensurate with the needs of the Medical School at Davis. The board of supervisors does not consider this an adequate level of support and has announced its intention to terminate on December 1, 1972, its agreement with the University for use of the medical center.

The balance of \$1.0 million has been allocated to the clinical medical program at Orange County Medical Center. It will likewise require the county to support activity levels at the county hospital which the University determines are necessary for the teaching program at the Irvine School of Medicine. Although the initial allocation to the county was refused by the board of supervisors it is our understanding that the \$1 million will subsequently be accepted.

The University has informed us that the division of this allocation between the counties was based on (1) the commitment of the Sacramento County Supervisors to support approximately \$5.0 million of operating costs at the Sacramento Medical Center, (2) number of clinical students at each school and (3) the total hospital budgets for the two counties.

The University intends to report to the Legislature and the Department of Finance, in accordance with the Budget Act language, in late January 1972.

Legislative Report on Elementary Schools

The Conference Committee on the 1971 Budget included language in response to our recommendation 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."

The request apparently has been more difficult to complete than had originally been anticipated by the University. We understand that work is still progressing on the report, but at the time this analysis was written the report had not been received.

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 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

| | 1971-72 | 1972-73 | Change | |
|---------------------|--------------|--------------|-----------|---------|
| | | | Amount | Percent |
| Total..... | \$41,963,812 | \$41,996,049 | +\$32,237 | 0.1% |
| General funds | 35,797,299 | 35,784,074 | -13,225 | — |

There is no substantive change in the 1972-73 budget over that approved in 1971-72. In last year's budget, the state appropriation was arbitrarily reduced by \$2.9 million. The Legislature restored the reduction but this was vetoed.

In our analysis we questioned this reduction but noted we had no way to evaluate the effects until the University determined what was to be specifically reduced. The 1971-72 reductions were allocated to the larger research units and we assume the least priority portions of each unit were reduced. Although some damage was done to existing research programs, we have no basis for measuring its effect. If additional funds are available, these could be allocated to research to lessen the effect of last year's substantial reduction.

Special Appropriations for Research (Items 286, 287, 288)

We recommend approval.

Included in the totals for organized research are three special research programs separately appropriated in the Budget Bill. Item 286 appropriates \$308,100 for research in the conversion of sea water and brackish water to fresh water, and Item 287 appropriates \$92,000 for research in dermatology. Item 288 appropriates \$100,000 from the California Water Fund to support a research program in mosquito control.

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The appropriations from the General Fund for sea water conversion and dermatology research were reduced by 8 percent in the 1971-72 budget. Although these reductions were restored by the Legislature they were subsequently vetoed. The 1972-73 budget continues these items at the 1971-72 reduced level of dollars.

As we have noted in the past, all of these items are lump-sum appropriations that are not normally 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.

6. LIBRARIES

Functional Description

Support for the current operations of the University's nine campus libraries as well as related college and school research branch and professional libraries is included in this budget function. The 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

| | 1971-72 | 1972-73 | Change | |
|---------------------|--------------|--------------|-----------|---------|
| | | | Amount | Percent |
| Total..... | \$26,556,633 | \$26,558,630 | + \$1,997 | — |
| General funds | 26,315,789 | 26,317,286 | + 1,497 | — |

With the exception of a provision for book price increases of \$400,000 or 5.6 percent included elsewhere in the University budget, there is essentially no change in the library budget over 1971-72. A total of \$26,558,630 is proposed for 1972-73 to be allocated as follows:

| | |
|----------------------------------|---------------------|
| Books—periodicals | \$7,087,349 |
| Binding costs | 1,388,268 |
| Acquisition and processing | 9,354,071 |
| Reference and circulation..... | 8,389,950 |
| Library automation..... | 336,995 |
| Unallocated..... | 1,997 |
| Total | \$26,558,630 |

Book Acquisitions

The \$7,087,349 available for books and periodicals will maintain the current acquisition level of 532,800 volumes per year. When related to numbers of students the volumes per student will increase from 112.7 in 1971-72 to 116.3 in 1972-73. This is because the estimated enrollment increase is only 1.2 percent over the level budgeted in 1971-72 compared to a volume acquisition level based on the larger enroll-

ment increases of prior year budgets.

Table 18 presents the seven-year trend of volumes per student which shows a consistent increase per student. Although the level of volume acquisitions remains constant, this trend is continued in the 1972-73 budget.

Each year there are substantial volume additions to the University libraries from gifts and purchase of special collections from endowments or other University funds and these are not included in the 1972-73 projections. For this reason it is likely the actual volumes per student in 1972-73 will exceed the amount shown in Table 18.

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

| | <i>FTE enrollment</i> ¹ | <i>Total volumes in collections</i> | <i>Volumes per student</i> |
|-----------------------------------|------------------------------------|-------------------------------------|----------------------------|
| 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 | 10,584,820 | 107.5 |
| 1970-71 ³ Actual ----- | 100,817 | 11,309,274 | 112.2 |
| 1971-72 Budgeted ----- | 106,059 | 11,954,365 | 112.7 |
| 1972-73 Proposed ----- | 107,346 | 12,487,165 | 116.3 |

¹ Three-quarter average enrollments.

² Corrected volume count.

³ Preliminary volume count.

Reduction in Library Hours

On the basis of inadequate staffing library operating hours at most of the University campuses were reduced beginning with the fall quarter. With the exception of the Los Angeles campus, where hours had been reduced in 1970 and Santa Barbara where enrollment pressures had not been as great as anticipated, all campuses made significant reduction. This is shown in Table 19 which lists weekly operating hours for each campus for the past three years.

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Table 19
 1971-72 Reduction in UC General Library Weekly Operating Hours
 During the Regular Academic Sessions
 1969-70—1971-72

| | 1969-70 | 1970-71 | 1971-72 | | |
|-----------------------------|---------|---------|----------------|-----------|---------|
| | | | Hours/ Week | Reduction | Percent |
| Berkeley | | | | | |
| Main library | 87 | 82 | 77 | 5 | -6.1 |
| Moffitt library | -- | 100 | 93 | 7 | -7.0 |
| Los Angeles ¹ | | | | | |
| University research library | 101.25 | 88.25 | 88.25 | -- | -- |
| Davis | 105 | 105 | 94 | 11 | -10.5 |
| Irvine | 96 | 96 | 86 | 10 | -10.4 |
| Riverside | 97 | 97 | 80.25 | 16.75 | -17.3 |
| San Diego | 92 | 92 | 82 | 10 | -10.9 |
| San Francisco | 93 | 93 | 82 | 11 | -11.8 |
| Santa Barbara | 103 | 103 | 103 | -- | -- |
| Santa Cruz | 99 | 99 | 82 | 17 | -17.2 |
| Average | 97 | 96 | 87 | 9 | -9.4 |

¹ College library open the same amount of hours as the university library.

The reduction in library hours results primarily from staffing deficiencies in the reference and circulation part of the library budget. As far as we can determine these deficiencies cannot be related directly to the library budget reduction included in 1971-72.

In last year's budget there was a \$758,000 reduction from the prior year's level but none of this was scheduled for the reference and circulation function. The reduction was reported to be for a \$182,000 reduction in book and binding expense and a \$576,000 reduction in acquisition and processing staff and related expense. As far as we can determine the actual reductions allocated by the University generally conformed to the approved 1971-72 budget. It should be noted that in most cases the hours reduced were the lowest use hours and for this reason some of the reductions may be supportable on a cost benefit basis. Regardless, we believe that as a general rule it is inappropriate to maintain a substantial investment in volumes without assuring adequate opportunity for use of the collections.

Reference and Circulation Workload Growth

We recommend an augmentation of \$550,000 for library workload in reference and circulation activities. Workload for the reference and circulation function has historically been related to numbers of students because they are the prime users of the service. Although there has been a two-year increase of 6,500 students or 6.5 percent no workload increase has been allowed.

In addition, there has been a recent increase in the rate of student use of the library and this would further expand workload needs. Book circulation at the undergraduate library at Berkeley increased 20 percent in fall 1971 over fall 1970 and numbers of students using the library increased 43 percent. Other campuses are experiencing increases in the rate of student usage and this apparently is a nationwide trend.

Another indication of workload need is the substantial reduction in library hours as discussed in the previous section.

The Legislature augmented the 1971-72 library budget by \$842,000. The conference committee language relating to this augmentation expressed intent that a portion of these funds was related to services necessary to restore library hour reduction. The augmentation was subsequently vetoed.

Our recommendation for a \$550,000 workload augmentation is made on the basis of a 6.5 percent increase for reference and circulation relating to the two-year increase in enrollment. It can be further justified based on increased student use and is consistent with last year's legislative intent.

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7a. 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.

Proposed Budget

| | 1971-72 | 1972-73 | Change | |
|---------------------|--------------|--------------|-------------|---------|
| | | | Amount | Percent |
| Total..... | \$19,243,136 | \$19,910,098 | + \$666,962 | 3.5 |
| General funds | — | — | — | — |

The proposed budget for the University extension is \$666,962 or 3.5 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.

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

| | FTE students | Percentage increase |
|---------------------------|--------------|---------------------|
| 1963-64 ----- | 14,500 | — |
| 1964-65 ----- | 16,288 | 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 ----- | 18,331 | -5.1 |
| 1971-72 (estimated) ----- | 19,524 | 6.5 |
| 1972-73 (proposed) ----- | 20,560 | 5.3 |

Extended University (Degrees for Part-time Study)

A special task force report on the "extended University" was presented to the regents in November and proposed a new program for degrees to part-time students.

The report proposed admitting to University of California anyone of college age or older who is academically qualified to study for a bachelor's or master's degree at his own pace. Studies would be undertaken on a University of California campus or in teaching centers located at sites throughout the state. While extended degree programs

may differ from those now offered at University of California, the task force report emphasizes that they must be comparable in quality to University standards.

Some of the more significant recommendations of the task force included:

1. The program should be open only to upper division students working toward a bachelor's degree and to graduate students studying for a master's degree.

2. Only those students capable of University work should be admitted, but new techniques should be developed to determine an applicant's academic potential.

3. Existing University curricula should be available to part-time students in the program, and new curricula should be designed, particularly for studies reflecting today's social, environmental and health needs.

4. Requirements for degrees in the new program should be at least as demanding as those for existing degrees.

5. University faculty must play a strong role in conceiving and implementing the programs, establishing standards, designing curriculum and supervising student evaluation.

6. Extended degree students should be counted as part of the University's faculty workload so that the program eventually would qualify for state support.

7. An extensive program of academic and nonacademic counseling should be provided.

The report recommended that the University should proceed on an experimental basis by starting small-scale pilot programs in fall 1972, expanding afterwards by careful assessment of experience.

Continuing Progress Reports Needed

We recommend that the University of California be directed to submit progress reports regarding implementation of the degree program for part-time students to the Joint Legislative Budget Committee on September 1 of each year.

We believe the proposal for extending services to part-time students has substantial fiscal implications which should be continually reviewed. We have some concern that clientele served by the University will be expanded during times when services to existing students have been reduced because of restricted financial resources. Not only is there a potential of expanded enrollments of currently authorized students but recommendation number 2 apparently implies changes in current master plan standards. In accordance with the master plan, University admission standards are established to enable enrollments to be drawn from the top 12.5 percent of high school graduates.

Because it is the future intent to qualify these students for state support, we believe the Legislature should be continually apprised of program planning, implementation and results of the pilot studies.

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Our recommendation would provide this mechanism.

The reports should include specific data related to admission standards, counting of enrollments, student fee structure, program funding and all other data necessary to evaluate the potential impact on state funding.

Concurrent Course Program at Davis

We recommend that the University be requested to prepare a special report on the Davis Concurrent Course Program, to be submitted to the Joint Legislative Budget Committee by October 1, 1972.

Most regular University of California at Davis courses—undergraduate and graduate—are open to the adult public on a space-available basis. Enrollment is made through University Extension and requires the consent of the course instructor. Class participation is the same as for regular University students, and credits are applicable towards a degree, when and if the concurrent student is admitted to the University.

Such a program clearly shows potential for more efficient utilization of existing staff and facilities resulting in reduced cost per student credit-hour. An additional advantage is the anticipated increased quality of extension credits resulting to the extension students.

Conversely, there are several questions regarding this program that appear to have substantial policy and fiscal implications which would justify legislative review.

Although these extension students would not be counted in the regular enrollments, they would generate the same workload requirements as regular students. It is true that the incremental cost of adding an extension student to a class is small, but in theory it should be no different than the incremental cost of adding a regular student to a class. We are concerned with the concept that a substantial number of FTE extension students can be absorbed into the regular program without the need for additional state funding. Can a similar number of regular students be absorbed at the same cost?

A regular student and a "full-time" extension student would be paying about the same amount of fees but the uses of these fees would vary considerably. The regular student would pay the Registration Fee, Education Fee and other campus fees and these would be allocated to laboratory costs, arts and lectures, student services, intercollegiate athletics, student aid and capital outlay. The fees of the extension student would be divided between University extension and the academic departments originating the courses. Because these funds are not currently budgeted in academic departments they would be for incremental purposes. Would this financial incentive encourage departmental policies to expand concurrent course enrollments?

There are other policy questions that should be considered. How do these students relate to the master plan agreement to admit from the

top 12.5 percent of the high school class? Will the University be admitting students normally anticipated under the master plan to attend state colleges or community colleges? Does the increase in class size result in the dilution of faculty instructional services available to regular students? Does this program provide a convenient way to allow a nonresident student to initiate his education on a half-time basis while establishing residency during the first year and not paying the nonresident tuition?

We are requesting a special report describing this program and to include (1) numbers of students, (2) fee structure, (3) distribution and use of revenue, (4) increased utilization of facilities, (5) effect on faculty time and effort, (6) and a discussion of other potential problems we have noted above.

7b. COOPERATIVE (AGRICULTURAL) EXTENSION

Functional Description

Cooperative extension of the University extends the knowledge and technology derived from research to improve economic well-being and the quality of life for all Californians. It is a cooperative endeavor between the University, boards of supervisors in 56 of California's counties, and the U.S. Department of Agriculture. Operating from three University campuses and 56 county offices in rural and urban areas, it provides problem-solving instruction and practical demonstration that focuses the educational process on the problems of the citizen.

Proposed Budget

| | 1971-72 | 1972-73 | Change | |
|---------------------|--------------|--------------|--------|---------|
| | | | Amount | Percent |
| Total..... | \$10,342,980 | \$10,342,980 | - | - |
| General funds | 7,867,922 | 7,867,922 | - | - |

State support funds of \$7,867,922 are budgeted in 1972-73, including agriculture publication, and no change from the 1971-72 authorized level is anticipated. Extension also receives funds from the federal and county governments and from private contributors.

Anticipated distribution of funds by major objectives is shown in Table 21.

**Table 21
Cooperative (Agricultural) Extension Program**

| Objective | 1971-72 Estimated |
|--|----------------------|
| I. To maintain California agriculture as a viable source of plentiful, high-quality food for consumers and as a major component of the state's economy | \$6,464,477 |
| II. To protect and improve our environment and renewable natural resources | 409,018 |
| III. To improve the quality of life for consumer, youth, and the economically and socially deprived | 2,982,957 |
| IV. To bring cohesiveness into community development | 169,593 |
| | <hr/> \$9,976,045 |

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7c. 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

| | 1971-72 | 1972-73 | Change | |
|---------------------|-------------|-------------|------------|---------|
| | | | Amount | Percent |
| Total..... | \$2,986,283 | \$3,035,272 | + \$48,989 | 1.6 |
| General funds | 119,215 | 119,215 | - | - |

The proposed budget increases \$48,989 over 1971-72 and is exclusively from restricted funds, mostly student registration fee income. There is no change in General Fund support. Table 22 shows the budgeted expenditures by type of program and source of funding.

State funds are allocated to only two categories of expenditure. One is a subsidy to Scripps Aquarium Museum at San Diego and the other is a subsidy for professional journals in law and business.

Table 22
Campus Public Service 1971-72 by Fund Source

| 1971-72 | General Fund | University Sources | Total |
|-------------------------------------|--------------|--------------------|-------------|
| Arts, lectures and conferences..... | -- | \$2,056,515 | \$2,056,515 |
| Public service—agriculture | -- | 101,000 | 101,000 |
| Professional publications | \$64,936 | 140,800 | 205,736 |
| Vocational education | -- | 152,271 | 152,271 |
| Museums and laboratories..... | 54,279 | 302,367 | 356,646 |
| Community service, other | -- | 114,115 | 114,115 |
| Totals | \$119,215 | \$2,867,068 | \$2,986,283 |

Noncompliance with Legislative Action

In last year's budget an arbitrary 8 percent reduction (\$9,913) was made to public service expenditures. At that time we noted that on the basis of rather substantial outside income to the professional journals in the form of subscription rates and the corresponding lack of this type of income at the Aquarium, it would be more appropriate to apply the entire reduction to the professional journals. We suggested that this loss of subsidy could be offset by increases in subscription

rates or reduction in the number of complementary copies to the faculty.

The Legislature concurred and took action to require the entire \$9,913 reduction to be made from the subsidy to the professional journals. The University ignored this and allocated the cut in accordance with the original budget.

Special Report

We recommend that the University prepare a special report on all regularly published professional school journals at the University and submit this to the Joint Legislative Budget Committee by October 1, 1972.

The University's noncompliance with the legislative action indicates the University places a higher priority on the professional school journal subsidy than we had assumed. On that basis we are proposing the University prepare a special report identifying all regularly published professional school journals with emphasis on those requiring subsidy. The report should include information such as subscription rates, number of copies published and circulated, publication costs and revenue, and comparisons with journals at other Universities. The report should be directed to the need for subsidy and all data and policies affecting this need should be included.

8. GENERAL ADMINISTRATION AND SERVICES

Functional Description

This function is a combination of the two previously separate functions of general administration and institutional services. Activities funded within these closely related functions include planning, policy-making and coordination within the office of the chancellor, president and the officers of the regents. Also included for funding are a wide variety of supporting activities such as police, accounting, payroll, personnel, materials management, publications and federal program administration, as well as self-supporting services such as telephones, storehouses, garages and equipment pools.

Proposed Budget

| | 1971-72 | 1972-73 | Change | |
|---------------------|--------------|--------------|------------|---------|
| | | | Amount | Percent |
| Total..... | \$41,917,641 | \$41,211,947 | -\$705,694 | -1.7 |
| General funds | 34,607,172 | 34,613,461 | +6,289 | - |

Lump Sum Formula

Again this year the budget uses as the performance criteria a ratio of general administration to total expenditures. Although this may be appropriate as an indicator, we have in the past been critical of its use as a budgeting formula, because it does not identify specific need.

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Using this concept, the 1972-73 budget shows a reduction over 1971-72 as follows:

| | <i>Ratio of administration and services expense to total budget*</i> |
|---------------------------|--|
| 1969-70 | 5.90 |
| 1970-71 | 6.48 |
| 1971-72 (estimated) | 6.44 |
| 1972-73 (proposed) | 6.24 |

Alternate Method for Budgeting

The Conference Committee on the 1969 Budget was concerned with this type of formula 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 the function by its components and develop activity indicators for each to evaluate workload growth. We supported the second alternative and encouraged the University to continue work on the new method.

The University has submitted to us a report showing 13 components of administration and proposing activity indicators for the groupings. These components and the related General Fund dollars are shown in Table 23.

Table 23
General Administration and Institutional Services

| | <i>General Fund Expenditures</i> | | |
|---|----------------------------------|---------------------------|--|
| | <i>Budget 1970-71</i> | <i>Budget 1971-72</i> | <i>Governor's Budget 1972-73</i> |
| Executive administration | \$11,873,620 | \$12,115,679 | \$12,115,679 |
| Environmental health and safety | 1,108,357 | 1,083,731 | 1,083,731 |
| University relations | 1,467,971 | 1,493,020 | 1,493,020 |
| Materials management | 2,841,548 | 2,855,829 | 2,855,829 |
| Personnel operations | 1,956,001 | 2,039,898 | 2,039,898 |
| Fiscal operations | 6,524,118 | 6,873,383 | 6,873,383 |
| Contracts and grants administration | 75,745 | 40,999 | 40,999 |
| Police services | 2,992,559 | 3,089,139 | 3,089,139 |
| Physical planning | 439,286 | 474,602 | 474,602 |
| Communications and reproduction | 1,742,756 | 1,589,238 | 1,589,238 |
| Information systems—ADP development | 1,071,653 | 872,442 | 872,442 |
| Insurance premiums ¹ | 659,810 | 1,014,810 | 1,014,810 |
| Other miscellaneous ² | 1,520,001 | 1,064,402 | 1,070,691 |
| Total Expenditures | \$34,273,425 | \$34,607,172 | \$34,613,461 |
| Total FTE | 3,110.37 | 3,048.10 | 3,054.00 |

¹ In 1972-73 \$355,000 will be added from price increase.

² Includes academic senate budgets, salary merit provisions unallocated in July and Universitywide coordination of Equal Opportunity Employment, Affirmative Action, campus computer systems and hospital business systems.

Activity Indicators Are Too Broad

Although we believe the division of the total function into 13 groups is an appropriate one and should be continued, we are unable to endorse the use of the suggested activity indicators as a projection of need. The proposed indicators are:

1. Executive administration—Percent of total University expenditures
2. Environmental health and safety—Campus population per staff
3. University relations—Campus population per staff
4. Materials management—Dollar value of purchases per staff
5. Personnel operations—Total FTE staff and general assistance (budgeted and nonbudgeted positions) per personnel staff
6. Fiscal operations—Total University expenditures per staff
7. Contracts and grants administration—Value of federal contracts and grants per staff
8. Police services—Campus population per staff
9. Physical planning—Outside gross square feet per staff
10. Communications and reproduction—Campus population per staff
11. Miscellaneous—Percent of total University expenditures

We believe most of these indicators are too broad and do not allow a reasonable projection of need. For example, almost 60 percent of the administration expenditures are still measured against total University expenditures. Some of the other indicators are more specific but most of these also preclude a real analysis of need. For example, physical planning is proposed to be measured to outside gross square feet but workload needs for physical planning relate more to new square footage that will be added three to five years beyond the budget. In addition, the major portion of the physical planning personnel needs are funded from the individual projects. Because administration activities have not received any significant increase for the past several years, we suspect some increase might be warranted but we have been unable to identify or measure this potential reliably.

University of California—Continued**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 1971-72 analysis, 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.

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.

Current Year Developments

A number of developments in the current year will have a significant bearing on the future of the electronic computing program within the University. These include:

1. The drafting of a long-range master plan for University computing which is being developed by the office of the president with cooperation from the campus chancellors. The first draft of the plan has been released and a second draft is expected in the spring of 1972.

2. The submission of a proposal to the National Science Foundation requesting funds for development of a data communication network. This network is to be modeled after a network which has been developed by the Advanced Research Project Agency of the Department of Defense (the ARPA Net).

The ARPA Net is intended to interconnect computers from various vendors together using electronic devices which will permit compatibility and data exchange among various computers.

3. The January 3, 1972, computing equipment inventory, prepared by the office of the vice president—business and finance, indicates a reduction in the annual cost of all computers from \$9,144,000 to \$8,503,000. Similarly, we understand that there will be a reduction in the number of personnel supporting computing activities by approximately 20 percent. It should be noted however that the number of computers is not declining because of the introduction of the new mini computers.

4. We are informed that the Department of Finance audits division has completed a study of University computing but the report has not been released. We understand that the findings coincide with our observations contained in the *Analysis of the Budget Bill, 1970-71* regarding the proliferation of computers, the need to establish better long-range planning, and the requirement for improved control, coordination, and utilization. Such a program should also provide more adequate computer support within a given expenditure level.

5. The funding problems associated with campus computing are graphically illustrated by a situation which is developing at UCLA. A long-term monthly subsidy of \$75,000 from IBM will expire on April 1972 and a National Science Foundation grant will expire in June 1972. This will result in a combined loss of revenue for operation of the large scale IBM 360/91 of \$1 million per year which places the future of that computer center in serious jeopardy. It should also be noted that U.C. Berkeley is releasing a CDC 6400 and an IBM 360/40.

We will continue to monitor the events surrounding University computing, particularly the funding problems at UCLA. It appears to us that this is a time for a concerted action to stabilize this program.

University of California—Continued

9. 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

| | 1971-72 | 1972-73 | Change | |
|---------------------|--------------|--------------|----------|---------|
| | | | Amount | Percent |
| Total..... | \$34,580,539 | \$34,582,021 | +\$1,482 | - |
| General funds | 34,518,757 | 34,520,201 | +1,444 | - |

Other than a minor change of \$1,482 the budget includes no increase for workload over that authorized in 1971-72. Under the provisions for allocation section of this budget \$1.2 million is included in the price increase portion for rate increases and contract cost increases for utilities and refuse disposal. Of this \$1.2 million, \$1.1 million will be allocated to utilities.

Workload Increases

We recommend an augmentation of \$500,000 for workload growth. In last year's analysis we recommended an augmentation of \$1 million for maintenance and operation of plant workload and the Legislature concurred. The Governor reduced that augmentation leaving \$500,000 for workload. We had noted last year that although prior budgets had not provided for normal workload increases, our recommendation for a \$1 million augmentation was based solely on workload increases over 1970-71.

Again this year our recommendation for an augmentation of \$500,000 is based solely on anticipated workload increases over the final 1971-72 budget. Our analysis of workload need is based on two separate methods of measuring workload growth, both of which produce similar results.

An historic measurement is total dollars spent related to growth in outside gross square feet. Table 24 shows this growth from 1966-67 through 1972-73. The rate of increase has been declining each year reflecting a lesser rate of new construction. For this reason the change from 1971-72 is only 1.5 percent. If the same increase were provided to the budget, an augmentation in excess of \$500,000 would be required.

Table 24
Outside Gross Square Feet 1966-67 to 1972-73

| <i>Year</i> | <i>Total outside gross square feet</i> | <i>Year-to-year percent increase</i> |
|---------------------|--|--------------------------------------|
| 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 | 29,099,000 | 5.1 |
| 1971-72 (estimated) | 30,247,000 | 3.9 |
| 1972-73 (proposed) | 30,708,000 | 1.5 |

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 in the price increase allotment. These indicators are as follows:

- Custodial—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 1972-73 at the same level as authorized in the 1971-72 budget would require an augmentation of about \$450,000. Rather than fund these increases in workload, the budget proposes that they be absorbed by existing staff.

We do not believe it is reasonable to require that workload continue to be absorbed by a staff that has been substantially reduced in prior year budgets. For instance, in 1970-71 the janitorial budget was reduced by \$1 million and this has never been restored. This budget would require that the custodial workload increase be absorbed.

Of even greater need is the building maintenance element. Each year a state appropriation is provided for the deferred maintenance program to reduce the \$5 million backlog and although the backlog has not grown larger neither has it been reduced. This indicates the budgeted level is not adequate to maintain existing workload requirements.

Deferred Maintenance Backlog (Item 284)

We recommend approval as budgeted. Included as a separate Budget Act appropriation is a \$500,000 state appropriation to assist in lowering the substantial backlog of \$5.1 million in deferred maintenance. The Budget Act item also includes language requiring equal matching by the regents from nonstate funds.

Beginning in our analysis of the 1967-68 budget we called attention to a \$3 million deferred maintenance backlog. Our augmentation of \$1.2 million was approved but subsequently vetoed. In 1968-69 we again called for an augmentation of \$1.2 million and noted that the backlog had increased to \$4.2 million. Our augmentation was again approved by the Legislature and again vetoed.

University of California—Continued

Beginning in November 1968 and each year since, the University in response to a request from the Conference Committee on the Budget has submitted a detailed list of the deferred maintenance backlog. Based on the initial report of 1968, which showed a backlog of \$5.3 million, this item was included in the Budget Act and has been approved each year since then.

As a result, the growth of the backlog has been stabilized and had it not been for deficiencies in the building maintenance budget, which we discussed previously, the backlog would have apparently diminished. Table 25 lists the backlog by campus for the four years these reports have been submitted. Although there is considerable variation from campus to campus, the total appears to be stable. It is important to note that the backlog at Berkeley has been substantially reduced from the level originally reported.

Table 25
Deferred Maintenance Backlog by Campus 1968 Through 1971

| <i>Campus</i> | <i>1968</i> | <i>1969</i> | <i>1970</i> | <i>1971</i> |
|------------------------------|--------------------|--------------------|--------------------|--------------------|
| Berkeley ----- | \$2,964,390 | \$2,073,000 | \$1,372,052 | \$1,748,950 |
| Davis ----- | 924,420 | 1,442,885 | 1,830,428 | 828,000 |
| Irvine ----- | 5,000 | - | - | - |
| Los Angeles ----- | 825,350 | 776,622 | 671,719 | 1,348,234 |
| Riverside ----- | 37,100 | 43,250 | 35,262 | 129,988 |
| San Diego ----- | 238,600 | 301,300 | 145,361 | 157,629 |
| San Francisco ----- | 63,333 | 46,833 | 111,770 | 185,700 |
| Santa Barbara ----- | 273,663 | 334,700 | 752,148 | 581,631 |
| Santa Cruz ----- | 9,000 | 15,700 | 41,500 | - |
| Richmond Field Station ----- | - | 194,359 | 70,197 | 156,028 |
| Total ----- | \$5,313,856 | \$5,274,649 | \$5,030,438 | \$5,136,160 |

10. STUDENT SERVICES

Functional Description

A variety of programs are included within this budget function and they 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

| | <i>1971-72</i> | <i>1972-73</i> | <i>Amount</i> | <i>Change</i> <i>Percent</i> |
|---------------------|----------------|----------------|---------------|---------------------------------|
| Total..... | \$26,838,713 | \$30,206,162 | + \$3,367,449 | + 12.5 |
| General funds | 7,147,054 | 7,188,306 | + 41,252 | + 0.6 |

Of the increase only \$41,252 represents University general funds primarily from application fees. The remaining \$3,326,197 increase is from University restricted funds consisting of \$3 million from the educational fee (tuition), \$296,814 from registration fees and \$29,383 from miscellaneous sources.

State funds included in the budget are allocated to those areas shown in Table 26.

Table 26
General Fund Student Services Expenditures 1970-71 to 1972-73
(dollars in thousands)

| | 1970-71 <i>Budgeted</i> | 1971-72 <i>Budgeted</i> | 1972-73 <i>Estimated</i> |
|------------------------------------|----------------------------|----------------------------|-----------------------------|
| Registrar ----- | \$2,584 | \$2,741 | \$2,741 |
| Admissions ----- | 1,732 | 1,831 | 1,872 |
| Dean of students ----- | 1,553 | 1,583 | 1,583 |
| Financial aid administration ----- | 544 | 556 | 556 |
| Public ceremonies ----- | 140 | 134 | 134 |
| Miscellaneous ----- | 323 | 302 | 302 |
| Totals ----- | \$6,876 | \$7,147 | \$7,188 |

The General Fund increase of \$41,252 or 0.5 percent appears to be too small when compared to an enrollment increase of 1.2 percent, but we have noted in the past that this type of comparison does not account for economies of scale. In addition the major enrollment increase this year is in the health science field and these students require less services. Of the total enrollment increase of 1,287 students, 177 are interns and residents and 274 are graduate academic and professional students in health science. These students should not generate the same demand for services as those on the general campus. We believe the budgeted increase maintains workload.

Use of Tuition to Replace Registration Fee

As a new policy in 1972-73, the regents have allocated \$3 million of the educational fee (tuition) for use in student services. These funds are earmarked for "counseling and advising services for students" which historically has been funded from the registration fee. The University reported that . . .

"it is intended, utilizing a \$3 million allocation for counseling and advising services for students, that the chancellors will be directed to use this additional support in reassessing and improving the counseling and advising services. It is anticipated, furthermore, that this addition \$3 million will also relieve demands and cost requirements for other services, thus assuring that the University registration fee will not have to be raised in 1972-73."

It is interesting to note that the effect of this policy is the same as if tuition were reduced by 8.9 percent and the registration fee increased by 9.3 percent.

University of California—Continued

11. STAFF BENEFITS

Functional Description

Staff benefits consist of the employer's share of various retirement programs, state compensation insurance and contributions toward a payment of employee's group health insurance. Funds requested for the various fringe benefit programs relate to present membership and obligations.

Proposed Budget

| | 1970-71 | 1972-73 | Change | |
|---------------------|--------------|--------------|------------|---------|
| | | | Amount | Percent |
| Total..... | \$30,656,517 | \$30,099,517 | -\$557,000 | -1.8 |
| General funds | 30,610,517 | 30,053,517 | -557,000 | -1.8 |

Funds budgeted for staff benefits include an increase of \$61,000 related to the new faculty and related staff for instruction. There is also a reduction of approximately \$618,000 for benefits previously paid from General Funds for research projects funded from other sources. Table 27 shows the 1972-73 allocations for the various types of benefits and the net change over last year's budget.

Table 27
Proposed Total Staff Benefits for 1972-73
State Funds

| Proposed total expenditures for staff benefits include the following programs: | 1972-73 | Budget request increase | |
|--|--------------|-------------------------|---------|
| | | Amount | Percent |
| Retirement systems | | | |
| University of California retirement system | \$18,762,500 | -\$348,800 | -1.8 |
| Public Employees' Retirement System.. | 3,286,000 | -61,100 | -1.9 |
| O.A.S.D.I. | 682,500 | -12,700 | -1.8 |
| Other (including faculty annuities) | 3,205,900 | -57,700 | -1.8 |
| Total retirement systems | \$25,936,900 | -\$480,300 | -1.8 |
| Other staff benefits | | | |
| Health insurance | 3,116,900 | -55,900 | -1.8 |
| State compensation insurance | 999,700 | -22,500 | -2.0 |
| Total other staff benefits | 4,116,600 | -78,400 | -1.9 |
| Total staff benefits—workload | \$30,053,500 | -\$558,700 | -1.8 |

General Fund Charges Reduced

The reduction of \$618,000 for staff benefits resulted from recommendations contained in a Department of Finance audit. The audit found that the General Fund was being charged staff benefits for

research positions whose salary was charged to other funds such as endowment funds, foundation grants, commercial grants, etc. The University has apparently concurred with the suggestion and agreed to reflect this reduction in the budget. The result was to free \$618,000 of General Funds for reallocation. This provided for 29 faculty positions, instructional support and related staff benefits.

Employee Health Insurance

We recommend an augmentation of \$520,000 to provide employer contributions for health insurance of \$14 monthly.

Section 22825 of the Government Code authorizes a monthly employer contribution of \$14 in 1972-73 for all state employees participating in an approved group health plan. The \$14 contribution is an increase of \$2 over the 1971-72 contribution. Although the University does not formally participate under the state plan, University employees are provided plans similar to state employees.

As a matter of policy, prior state appropriations to the University have authorized the same level of funding as provided other state employees. This policy was clarified in Assembly Concurrently Resolution No. 200 (Resolution Chapter 262, 1970 session) where the Legislature requested the regents to meet a 1970-71 increase from University funds with the understanding that "it is the intention of the Legislature to meet the future cost of employer contributions for the University from the General Fund."

The 1972-73 budget provides funds only for a \$12 contribution to University employees while all other employees will be granted \$14 under the law. Our recommendation would maintain equality between all employees and is in accord with legislative intent.

Unemployment Insurance not Funded

We recommend special legislative consideration of the decision to not provide for estimated unemployment insurance claims in the budget.

This review should ascertain (a) whether the \$2.8 million estimate of the University is reasonable, (b) if so, why is it not properly budgeted and (c) where are the funds to pay these claims?

Under federal and state legislation University personnel will be covered for State Unemployment Compensation beginning January 1972.

Except as noted, all University employees will be covered and exclusions because of length of service or part-time appointment are not permitted. However, certain specific classes will not be covered—students, interns, employees performing "agricultural labor," and certain trainees supported by federal, state or local government funds.

Unemployment insurance replaces, in part, wages lost if an individual becomes involuntarily unemployed (e.g., through layoff, dismissal, release or compulsory retirement). Benefits range from \$25 to \$65

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depending on earnings and are payable for up to 26 weeks (39 weeks during periods of high unemployment). Because the law requires an initial minimum period of coverage, the first claims are not expected until August 1972.

Based on separation experience in 1971, the University is estimating claims in 1972-73 of \$2.6 million and \$4 million in 1973-74 using a self-insurance option. In addition, \$200,000 in administrative costs would be required in both years. We believe the University estimate should be reevaluated because it is based on over 4,000 claims annually which appears to be excessive.

It is our understanding that on a policy basis no state agency budgeted funds for estimated claims in 1972-73 and this policy was also applied to the University. We believe the failure to budget identifiable expenditure needs is bad budget policy. Regardless if the University estimate is correct, the 1972-73 budget is \$2.8 million underfunded.

It is unclear whether the Department of Finance intends to fund these costs through deficiency appropriations or by requiring the University to absorb these costs within the existing appropriation. If the latter then the budget is not an accurate reflection of the proposed fiscal plan.

12. 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

| | <i>1971-72</i> | <i>1972-73</i> | <i>Change</i> |
|---|---------------------|--------------------|----------------------|
| General Funds | | | |
| Price increase ----- | \$1,153,076 | \$4,853,442 | +\$3,700,366 |
| Merits and promotions ----- | 1,292,761 | 7,980,761 | +6,688,000 |
| Budgetary savings ----- | -9,400,000 | -9,400,000 | -- |
| Other ----- | 51,477 | 51,477 | -- |
| Totals—General Funds ----- | -\$6,902,686 | \$3,485,680 | +\$10,388,366 |
| Restricted Funds | | | |
| Endowment income—unallocated ----- | 1,642,733 | 1,851,358 | +208,625 |
| Student activities and debt service ----- | 3,200,820 | 3,179,598 | -21,222 |
| Student loan collection ----- | 265,000 | 410,000 | +145,000 |
| Other UC funds ----- | 139,246 | 178,246 | +39,000 |
| Total Provisions for Allocations ----- | -\$1,654,887 | \$9,104,882 | +\$10,759,769 |

Price Increase

The increase of \$3,700,366 for price increases is comprised of three items.

| | |
|------------------------------------|-------------|
| General price increase | \$1,750,366 |
| Library books | 400,000 |
| Utilities and refuse disposal..... | 1,200,000 |

The general price increase is computed in accordance with the Department of Finance price letter. The increase for library books is based on a 5.6 percent change and the increase for utilities and refuse disposal is based on fix rate and contract increase as well as increased usage.

Merit Increase

Merit increase provisions for 1972-73 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 5 percent merit increase each year to about 50 percent of the academic employees and 40 percent of the nonacademic employees. This policy requires \$6,688,000 from the state.

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 occur, 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 1972-73 Governor's Budget uses a rate of 2.4 percent of general funds which is about the same as last year's percentage. The budgeted savings level is \$9,400,000 in 1972-73.

Excess Savings Realized

The University savings target of 2.4 percent has been reduced from the 3.3 percent used in 1970-71 and before. This was done under the assumption that the general budget reductions of recent years would make it more difficult to anticipate the same savings experience.

Excess savings are those savings made beyond the savings target anticipated in the budget.

Actual 1970-71 experience shows the University met its 3.3 percent

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requiemment (\$11.2 million) and saved an additional \$3.8 million. This was a substantial change from the prior trend as shown in Table 28. Also shown is the amount of savings reallocated by the University to other uses.

Table 28
Disposition of Excess Savings 1967-68 to 1970-71

| | <i>Excess Savings</i> | <i>Reallocated</i> | <i>Returned to State</i> |
|---------------|-----------------------|--------------------|--------------------------|
| 1967-68 ----- | \$3,683,137 | \$1,778,280 | \$1,904,857 |
| 1968-69 ----- | 2,503,398 | 2,791,779 | —288,381 |
| 1969-70 ----- | 1,074,300 | 1,588,300 | —514,000 |
| 1970-71 ----- | 3,810,700 | 3,237,700 | 573,000 |

Reallocation of Excess Saving

Based on direction from the Conference Committee on the 1970-71 Budget, the University submits annual reports listing those nonbudget items financed from excess savings. This report was designed to audit the University use of these funds to assure policies were not established that were contrary to previous decisions. The report submitted for 1970-71 shows that \$3,237,700 was reallocated to other purposes.

Summary of Transfers from Excess Savings 1970-71

| | |
|--|--------------------|
| 1. Funding of an annual reserve for University fire and extended risk self-insurance. | \$400,000 |
| 2. 1970-71 increase in liability, property and extended risk insurance premiums. | 366,100 |
| 3. Fire and explosion damage in excess of self-insurance premiums. | 300,000 |
| 4. Shortfall in University General Fund income. | 873,700 |
| 5. Staff benefits deficit. | 318,000 |
| 6. Overdrafts in campus police budgets. | 307,500 |
| 7. Bankhead-Jones federal funds cutback. | 166,000 |
| 8. Los Angeles dental clinic teaching support deficit. | 239,000 |
| 9. Irvine computer center deficit—instructional use..... | 157,000 |
| 10. Deficiencies in administrative budgets. | 59,200 |
| 11. Minor physical repairs and alterations..... | 29,000 |
| 12. Writeoff of uncollectibles and collections costs..... | 22,200 |
| Total | \$3,237,700 |

Our review of these allocations again raises questions regarding the University decisions. Item numbers 7, 8 and 9 were additional expenditures for purposes previously reviewed in the budgetary process and denied. Use of state funds to replace a cutback in federal funds previously granted for enrichment does not appear to be in accord with our understanding of how these funds are to be used. Additional funds for the dental clinic subsidy and for instructional use of computers were increases in levels of authorized programs.

13. SPECIAL REGENTS' PROGRAM

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

| | 1971-72 | 1972-73 | Change | |
|---------------------|--------------|--------------|------------|---------|
| | | | Amount | Percent |
| Total..... | \$16,289,340 | \$16,336,000 | + \$46,660 | +0.3 |
| General funds | - | - | - | - |

A complete report on the proposed uses of these funds is shown on page 192 of the Governor's Budget and is not repeated here. In summary \$11.3 million is allocated to student aid, \$3.7 million to educational enrichment and \$1.3 million to miscellaneous items.

The report for 1970-71 expenditures includes \$2.8 million expended for urgent needs. Although not detailed a good portion is for items normally funded from state funds such as teaching equipment, police, etc., that were not included in the budget.

14. 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

| | 1971-72 | 1972-73 | Change | |
|---------------------|--------------|--------------|---------------|---------|
| | | | Amount | Percent |
| Total | \$45,888,226 | \$49,887,111 | + \$3,998,885 | +8.7 |
| General funds | - | - | - | - |

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

15. 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

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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

| | 1971-72 | 1972-73 | Amount | Increase Percent |
|---------------------|-------------|-------------|--------------|---------------------|
| Total..... | \$6,276,004 | \$7,932,282 | +\$1,656,278 | +26.4 |
| General funds | - | - | - | - |

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 included as extramural funds.

Supplemental information printed in the budget identifies a total of \$66,194,000 for student aid in 1972-73 for an increase of \$3,256,000 or 5.1 percent over estimated 1971-72 funds. Of total funds available, \$4.5 million is state funds granted from programs administered by the State Scholarship and Loan Commission. Also included is \$1.8 million nonresident tuition waivers which are in effect subsidized by state funds. The regents allocate \$11.3 million of the University share of overhead from federal grants and contracts. Student fees allocated to financial aid include \$4.5 million in registration fees and \$1.6 million from the educational fee (tuition).

Expenditures for 1970-71

Based on data reported to the regents in November 1971, financial aid expenditures for 1970-71 totaled \$48.1 million. A total of 32,867 students received aid or more than 31 percent of the enrollment. Aid was granted to 42.5 percent of all graduate students as compared to 26.4 percent of undergraduate students. In addition, aid per student was greater for graduates (\$1,995) than undergraduates (\$1,099). This is displayed in Table 29.

Table 29
Financial Aid Expenditures 1970-71

| | Undergraduate | Graduate | Totals |
|---|---------------|--------------|--------------|
| Financial aid amount | \$21,391,000 | \$26,743,000 | \$48,134,000 |
| Net unduplicated number of recipients... | 19,461 | 13,406 | 32,867 |
| Average award amount | \$1,099 | \$1,995 | \$1,464 |
| Total enrollment (headcount) | 73,814 | 31,521 | 105,335 |
| Percentage of enrollment receiving aid... | 26.4% | 42.5% | 31.2% |

Unused Student Aid Funds Totaled \$7.4 million.

At the end of the 1970-71 fiscal year, the University reported unspent student aid fund balances of \$7.4 million. Although some year-end balance is normally expected, the magnitude of unexpended balances is greater than can be attributed to routine management

controls. These balances were comprised of federal funds of \$3 million and University funds of \$4.3 million. The specific fund balances are shown in Table 30.

Table 30
Student Aid Fund Balances as of June 30, 1971

| | |
|--|--------------------|
| Federal Programs | |
| National defense student loan ----- | \$2,209,897 |
| Health professions student loan ----- | 387,269 |
| Nursing student loan ----- | 35,143 |
| Health professions student grants ----- | 6,631 |
| Nursing student grants ----- | 23,545 |
| Educational opportunity grants ----- | 74,502 |
| College work-study ----- | 285,096 |
| University Programs | |
| University Grant-in-Aid Programs: | |
| University opportunity fund ----- | 54,612 |
| Registration fee ----- | 1,550,994 |
| The Regents Loan Fund ----- | 645,079 |
| Alumni scholarship program ----- | 5,558 |
| Matching scholarship program newer campuses ----- | 27,651 |
| President scholarship program ----- | 19,087 |
| Community college scholarship program ----- | 8,402 |
| Regents scholarship program ----- | 9,229 |
| President's work-study ----- | 448,383 |
| Income from endowment scholarship and fellowship funds ----- | 1,568,366 |
| Total ----- | \$7,359,444 |

Unmet Need Estimated to be \$3.9 million.

In the same report the University noted that a calculation of the unmet need of students who had applied for aid at the University was \$3.9 million. When this is compared with the \$7.4 million of unspent funds it would appear to indicate that this need was not met for some other reason than a shortage of funds.

It should be noted that the unmet need amount of \$3.9 million is not necessarily a measurement of the total financial aid funds needed. It appears reasonable to assume that many potential students did not apply for admission solely because of the lack of financial resources. If this type of need were measurable, on the basis of past experience, we would question whether an increase to the current University student aid program would actually reach these potential students.

Current Status of EOP Program

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 pro-

University of California—Continued

vided 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 and a total of 5,221 students enrolled in 1970-71.

Students admitted to the University of California through the program are considered for financial assistance on the basis of need. Many students receive funds to cover student fees, books, housing, food, incidental and personal expenses they and their families are unable to meet. Financial aid comprises a combination of grant, loan, and sometimes work/study, depending on the need of the student.

Of the 5,221 students registered in the Educational Opportunity Program during 1970-71, all but 458 received financial aid. A total of \$8,850,000 was made available to these students for financial aid, the average award being \$1,858. Forty-seven percent (\$4,170,000) was funded from federal sources in the form of loans, educational opportunity grants, and work-study aid. Fifty-three percent (\$4,680,000) was funded from University resources, including University registration fee funds, University opportunity fund appropriations, and endowment income in the form of scholarships, grants-in-aid, and loans.

The total cost of the program in 1970-71 including administration was \$10,239,000 or approximately \$1,961 per student. These costs per student are shown in Table 31 by campuses and category of aid.

Table 31
University of California
Administrative Expenditures and Student Financial Aid Undergraduate Educational Opportunity Program, 1970-71
Cost per student

| <i>Campus</i> | <i>Total cost per student</i> | | <i>Administrative cost*</i> | | <i>Scholarships</i> | | <i>Grants</i> | | <i>Loans</i> | | <i>Work study</i> | | <i>Educational fee deferments</i> | |
|--------------------|-------------------------------|------------------|-----------------------------|------------------|-------------------------|------------------|-------------------------|------------------|-------------------------|------------------|-------------------------|------------------|-----------------------------------|------------------|
| | <i>Cost per/std.</i> | <i>No. stds.</i> | <i>Cost per/std.</i> | <i>No. stds.</i> | <i>Average amt/std.</i> | <i>No. stds.</i> |
| Berkeley..... | \$1,860.00 | 1,550 | \$340.00 | 1,550 | \$729.00 | 56 | \$1,402.00 | 1,117 | \$605.00 | 875 | \$731.00 | 267 | \$136.00 | 1,225 |
| Davis..... | 2,306.00 | 464 | 350.00 | 464 | 695.00 | 8 | 2,067.00 | 403 | 379.00 | 10 | 589.00 | 23 | 138.00 | 376 |
| Irvine..... | 2,023.00 | 252 | 431.00 | 252 | 349.00 | 22 | 1,386.00 | 210 | 688.00 | 62 | 421.00 | 84 | 136.00 | 180 |
| Los Angeles..... | 1,888.00 | 1,444 | 264.00 | 1,444 | 488.00 | 56 | 1,033.00 | 1,288 | 618.00 | 1,039 | 703.00 | 326 | 132.00 | 1,194 |
| Riverside..... | 1,461.00 | 233 | 374.00 | 233 | 525.00 | 8 | 1,749.00 | 214 | 545.00 | 116 | 385.00 | 70 | 135.00 | 190 |
| San Diego..... | 1,767.00 | 434 | 289.00 | 434 | 378.00 | 10 | 1,089.00 | 367 | 588.00 | 128 | 660.00 | 187 | 133.00 | 290 |
| Santa Barbara..... | 2,099.00 | 642 | 221.00 | 642 | 234.00 | 25 | 1,146.00 | 589 | 486.00 | 497 | 902.00 | 236 | 133.00 | 518 |
| Santa Cruz..... | 1,752.00 | 202 | 203.00 | 202 | 862.00 | 47 | 1,115.00 | 134 | 508.00 | 98 | 889.00 | 60 | 144.00 | 136 |

* Includes tutoring and counseling.

University of California—Continued

Budget Estimates for EOP Lacking

Again this year we have been unable to determine the estimated amount of funds available to the University for EOP students in 1972-73 or the numbers of students anticipated. It is our understanding that student aid funds are not earmarked by the University for EOP students and these students draw on the normal supply of student aid funds available to the University, estimated to be \$66.2 million in 1972-73. We believe the University should attempt to estimate funds available to this program in future budgets. Without this type of information, we are unable to assess funding needs or relate the budget to actual experience.

**University of California
NEUROPSYCHIATRIC INSTITUTES**

Item 289 from the General
Fund

Budget p. 194 Program p. 1091

| | |
|-----------------------------------|----------------|
| Requested 1972-73..... | \$12,305,684 |
| Estimated 1971-72 | — ¹ |
| Actual 1970-71 | — ¹ |
| Total recommended reduction | None |

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Funding Level. Recommend approval be withheld pending resolution of appropriate funding level. 1025

¹ The 1970-71 and 1971-72 amounts are reported in the budget for the Department of Mental Hygiene. Because of different methods of reporting funds, 1972-73 comparisons with prior years would not be appropriate.

NEUROPSYCHIATRIC INSTITUTES

GENERAL PROGRAM STATEMENT

For 1972-73 the two neuropsychiatric institutes, Langley-Porter, located in San Francisco and the Neuropsychiatric Institute, located on the campus of the University of California at Los Angeles Medical School have been incorporated into the University of California budget. The two institutes are currently administered by the Department of Mental Hygiene although both traditionally operated in cooperation with the University of California.

The institutes (1) research causes and cures for mental illness and mental retardation, (2) provide training in psychiatry, psychology, social work, mental health nursing and nursing in related mental health fields and (3) operate training clinics which provide diagnosis, care and treatment of patients.

ANALYSIS AND RECOMMENDATIONS

Under the Governor's Reorganization Plan No. 1 of 1970, and the provisions of Chapter 1434, Statutes of 1970, the two neuropsychiatric institutes will be transferred to the University of California on July 1, 1972 and this is reflected in the 1972-73 budget. The task force for the proposed Department of Health felt that the neuropsychiatric institutes were performing predominantly university functions and recommended their transfer to the university with the reorganization plan.

The budget as printed is intended to maintain the same program level as approved in the 1971-72 authorized budget. There are no position changes proposed. The total program level anticipated in the 1972-73 budget is \$14,761,825 of which \$12,305,684 will be appropriated from the General Fund and \$2,456,141 will be classified as restricted funds controlled by the university.

Transfer May Not be Approved by the Regents

We recommend that approval be withheld pending resolution of the appropriate funding level.

The university administration believes the dollars shown in the budget are inadequate to maintain the current program and are requesting about \$2.4 million more than shown. If not augmented, there is a possibility that the regents would not accept the transfer of the institutes.

We also understand that the Department of Finance, while disagreeing with the total request of the university, may agree that some increase is necessary. As of this writing negotiation between the university and Department of Finance is still in progress and this may eventually result in an augmentation recommendation.

We agree that the proposed budget is inadequate to maintain the current level of program and that some adjustment should be made.

Because the regents have not approved the transfer of these institutes, we believe it is not reasonable to appropriate funds for that purpose without agreement that the transfer will take place. Conversely, we see no major advantage in transferring these institutes if a substantial increase in state costs will result. For these reasons we are withholding recommendation on this item with the hope that a reasonable compromise will result.

**University of California
HASTINGS COLLEGE OF LAW**

Item 290 from the General

Fund

Budget p. 197 Program p. 1111

| | |
|---|-------------|
| Requested 1972-73..... | \$1,534,426 |
| Estimated 1971-72 | 1,251,996 |
| Actual 1970-71 | 1,239,446 |
| Requested increase \$282,430 (22.6 percent) | |
| Total recommended reduction | None |

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Student Aid. Adjust three items for savings of \$51,600 and reallocate to student aid to meet deficiencies. 1031

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. Hastings provides a basic program on instruction with supporting programs of student services and administration.

ANALYSIS AND RECOMMENDATIONS

A summary of the three programs for the three years reflected in the budget document and the funding requirements is shown in Table 1.

**Table 1
Program Expenditures and Funding Sources**

| | <i>Actual</i> | <i>Estimated</i> | <i>Proposed</i> | <i>Increase</i> |
|---|---------------|------------------|-----------------|-----------------|
| Expenditures | | | | |
| 1. Instruction..... | \$1,270,216 | \$1,473,572 | \$1,640,759 | \$167,185 |
| 2. Student services..... | 285,425 | 377,926 | 386,062 | 8,136 |
| 3. Administration and institutional services | 546,397 | 631,546 | 744,732 | 113,186 |
| • Program totals..... | \$2,102,038 | \$2,483,044 | \$2,771,551 | \$288,507 |
| Funding | | | | |
| State General Fund..... | \$1,239,446 | \$1,251,996 | \$1,534,426 | \$282,430 |
| Federal funds | 49,400 | 64,603 | 66,830 | 2,227 |
| Student fees | | | | |
| Registration fee..... | 380,073 | 450,000 | 450,000 | — |
| Nonresident tuition | 87,120 | 120,000 | 120,000 | — |
| Educational fee..... | 196,578 | 378,000 | 378,000 | — |
| Other fees | 113,072 | 145,000 | 145,000 | — |
| Council on Criminal Justice | — | 42,345 | 46,195 | 3,850 |
| Other reimbursements | 36,349 | 31,000 | 31,000 | — |
| Funding totals..... | \$2,102,038 | \$2,483,044 | \$2,771,551 | \$288,507 |

The General Fund increase of \$282,430 represents a 22.6-percent increase over 1971-72 but the total increase of expenditures including reimbursements is only 11.6-percent. Because of an increase in actual enrollment over estimated enrollment in 1971-72, expenditures were increased by \$108,500 from the additional student fees to provide for the emergency workload needs for the new students. These two increases total \$390,930 or a 16.9-percent increase over the 1971-72 authorized budget. This compares to the 17.6-percent increase in estimated enrollments for 1972-73 over those originally budgeted for 1971-72.

Enrollments

Table 2 shows the 10-year history of student enrollments at Hastings by fall semester, spring semester, the two-semester average and summer session.

Table 2
Student Registrations

| <i>Year</i> | <i>Fall</i> | <i>Spring</i> | <i>Two-semester average</i> | <i>Summer</i> |
|----------------------------------|-------------|---------------|---------------------------------|---------------|
| 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 | 1,301 | 1,256 | 1,278 | 84 |
| 1971-72 (est) ¹ | 1,525 | 1,475 | 1,500 | 175 |
| 1972-73 (est) | 1,525 | 1,475 | 1,500 | 150 |

¹ 1971-72 budgeted enrollment was 1,300 in the fall and 1,250 in spring for annual average of 1,275

Enrollment Exceeded Authorized Levels

For the second year Hastings has admitted substantially more students than had been planned. The capacity of the existing plant was programmed for a ceiling of 1,200 students and this was the level originally approved in the 1970-71 budget. Actual admissions in fall 1970 were 1,301 or 101 students over the budget. This required a substantial increase in last year's budget.

Enrollments were approved in the 1971-72 budget at 1,300 students, but fall admissions again exceeded the budget by 225 students, to a level of 1,525. This represents a 17.6-percent increase over the level budgeted. To accommodate these students another increase to the

HASTINGS COLLEGE OF LAW—Continued

budget is proposed.

Because law school enrollment is controllable, this two-year experience indicates that Hastings has not established controls over the admissions process so as to stay within appropriations. It may be desirable to expand enrollments at Hastings because of the low cost per student as compared with other University law schools, but we believe this policy decision should be made in the normal budget process.

New University Law School

Assembly Concurrent Resolution No. 81, adopted August 21, 1970, requested The Regents "to study the need and the feasibility of establishing an additional law school in southern California . . . particular attention to be given to the organizational structure and educational purposes served by the Hastings College of Law approach."

A special advisory committee was created by the University to study this problem and advise the President. The report was submitted August 5, 1971 and concluded that

" . . . it would be wise policy for the state to open two new law schools in southern California. One might be a Hastings-type school, located near the County Law Library in either Los Angeles or San Diego. It should have its own independent Board of Directors, but might contract with the University for student health and other services. The second school should be located on either the Santa Barbara or Riverside campus of the University. It should be planned for a student enrollment of 500. If greater capacity is needed, it should be met by opening a new school on another campus."

On the basis of this report, the regents took action to approve a new school of law for the Santa Barbara campus but took no action on the issue of a new Hastings-type school.

In determining the need for additional law schools there are two conflicting considerations. One is the rapidly increasing student demand which is greatly exceeding available space. The other is the indication that without adding new schools and within existing capacity, California will probably double its output of lawyers during the 1980's.

The staff of the Coordinating Council for Higher Education has questioned the proposal for a new law school at Santa Barbara on the basis of insufficient evidence of need. As of this writing, the council had not acted on this question.

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 four program elements. The classroom element consists of the teaching faculty and their related sup-

port and is the heart of the instruction program. In addition, practical experience is gained in moot-court activities as well as intern-type experience in legal clinics and trial practices and these expenditures are shown under the theory practice element. The *Law Journal* and the law library costs are separately identified. The budget increases for each program element are shown in Table 3.

Table 3
Instruction Expenditures by Element

| <i>Program element</i> | <i>1971-72</i> | <i>1972-73</i> | <i>Increase</i> |
|---------------------------|----------------|----------------|-----------------|
| Classroom | \$939,894 | \$1,053,185 | \$113,291 |
| Theory practice | 198,810 | 232,746 | 33,936 |
| Library | 290,155 | 309,556 | 19,401 |
| <i>Law Journal</i> | 44,713 | 45,270 | 557 |
| Totals instruction | \$1,473,572 | \$1,640,757 | \$167,185 |
| Less reimbursements..... | 1,056,118 | 1,062,195 | 6,077 |
| Totals General Fund | \$417,454 | \$578,562 | \$161,108 |

The budget provides 18.6 additional positions for instruction including six faculty, a director of clinical programs, two library positions, four clerical support positions and three research assistants. A new Criminal Justice Project also requires 2.6 man-years including a director. Of the 18.6 man-years proposed, 6.6 were authorized administratively in 1971-72 for workload related to increased enrollment. These were funded from the related increase in student fees or other reimbursements..

Criminal Justice Project

By administrative action a new Criminal Justice Project was established in the fall quarter of 1971 and is proposed for continuation in the budget year. This two-year project will provide a practical experience for about 30 students in various district attorney and public defender offices throughout the bay area. The project totals \$56,455 of which 75 percent (\$42,345) is federal funds allocated to Hastings by the Council on Criminal Justice. These funds will provide for two additional positions including a project director and clerk plus related expenses including rental of office space. The state matching fund requirement will be met by Hastings within its existing budgeted functions.

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

HASTINGS COLLEGE OF LAW—Continued

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 4.

**Table 4
Student Services Expenditures by Element**

| <i>Program element</i> | <i>1972-72</i> | <i>1972-73</i> | <i>Increase</i> |
|--------------------------------------|------------------|------------------|-----------------|
| Admissions | \$33,938 | \$33,793 | \$-145 |
| Registrar | 24,402 | 31,384 | 6,982 |
| Student placement..... | 20,459 | 20,719 | 260 |
| Student health services..... | 108,000 | 108,000 | - |
| Student financial aid | 191,127 | 192,166 | 1,039 |
| Totals, student services..... | \$377,926 | \$386,062 | \$8,136 |
| Less federal funds | 56,830 | 56,830 | - |
| Less reimbursements..... | 118,100 | 118,100 | - |
| Totals, General Fund | \$202,996 | \$211,132 | \$8,136 |

The \$8,136 increase for student services is primarily for a clerical position to handle increased workload in the registrars office resulting from increased enrollments.

The total amount of student aid controlled by the campus is shown in Table 5. This combines grants, loans and employment but does not include other forms of student aid such as GI Bill, OASDI benefits or other assistance not administered by the campus. Because of uncertain funding in 1972-73, nothing has been included for the National Defense Student Loan Program. This will be discussed under our subsequent recommendation.

**Table 5
Student Financial Aid 1972-73
(all funds)**

| | <i>Number</i> | <i>Average Amount</i> | <i>Total Amount</i> |
|--|---------------|-----------------------|---------------------|
| Scholarships and grants | | | |
| • Educational opportunity grants | 120 | \$558 | \$67,000 |
| Registration fee offset grants | 115 | 300 | 35,650 |
| Hastings scholarships ¹ | 145 | 280 | 40,000 |
| Loans | | | |
| Educational fee deferrals | 450 | 360 | 162,000 |
| NDSL Loan | - | - | - |
| Federal insured loans | 700 | 1,571 | 1,100,000 |
| Employment Aid | | | |
| Work study—on-campus..... | 25 | 800 | 20,000 |
| Work study—off-campus..... | 55 | 909 | 50,000 |
| Total aid | | | \$1,474,650 |

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 relationships. The administration element includes the executive and business management offices concerned with overall management of the college. The business services element includes 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 facilities operations. The budget increases for each program element are shown in Table 6.

Table 6
Administration and Institutional Services by Element

| <i>Program element</i> | <i>1970-71</i> | <i>1971-72</i> | <i>Increase</i> |
|--|----------------|----------------|-----------------|
| Administration | \$350,080 | \$411,593 | \$61,513 |
| Business services..... | 77,160 | 93,721 | 16,561 |
| Alumni | 7,740 | 7,740 | - |
| Facilities operation..... | 196,566 | 231,678 | 35,112 |
| Totals, administration and institutional services | \$631,546 | \$744,732 | \$113,186 |

Ten new positions are proposed and are partially offset by the elimination of four currently authorized positions. A new director of development and public affairs is added to assist in obtaining funds primarily for student financial aid. Two positions for accounting and four clerical positions are added for increased workload. Other changes include an assistant dean in lieu of a vice dean and two janitors in lieu of three student assistant janitors. Operating expense increases include \$15,540 for utilities to adjust to past experience.

Recommendations

We recommend three adjustments to the budget for a total savings of \$51,600 and we further recommend these savings be reallocated to meet deficiencies in student aid. This recommendation is to (1) adjust the estimate for application fees for a savings of \$20,000, (2) adjust the estimate for educational fees for a savings of \$21,600, and (3) defer a low priority project to extend a stairway for a savings of \$10,000. The second portion of this recommendation is to allocate this \$51,600 of savings to meet deficiencies in the Legal Education Opportunity program and/or the National Defense Student Loan Program. The details of these specific recommendations follow.

HASTINGS COLLEGE OF LAW—Continued**1. Adjustment to Application Fee Estimate (\$20,000)**

The budget estimates \$100,000 in reimbursements from the \$20 non-refundable application fee. This amount is based on the assumption that there will be 5,000 applications in 1972-73. We believe this to be a low estimate of applications based on past experience. Applications have been increasing rapidly as follows.

| <i>Year</i> | <i>Applications</i> |
|--------------------------|---------------------|
| 1968-69 (actual) | 2,229 |
| 1969-70 (actual) | 3,044 |
| 1970-71 (actual) | 5,429 |
| 1971-72 (budgeted) | 5,000 |
| 1972-73 (budgeted) | 5,000 |

We can find no basis for assuming that applications in 1972-73 will be less than the 5,429 actually received in 1970-71. From experience it would appear more reasonable to assume applications will continue to increase. If we assumed 6,000 applications in 1972-73, or 1,000 more than budgeted, then an additional \$20,000 in reimbursements would be realized, resulting in an equal General Fund saving.

2. Adjustment to Educational Fee Estimate (\$21,600)

In conformance with the fee policy of the Regents of the University of California, Hastings established an educational fee (tuition) of \$180 in 1970-71. This was increased to \$360 in 1971-72 and continues at this level in 1972-73. Included in this fee policy is a provision that resident students with demonstrated financial need may defer payment until completion of their education.

Total estimated revenue for 1972-73 is \$540,000 of which 30 percent or \$162,000 is estimated to be deferred. The estimate of 30 percent deferrals appears too large in relation to 1970-71 experience where 12.4 percent of the total revenue was deferred and fall 1971 experience which indicates about 24.6 percent deferrals. The University of California is budgeting a little over 20 percent for 1972-73. For these reasons we have estimated that a 26 percent factor would be a more reasonable reflection of experience. This results in a savings of \$21,600 for the amount budgeted.

3. Defer Stairway Project (\$10,000)

The budget includes \$10,000 for a special project to extend the stairway in the building from the first floor to the basement. The purpose of this project is to reduce overcrowding in the hallway leading to student lockers. We believe this item is a lesser priority than the need for student aid funds and it could be deferred for one year for a one-time savings of \$10,000.

Deficiency in Student Aid

The second part of our recommendation is to reallocate the \$51,600 budget adjustment savings to meet deficiencies in student aid programs. Although we cannot identify the precise amount of need, there are two areas of student aid where some increase appears justified. These are the Legal Education Opportunity Program and the National Defense Student Loan Program.

Budget Reduces EOP Level

The 1971-72 Governor's Budget included an increase of \$30,000 for the Legal Education Opportunity Program to a level of \$65,650. The Legislature increased this by an additional \$37,000 for a total of \$102,650 to assist 165 students at an average grant of \$625.

In this year's budget Hastings reports a total of 145 students in 1971-72 (or 20 less than anticipated) and of these only 127 are receiving financial aid. In addition, the budgeted funds per student (average grant) is \$808 rather than the \$625 anticipated in the budget.

Because the 1972-73 budget continues the same dollar level and the same total number of grants to students, the number of grants to first year students must be reduced. This is because the only new grants available in 1972-73 will be the 15 currently given to third year students plus any others vacated by attrition. This is shown in Table 7 which displays the number of students receiving aid by year and by class. Assuming the 1971-72 first-year class would lose seven students and the second-year class would remain constant, then only 22 first-year grants would be available in 1972-73. This would be a reduction of 55 first-year grants from 1971-72. At an average grant of \$800 this would indicate \$44,000 is needed to continue the current program of 77 first-year grants.

Table 7
Number of Students Receiving Aid
in Legal Education Opportunity Program
1969-70 to 1972-73

| | <i>1969-70</i> | <i>1970-71</i> | <i>1971-72</i> | <i>Projected 1972-73</i> |
|-------------------|----------------|----------------|----------------|------------------------------|
| First year | 24 | 39 | 77 | 22 |
| Second year | - | 14 | 35 | 70 |
| Third year | - | - | 15 | 35 |
| Total..... | 24 | 53 | 127 | 127 |
| Budgeted | (n/a) | \$35,650 | \$102,650 | \$102,650 |
| Per student | (n/a) | \$673 | \$808 | \$808 |

National Defense Student Loan Program

Hastings has not previously participated in the National Defense Student Loan Program. This program provides long-term, low-interest loans to qualified students in need of financial assistance. Federal funds are available for loans with a 10-percent state matching require-

HASTINGS COLLEGE OF LAW—Continued

ment. An additional 3 percent for administrative costs is available from federal funds.

It is our understanding that Hastings began participation in this program during 1971-72 but the program is not included in the budget for either 1971-72 or 1972-73. In addition, an amount of \$7,773 in federal overhead payments is shown in 1971-72 and we are informed that this represents administrative costs of the NDSL program. This "overhead" is scheduled to increase to \$10,000 in 1972-73.

Because these loans are currently available to students at the University and state colleges, it would appear equitable to allow Hastings students the same benefit.

Because we are uncertain as to the current level or source of funding or the proposed level in 1972-73, we are unable to identify a specific dollar deficiency. Our recommendation would authorize this program for state matching and allow Hastings to allocate a portion of the \$51,600 to initiate a minimum program.

CALIFORNIA STATE COLLEGES

Items 291, 292 and 293 from
the General Fund

Budget p. 200 Program p. 1120

| | |
|---|---------------|
| Requested 1972-73..... | \$350,167,004 |
| Estimated 1971-72 | 318,692,616 |
| Actual 1970-71 | 305,131,971 |
| Requested increase \$31,474,388 (9.9 percent) | |
| Total recommended reduction | \$325,730 |

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Enrollments. Recommend legislative review of the 3,515 FTE reduction in enrollment growth anticipated in the 1972-73 Governor's Budget. 1042
2. College Size. Recommend Chancellor's office be directed to evaluate critically the planned enrollment ceiling of each college within the criteria of (a) maintaining high-space utilization, (b) considering the local community situation, (c) implementing year-round operations and (d) accommodating anticipated qualified enrollments through 1980, and report its recommended ceilings with reasons to the Joint Legislative Budget Committee by December 1, 1972. 1042
3. Graduate Instruction. Recommend Chancellor's office be directed to prepare a report analyzing the need 1046

for increasing the percentage of graduate enrollments both in relation to total enrollments by class level, and total enrollments by level of instruction. This report should show the means whereby employment needs are related to student counseling at the point where decisions to undertake graduate study are made.

- 4. Department Chairman. Recommend approval of the budgeted \$806,684 for conversion of 50 percent of department chairmen positions to 12-months appointments. This recommendation is subject to an annual report being submitted to the trustees by the colleges on the results of administrative procedures employed to insure that faculty meet their assigned duties particularly classroom teaching assignments. 1048
- 5. Faculty Positions. Recommend the legislative budget review committees require the Chancellor's office to produce fall 1971 faculty workload data in order to evaluate the educational impact of the 18.25 to 1 student faculty ratio level of service. 1055

Recommend the legislative fiscal committees review the Department of Finance's efforts to comply with the 1971 conference committee directive to develop a new faculty staffing formula based on productivity.

- 6. Management. Recommend the legislative fiscal committees critically review (a) whether an effective management system for the instructional program exists, (b) if so, the criteria used to allocate faculty positions and (c) why the system is unable to respond on a timely basis to legislative direction. 1058
- 7. *Innovation and Improvement Fund*. Reduce— 1065
 \$2,015,280.
 - (a) Recommend the administration of course examinations be eliminated for a 1972-73 budget savings of \$395,000.
 - (b) Recommend deletion of the measurement of achievement in degree majors activity (\$325,000) pending clarification of program and need for the appropriation.
 - (c) Recommend \$250,000 be allocated for student self-reliance projects for a 1972-73 savings of \$375,000.
 - (d) Recommend \$700,000 be budgeted for special projects for a budget savings of \$375,000.
 - (e) Recommend deletion of the improvement in administrative process allocation for a savings of \$200,000.
 - (f) Recommend deletion of the efficiencies at the

CALIFORNIA STATE COLLEGES—Continued

- graduate level element for a 1972-73 savings of \$250,000.
- (g) Recommend an administration and evaluation level of \$104,720 for a savings of \$95,280.
8. **Joint Doctoral Phase Out.** Recommend the state college joint doctoral program be phased out by (1) allowing no new enrollees in 1972-73, (2) monitoring by the Coordinating Council for Higher Education to insure that the termination is efficient and (3) budgeting the program in a special budget act item so that related savings will accrue to the General Fund. Short run savings in 1972-73 are unidentifiable; long run savings will exceed \$700,000 per year. 1071
9. **International Program.** Reimbursement offset of \$260,545 for equivalent General Fund savings. Recommend \$260,545 in excess program reimbursements be allocated to the International Program in 1972-73 for an equivalent amount of General Fund savings. 1073
10. **Equipment.** Recommend the provisions of Section 10.3 of the budget act be amended to allow all of the possible \$3 million in 1972-73 budget savings to be applied to equipment. 1076
11. **Library Development.** *Reduce book acquisition program \$1,296,890.* Recommend the Legislature adopt a modified form of trustees' 1971 library development program for a 1972-73 savings of \$1,296,890. Our proposal concurs with the trustees on technical and public service staff and adds modifications which include (a) no more than seven administrative staff per college library and (b) a system total volume program of 12,852,000 by 1985 averaging 40 volumes per FTE. 1084
12. **Student Counseling.** Recommend the Chancellor's office in conjunction with the student body presidents association be directed to conduct an extensive investigation of student counseling services and report on the recommended objectives and level of budget support to the Joint Legislative Budget Committee by December 1, 1972. 1099
13. **Educational Opportunity Program.** *Restore student grant program \$3,331,680.* Recommend the restoration of EOP student grants in 1972-73 as authorized by law and previous budget acts at a level of \$440 for first year students and \$220 for continuing students for an augmentation totaling \$3,331,680. 1104
14. **Additional Vice Presidents.** *Reduce \$300,000.* Rec- 1108

ommend legislative approval be withheld from the requested nine additional vice president positions for a savings of \$300,000 in 1972-73. We recommend that a comprehensive study on all aspects of academic administration be submitted for evaluation in accordance with the directive of the 1970 conference committee report.

15. *Security. Reduce \$256,471.* Recommend 26.7 security positions be reduced from the 1972-73 budget request for a savings of \$256,471. 1110

16. *Year-Round Operations. Restore \$50,000 for planning.* Recommend the Legislature augment the 1972-73 budget by \$50,000 for year-round operations planning costs at San Francisco State College in accordance with the mandate of Chapter 1517, Statutes of 1970. 1113

Recommend the Legislature critically evaluate the budget policy decision that continued implementation of year-round operations is unnecessary since "it is possible that student demand for education in the state colleges can be met without an extension of additional colleges to four-quarter operation."

17. *Health Benefits. Augment \$421,776.* Recommend the budget be augmented by \$421,776 to fund the 1972-73 required increase in employee health benefit contributions. 1115

18. *Relations with Schools.* Recommend approval of the \$150,000 relations with schools program. Recommend that the Chancellor's office be directed to allocate the funds only to colleges with the highest demonstrated need. 1116

Summary of Recommended Fiscal Changes to 1972-73 Budget

| Activity | Recommended Reduction | Recommended Augmentation | Funding | |
|--|-----------------------|--------------------------|--------------|---------------------------|
| | | | General Fund | Fees |
| Innovation and Improvement Fund | \$-2,015,280 | --- | \$-2,015,280 | --- |
| International Program | --- | --- | -260,545 | (\$-260,545) ¹ |
| Library | -1,296,890 | --- | -1,296,890 | --- |
| Educational Opportunity Program | --- | \$+3,331,680 | +3,331,680 | --- |
| Vice Presidents | -300,000 | --- | -300,000 | --- |
| Security | -256,471 | --- | -256,471 | --- |
| Year-round operation | --- | +50,000 | +50,000 | --- |
| Health Benefits | --- | +421,776 | +421,776 | --- |
| Totals | \$-3,868,641 | \$+3,803,456 | \$-325,730 | (\$260,545) |
| Recommended Salary Increase (Item 81) ² | --- | \$13,624,000 | \$13,624,000 | --- |

¹ Transfer of excess reimbursements.
² Discussed on page ____

CALIFORNIA STATE COLLEGES—Continued**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 21-member Board of Trustees created by the Donahoe Act. The board consists of five ex officio members including the Governor, the Lieutenant Governor, the Superintendent of Public Instruction, the Speaker of the Assembly and the Chancellor of the state college system and 16 regular members appointed by the Governor and confirmed by two-thirds of the State Senate 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 1972-73 full-time equivalent enrollment of 232,700. The new California State College at Bakersfield admitted students for the first time in the fall of 1970. Sites for additional colleges to be located in Ventura, Contra Costa, and San Mateo Counties have been fully acquired.

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 junior colleges if they have maintained at least a 2.0 or "C" average in prior academic work. To be admitted to upper division standing, the student must also have completed 60 units of college courses. Out-of-state students must be equivalent to the upper half of the qualified California students to be admitted. To be admitted to a

graduate program, the minimum requirement is a bachelor's degree from an accredited four-year institution.

Name Change

During 1971 the Legislature enacted AB 123 (Chapter 1620) effecting a change in the name of California "State Colleges" to California "State University and Colleges". Upon the effective date in early 1972 the trustees shall immediately adopt the new name; however, individual colleges must wait until unspecified criteria have been complied with. The criteria will be established by the trustees and the Coordinating Council for Higher Education (CCHE). Individual colleges may change their names after affirmative action of the trustees following consideration of the criteria and after the CCHE has reviewed the trustees' recommended action and has reported its findings and recommendations to the trustees.

Enrollment Data

In 1972-73 the full-time equivalent student enrollment throughout the state college system is expected to increase 11,680 FTE over the 1971-72 base of 221,020 for a total of 232,700 FTE. Unlike the University of California which experienced difficulty in achieving its 1971-72 budgeted enrollments, the state college system came within 1 percent of its 1971-72 projection during the fall enrollment period. Table 1 reflects the enrollment distribution for the 19 colleges, the off-campus center and the international program.

CALIFORNIA STATE COLLEGES—Continued

Table 1
Average Annual Full-Time Equivalent Students (FTE)

| Academic Year | Reported | | Estimated | | |
|------------------------------|----------|---------|-----------|---------|---------|
| | 1968-69 | 1969-70 | 1970-71 | 1971-72 | 1972-73 |
| Long Beach | 18,336 | 19,004 | 19,854 | 20,120 | 20,500 |
| San Diego | 17,665 | 18,833 | 20,247 | 20,810 | 22,300 |
| San Jose | 18,253 | 18,704 | 19,074 | 19,980 | 21,270 |
| San Fernando Valley | 13,447 | 15,613 | 17,843 | 19,500 | 19,650 |
| Los Angeles | 13,422 | 14,673 | 15,348 | 17,000 | 17,200 |
| San Francisco | 13,225 | 13,628 | 14,446 | 14,080 | 15,200 |
| Sacramento | 10,472 | 11,938 | 12,639 | 13,770 | 14,200 |
| Fresno | 9,285 | 11,274 | 12,334 | 14,150 | 14,000 |
| San Luis Obispo | 9,268 | 10,668 | 11,777 | 11,700 | 12,000 |
| Fullerton | 7,901 | 9,508 | 10,656 | 11,590 | 13,100 |
| Chico | 7,414 | 8,690 | 9,661 | 10,200 | 11,000 |
| Hayward | 6,663 | 7,671 | 9,149 | 11,400 | 11,610 |
| Pomona | 6,340 | 7,172 | 7,835 | 9,000 | 9,500 |
| Humboldt | 4,153 | 4,825 | 5,253 | 5,700 | 6,200 |
| Sonoma | 2,516 | 3,147 | 3,866 | 4,370 | 4,800 |
| San Bernardino | 1,127 | 1,608 | 2,003 | 2,850 | 2,800 |
| Stanislaus | 1,339 | 1,862 | 2,355 | 2,870 | 3,440 |
| Dominguez Hills | 888 | 1,582 | 2,262 | 2,640 | 3,940 |
| Bakersfield | — | — | 852 | 1,250 | 1,900 |
| Bakersfield Occ. | 358 | 475 | — | — | — |
| International programs | 366 | 379 | 379 | 300 | 370 |
| Totals—Academic Year | 162,438 | 181,254 | 197,833 | 213,280 | 224,980 |
| Summer Quarter | | | | | |
| Los Angeles | 2,247 | 2,720 | 3,145 | 4,060 | 4,170 |
| Hayward | 806 | 1,040 | 1,319 | 1,750 | 1,350 |
| Pomona | 565 | 714 | 894 | 930 | 1,070 |
| San Luis Obispo | 535 | 638 | 888 | 1,000 | 1,130 |
| Totals—Summer Quarter | 4,153 | 5,112 | 6,246 | 7,740 | 7,720 |
| GRAND TOTALS | 166,591 | 186,366 | 204,079 | 221,020 | 232,700 |
| Increase | | | | | |
| Numbers | 19,454 | 19,775 | 17,713 | 16,941 | 11,680 |
| Percent | 13.2 | 11.9 | 9.5 | 8.3 | 5.3 |

Current long-range plans for enrollment growth through 1980-81 are shown in Table 2

Table 2
Allocations Of Annual Full-Time Equivalent Students For The Academic Year²
The California State Colleges, 1969-70 To 1980-81

| State college | Estimated 1970-71 | Budgeted | | Projected | | | | | | | |
|------------------------------------|----------------------|----------|---------|-----------|---------|---------|---------|---------|---------|---------|---------|
| | | 1971-72 | 1972-73 | 1973-74 | 1974-75 | 1975-76 | 1976-77 | 1977-78 | 1978-79 | 1979-80 | 1980-81 |
| Bakersfield..... | 852 | 1,250 | 1,700 | 2,400 | 2,900 | 3,400 | 3,900 | 4,400 | 4,900 | 5,400 | 5,900 |
| Chico..... | 9,661 | 10,200 | 11,100 | 12,350 | 12,900 | 13,500 | 14,000 | 14,500 | 14,700 | 14,900 | 15,100 |
| Dominguez Hills..... | 2,262 | 2,640 | 3,940 | 4,950 | 5,950 | 6,850 | 7,750 | 8,550 | 9,250 | 9,850 | 10,450 |
| Fresno..... | 12,334 | 14,150 | 14,200 | 15,200 | 16,100 | 16,800 | 17,300 | 17,800 | 18,200 | 18,400 | 18,600 |
| Fullerton..... | 10,656 | 11,590 | 13,100 | 14,600 | 15,700 | 16,700 | 17,700 | 18,300 | 18,900 | 19,300 | 19,700 |
| Hayward..... | 9,149 | 11,400 | 12,400 | 13,900 | 15,000 | 15,900 | 16,700 | 17,300 | 17,800 | 18,200 | 18,500 |
| Humboldt..... | 5,253 | 5,700 | 6,200 | 6,500 | 7,000 | 7,400 | 7,800 | 8,000 | 8,200 | 8,400 | 8,600 |
| Long Beach..... | 19,854 | 20,120 | 20,500 | 20,500 | 22,400 | 23,300 | 24,000 | 24,500 | 24,900 | 25,200 | 25,400 |
| Los Angeles..... | 15,348 | 17,000 | 18,000 | 19,150 | 20,300 | 20,800 | 21,300 | 21,750 | 22,200 | 22,700 | 22,900 |
| Pomona..... | 7,835 | 9,000 | 9,500 | 10,600 | 11,500 | 12,300 | 12,800 | 13,300 | 13,700 | 14,000 | 14,200 |
| Sacramento..... | 12,639 | 13,770 | 14,200 | 15,500 | 16,400 | 17,100 | 17,700 | 18,200 | 18,500 | 18,800 | 19,000 |
| San Bernardino..... | 2,003 | 2,850 | 3,400 | 3,750 | 4,350 | 5,000 | 5,500 | 6,000 | 6,500 | 6,900 | 7,200 |
| San Diego..... | 20,035 | 20,510 | 22,000 | 23,800 | 23,800 | 25,900 | 26,600 | 27,200 | 27,700 | 27,900 | 28,100 |
| Calexico Center..... | 212 | 300 | 300 | 350 | 400 | 450 | 500 | 550 | 600 | 650 | 700 |
| San Fernando Valley..... | 17,843 | 19,500 | 20,000 | 21,200 | 22,900 | 23,900 | 24,800 | 25,500 | 26,000 | 26,300 | 26,500 |
| San Francisco..... | 14,446 | 14,080 | 15,200 | 15,200 | 16,400 | 17,300 | 17,900 | 18,500 | 19,000 | 19,400 | 19,600 |
| San Jose..... | 19,074 | 19,980 | 21,500 | 23,300 | 24,600 | 24,600 | 25,300 | 26,000 | 26,250 | 26,250 | 26,250 |
| San Luis Obispo..... | 11,777 | 11,700 | 12,000 | 12,500 | 13,000 | 13,500 | 14,000 | 14,500 | 15,000 | 15,500 | 16,000 |
| Sonoma..... | 3,866 | 4,370 | 4,600 | 5,350 | 6,100 | 6,850 | 7,600 | 8,350 | 9,100 | 9,750 | 10,400 |
| Stanislaus..... | 2,355 | 2,870 | 3,600 | 4,200 | 4,800 | 5,400 | 6,000 | 6,600 | 7,200 | 7,700 | 8,200 |
| Subtotal..... | 197,454 | 212,980 | 227,440 | 245,300 | 262,500 | 276,950 | 289,150 | 299,800 | 308,600 | 315,500 | 321,300 |
| Unallocated..... | ---- | 1,360 | 3,560 | 3,300 | 1,800 | 950 | 450 | ---- | ---- | ---- | ---- |
| Total projected ¹ | ---- | 214,340 | 231,000 | 248,600 | 264,300 | 277,900 | 289,600 | 299,800 | 308,600 | 315,500 | 321,300 |

¹ Based on Department of Finance Phase I Projection.

² Excludes summer quarter enrollments.

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CALIFORNIA STATE COLLEGES—Continued

1972-73 Enrollment Reduction

We recommend legislative review of the 3,515 FTE reduction in enrollment growth anticipated in the 1972-73 Governor's Budget.

The 1972-73 trustees' budget request estimated an enrollment level of 236,215 FTE, a growth of 15,195 FTE over the 1971-72 level of 221,020 FTE. This request has been revised downward in the Governor's Budget to 232,700 FTE, a difference of -3,515 FTE or approximately 4,400 students. The action is based on a policy to eliminate "low priority enrollment" the exact identification of which has not been specified.

We find the budget policy of eliminating low priority enrollments paradoxical in light of (a) the system's selective admissions criteria which only allows the enrollment of students from the upper one-third of high school graduates and (b) the historical record of actual enrollments exceeding the budget estimate. We recommend that this action be given specific legislative review since it will reduce services to a sizable group of citizens.

As shown in Table 3 trustee enrollment projections in the past several years have been slightly lower than actual enrollments. This trend casts doubt on the validity of the downward enrollment adjustment.

Table 3
Enrollment Comparison
Budgeted FTE vs. Reported FTE
1967-68—1970-71

| Year | Budgeted FTE | Reported FTE | Difference | |
|---------------|--------------|--------------|------------|---------|
| | | | Number | Percent |
| 1967-68 | 144,120 | 146,880 | +2,760 | 1.9 |
| 1968-69 | 161,295 | 166,593 | +5,298 | 3.3 |
| 1969-70 | 180,815 | 186,365 | +5,550 | 3.1 |
| 1970-71 | 198,015 | 203,700 | +5,685 | 2.9 |

Study of Enrollment Ceilings needed

We recommend that the Chancellor's office be directed to critically evaluate the planned enrollment ceiling of each college within the criteria of (a) maintaining high space utilization, (b) considering the local community situation, (c) implementing year-round operations and (d) accommodating anticipated qualified enrollments through 1980, and report its recommended ceilings with reasons to the Joint Legislative Budget Committee by December 1, 1972.

During the 1969 legislative session concern was raised about the possible negative educational effects of large college campuses. ACR 75 was passed which in part stated "there is a growing dissatisfaction with the impersonal nature of education in many of our colleges and universities and with the deterioration of teaching, which may be caused, in part, by the extremely large size of these institutions . . ."

At that time the maximum state college campus size was to be 20,000 FTE. Subsequent to 1969 the Legislature stressed the need for better classroom and laboratory utilization prior to building new facilities at the colleges by enacting ACR 151 in 1970.

While ACR 151 did not address the subject of campus ceilings, the Chancellor's office capital outlay plans were automatically revised to extend campus ceilings by one-third. Thus, colleges formerly planned for maximum sizes of 12,000 FTE were immediately revised to 18,000 FTE while those of 20,000 FTE were raised to 30,000 FTE. Examples of the latter include Dominguez Hills, Fresno, Fullerton, Long Beach, Pomona, Sacramento, San Bernardino, San Diego and San Fernando Valley. The Chancellor's office rationale for these significant revisions was that ACR 151 required such changes.

As adopted by the Legislature 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."

We have analyzed the requirements of ACR 151 and do not agree with the interpretation of the Chancellor's office that maximum college ceilings should automatically be revised upwards by one-third. We believe that the question of ultimate size is separable from that of efficiency of space utilization whether a college is at 5,000 FTE or 15,000 FTE. In light of prior legislative concern expressed previously in ACR 75 and current plans to extend nine colleges to 30,000 FTE, we believe that a study on each college's maximum size should be accomplished with recommendations made according to the specific situations.

CALIFORNIA STATE COLLEGES—Continued

Self-Support Enrollment

Additional enrollments occur in the self-supporting extension and summer session programs as shown in Table 4.

Table 4
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 | 67,608 | 75,464 | 7,084 | 12,331 |
| 1970-71 | 78,000 (est.) | 72,947 | 8,800 (est.) | 11,768 |

Table 5 is a breakdown of full-time (more than 12 units) and part-time (12 units or less) head-count students. This demonstrates the magnitude of the total number of students which must be served in the areas of admissions, library, registration and counseling. These figures differ from FTE figures in that they represent actual head count 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 5
Fall Term Head-Count 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 | 211,568 |
| 1969 | 153,634 | 68.3 | 71,203 | 31.7 | 224,837 |
| 1970 | 166,876 | 69.1 | 74,683 | 30.9 | 241,559 |

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 usage of the community colleges. Table 6 reflects its implementation at the state colleges which systemwide have exceeded the master plan expectations.

Table 6
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 |
| 1970 | 51,775 | 34.4 | 98,660 | 65.6 | 150,435 |

In addition to the growth in upper division enrollments, the summary in Table 7 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 1970 over 70 percent of state college students were classified as upper division or graduate. Graduate enrollments alone have increased from a level of 11.9 percent in 1963 to 14.8 percent in 1970.

Table 7
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 |
| 1970 | 55,905 | 28.1 | 133,644 | 57.1 | 29,557 | 14.8 | 199,126 |

¹ Class level is determined by the actual number of credit-hours achieved per student.

A similar trend occurs when enrollments are shown by level of instruction as shown in Table 8. Level of instruction FTE are lower than level of enrollment since many students classified as graduate enroll in undergraduate upper division courses.

Table 8
Annual Full-Time Equivalent Students by Level of Instruction for the Academic Year

| <i>Year</i> | <i>All State Colleges</i> | | | | | | |
|----------------|---------------------------|----------|-----------------------|----------|--------------------------|----------|------------------|
| | <i>Lower Division</i> | | <i>Upper Division</i> | | <i>Graduate Division</i> | | <i>Total FTE</i> |
| | <i>FTE</i> | <i>%</i> | <i>FTE</i> | <i>%</i> | <i>FTE</i> | <i>%</i> | |
| 1964-65 | 55,599 | 51.1 | 48,548 | 44.6 | 4,581 | 4.3 | 108,728 |
| 1965-66 | 56,505 | 48.5 | 54,280 | 46.6 | 5,577 | 4.9 | 116,362 |
| 1966-67 | 59,619 | 46.0 | 63,471 | 49.0 | 6,351 | 5.0 | 129,441 |
| 1967-68 | 63,350 | 44.1 | 72,507 | 50.4 | 7,770 | 5.5 | 143,627 |
| 1968-69 | 68,899 | 42.4 | 84,489 | 52.0 | 9,050 | 5.6 | 162,438 |
| 1969-70 | 73,062 | 40.3 | 97,851 | 53.9 | 10,341 | 5.8 | 181,254 |
| 1970-71 | 76,191 | 38.5 | 109,042 | 55.2 | 12,221 | 6.3 | 197,454 |
| 1971-72 (Est.) | 79,750 | 37.9 | 116,750 | 55.6 | 13,370 | 6.5 | 209,870 |
| 1972-73 (Est.) | 84,000 | 37.3 | 125,810 | 56.0 | 14,800 | 6.7 | 224,610 |

CALIFORNIA STATE COLLEGES—Continued

We recommend that the Chancellor's office be directed to prepare a report analyzing the need for increasing the percentage of graduate enrollments both in relation to total enrollments by class level, and total enrollments by level of instruction. This report should show the means whereby employment needs are related to student counseling at the point at where decisions to undertake graduate study are made.

As shown in the previous two tables, graduate enrollments as a percentage of total enrollments both by class level and level of instruction have been growing consistently over the past five years. Simultaneously there has been a shift downward in lower division program emphasis.

Concern over (a) the proper level of producing future PhD's, (b) the decreasing demand for credentialed teachers, and (c) the question of how many master degree graduates are really needed by the academic and business communities has recently led the University of California to revise downward its graduate enrollment projections and program emphasis. We believe that such a reevaluation would be appropriate at the state colleges with due consideration of meeting student demand.

The budget effect of the past five-year trend is to weigh requests in favor of more expensive instruction due to lower class enrollment levels, more expensive equipment needs and stronger emphasis on laboratory work. As shown in Table 15 under the unit cost section graduate instruction is at least twice as expensive as undergraduate instruction.

We believe that higher costs for graduate programs generally are appropriate. However, we are concerned as to whether there has been a justified planned and orderly development in graduate programs particularly as it concerns their consumption of larger percentages of the total enrollment upon which the budget is based.

Enrollments by Discipline

FTE student enrollments by discipline area in the fall of 1970 are shown in Table 9 for each college.

Table 9
Full-Time Equivalent Students Distributed Throughout HEGIS¹ Disciplines by College
Fall 1970

| Discipline categories | Colleges | | | | | | | | | | | | | | | | | Total | | |
|---------------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------|-----------------|--------------|---------------|-----------------|----------------|--------------|------------|----------------|
| | Chico | Fresno | Long Beach | Fullerton | Sacramento | San Diego | San Fernando | San Francisco | San Jose | Sonoma | Hayward | Pomona | San Luis Obispo | Humboldt | Los Angeles | Dominguez Hills | San Bernardino | | Stanislaus | Bakersfield |
| Agriculture and Natural Resources... | 163 | 488 | -- | -- | 53 | -- | -- | -- | -- | -- | -- | 332 | 1,105 | 381 | -- | -- | -- | -- | -- | 2,522 |
| Architecture and Environmental Design | -- | 70 | -- | -- | -- | 15 | -- | -- | 59 | -- | -- | 242 | 863 | -- | -- | -- | -- | -- | -- | 1,249 |
| Area Studies | 5 | 8 | 51 | 55 | -- | -- | -- | 122 | 43 | 10 | 20 | 158 | -- | -- | 157 | 11 | -- | -- | -- | 640 |
| Biological Sciences | 484 | 537 | 995 | 542 | 428 | 1,107 | 602 | 755 | 772 | 244 | 428 | 497 | 718 | 382 | 560 | 68 | 34 | 140 | 9 | 9,303 |
| Business and Management | 556 | 1,151 | 1,902 | 1,196 | 1,095 | 1,660 | 1,640 | 913 | 1,634 | 97 | 738 | 1,026 | 677 | 265 | 1,656 | 4 | 124 | 102 | 52 | 16,489 |
| Communications | 123 | 195 | 237 | 342 | 139 | 348 | 301 | 275 | 219 | -- | 66 | 96 | 94 | 50 | 109 | -- | -- | -- | -- | 2,594 |
| Computer and Information Science | 185 | 1 | -- | -- | 12 | -- | -- | -- | 85 | -- | -- | -- | 183 | -- | -- | -- | -- | -- | -- | 466 |
| Education | 1,424 | 1,857 | 3,256 | 1,014 | 1,677 | 2,466 | 2,416 | 2,066 | 2,258 | 373 | 1,202 | 635 | 1,205 | 724 | 2,585 | 124 | 160 | 227 | 141 | 25,811 |
| Engineering | 158 | 209 | 653 | 209 | 360 | 438 | 244 | 87 | 1,033 | -- | -- | 963 | 1,443 | 38 | 391 | -- | -- | -- | -- | 6,226 |
| Fine and Applied Arts | 613 | 760 | 1,442 | 1,015 | 871 | 1,276 | 1,687 | 1,317 | 1,691 | 392 | 950 | 209 | 251 | 440 | 1,490 | 187 | 87 | 213 | 27 | 14,919 |
| Foreign Languages | 210 | 384 | 483 | 457 | 261 | 951 | 640 | 672 | 654 | 128 | 462 | 75 | 96 | 108 | 370 | 75 | 180 | 64 | 29 | 6,299 |
| Health Professions | 315 | 535 | 446 | 44 | 137 | 440 | 435 | 389 | 523 | 10 | 16 | -- | -- | 85 | 605 | 9 | -- | 19 | 2 | 4,010 |
| Home Economics | 151 | 459 | 308 | -- | 234 | 339 | 336 | 164 | 311 | -- | -- | 46 | 284 | 68 | 237 | -- | -- | -- | -- | 2,937 |
| Letters | 1,225 | 1,082 | 2,646 | 1,578 | 1,188 | 2,230 | 2,278 | 2,291 | 2,291 | 523 | 905 | 796 | 1,239 | 461 | 1,377 | 384 | 111 | 420 | 145 | 23,171 |
| Literary Science | 9 | -- | 25 | 43 | 22 | 26 | -- | -- | 123 | -- | -- | 2 | -- | -- | -- | -- | -- | -- | -- | 250 |
| Mathematics | 369 | 397 | 768 | 352 | 489 | 1,145 | 673 | 403 | 710 | 152 | 826 | 653 | 1,222 | 210 | 642 | 171 | 56 | 154 | 67 | 9,460 |
| Physical Science | 493 | 692 | 965 | 602 | 476 | 1,533 | 783 | 636 | 1,143 | 199 | 464 | 612 | 1,193 | 380 | 595 | 149 | 25 | 132 | 15 | 11,088 |
| Psychology | 719 | 452 | 970 | 447 | 671 | 1,328 | 929 | 1,013 | 1,142 | 384 | 514 | 237 | 275 | 359 | 1,002 | 229 | 121 | 200 | 52 | 11,045 |
| Public Affairs and Services | 383 | 416 | 111 | 20 | 830 | 682 | 205 | 257 | 393 | -- | 138 | 103 | -- | 31 | 471 | -- | -- | -- | -- | 4,040 |
| Social Science | 2,184 | 2,483 | 4,353 | 2,824 | 2,723 | 4,614 | 4,804 | 2,801 | 3,367 | 1,090 | 2,690 | 1,368 | 1,514 | 779 | 3,571 | 816 | 501 | 748 | 258 | 43,489 |
| Interdisciplinary | -- | 101 | 98 | 50 | 322 | 205 | -- | -- | 899 | 55 | 117 | -- | -- | 414 | 3 | -- | -- | -- | -- | 2,915 |
| Total | 9,768 | 12,277 | 19,709 | 10,790 | 11,998 | 20,804 | 17,975 | 14,162 | 19,352 | 3,658 | 9,536 | 8,051 | 12,371 | 5,176 | 15,822 | 2,227 | 2,040 | 2,419 | 798 | 198,923 |

¹ Higher education general information survey.

CALIFORNIA STATE COLLEGES—Continued

I. INSTRUCTION

The instruction program consists of all formal instructional activities in which a student engages to earn credit toward a degree. The program consists of three subprograms which include regular instruction, special session instruction and extension instruction as discussed below.

Proposed Budget

| <i>Components</i> | <i>Actual</i> | <i>Est.</i> | <i>Prop.</i> |
|---------------------------------|----------------|----------------|----------------|
| | <i>1970-71</i> | <i>1971-72</i> | <i>1972-73</i> |
| Instruction program | \$230,896,983 | \$241,292,682 | \$261,475,687 |
| Man-years | 16,574.9 | 16,757.6 | 17,666.6 |
| Funding | | | |
| General Fund | \$207,443,289 | \$212,827,752 | \$232,823,269 |
| Reimbursements | 20,060,956 | 14,611,420 | 15,723,493 |
| Continuing Education Fund | 3,392,738 | 13,853,510 | 12,928,925 |

Regular Instruction

The regular instruction subprogram includes all expenditures for classroom and laboratory instruction in the instructional program. Instructional administration which includes deans for the various schools and department chairmen are also included in this expenditure item. Collegewide administrators are included elsewhere in the budget under institutional support.

Proposed Budget

| | <i>Actual</i> | <i>Est.</i> | <i>Prop.</i> | <i>Change</i> | |
|--------------------|----------------|----------------|----------------|---------------|----------------|
| | <i>1970-71</i> | <i>1971-72</i> | <i>1972-73</i> | <i>Amount</i> | <i>Percent</i> |
| Expenditures | \$219,087,503 | \$227,439,172 | \$248,546,762 | \$21,107,590 | 9.3% |
| Man-years | 15,620.3 | 15,577.7 | 16,575.4 | 997.7 | 6.4 |

Expenditures in 1972-73 for the regular instruction subprogram are proposed at a total of \$21,107,590 which is a 9.3 percent increase over the current year.

Instructional Administration

Positions for instructional administration, up to but not including the vice president for academic planning, are included in the instruction program. Such positions are authorized according to specific formulas and include (a) deans of academic planning, undergraduate studies, instructional services, graduate studies, schools, (b) coordinators of teacher education, (c) academic planners, (d) department chairmen and (e) related clerical positions.

Extension of Department Chairmen to 12-Month Positions

We recommend approval of the budgeted \$806,684 for conversion of 50 percent of department chairmen positions to 12-month appointments. The recommendation is subject to an annual report being

submitted to the trustees by the colleges on the results of administrative procedures employed to assure that faculty meet their assigned duties, particularly classroom teaching.

Included in the 1972-73 budget is \$806,684 to provide for the conversion of 50 percent of the academic year department chairmen positions to 12-month appointments. This program will be implemented in only the large departments with 30 or more faculty members. It is intended to provide year-round direction of departmental activities and a financial incentive to improve the attractiveness, continuity and consequently the effectiveness of these positions which are characterized by the trustees as "the first level of administration in a college."

Of major concern to the trustees management of the colleges is that there be an effective system that insures the performance of assigned workload at the quality level expected of such institutions, particularly teaching responsibilities. Such concern recently led to the enforcement and subsequent repeal of a monthly individual certification of duties statements by faculty at nine colleges. Instances of infrequent occurrence have been discussed at trustee meetings wherein a faculty member has missed his classroom assignment without providing a substitute or a make-up class and yet still awarded a full salary for the month. While such occurrences may be rare we believe that they are detrimental to the educational process. The approval of these additional 12-month positions should carry with it agreement that appropriate standards of faculty performance will be uniformly applied and maintained.

Faculty Staffing

In 1957 a formal agreement was reached with the Department of Finance that the faculty staffing formula would be utilized in future budgets for the determination of teaching faculty positions. Through a decade of unprecedented enrollment growth the formula approach allowed for a rational planning process which resulted in a budgeted student faculty ratio of approximately 16 to 1 as shown in Table 10.

Table 10
Estimated and Actual Student-Faculty Ratios
1961-62—1971-72

| Year | Faculty | | Student-faculty ratio | |
|---------------|-----------|----------|-----------------------|---------|
| | Estimated | Actual | Estimated | Actual |
| 1961-62 | 4,708.9 | 4,495.9 | 16.55:1 | 17.20:1 |
| 1962-63 | 5,175.1 | 4,744.6 | 16.70:1 | 18.28:1 |
| 1963-64 | 5,807.7 | 5,643.8 | 16.61:1 | 17.16:1 |
| 1964-65 | 6,351.8 | 6,180.1 | 17.27:1 | 17.56:1 |
| 1965-66 | 7,241.2 | 6,846.9 | 16.22:1 | 17.00:1 |
| 1966-67 | 8,154.5 | 7,722.7 | 15.83:1 | 16.86:1 |
| 1967-68 | 8,842.9 | 8,545.8 | 16.27:1 | 17.21:1 |
| 1968-69 | 10,001.3 | 9,592.7 | 16.10:1 | 17.35:1 |
| 1969-70 | 11,333.0 | 11,176.1 | 15.92:1 | 16.67:1 |
| 1970-71 | 12,343.5 | 11,749.0 | 16.36:1 | 17.34:1 |
| 1971-72 | 12,093.7 | — | 18.25:1 | — |

CALIFORNIA STATE COLLEGES—Continued**The Faculty Staffing Formula**

The formula which follows 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 over-load by the instructor with approval of the college administration.

3. **Minimum Enrollment.** 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 ten for lower division and seven for upper division (modified in 1971 to 13 and 10). If it is necessary to offer such courses they may be approved by the proper authority, but colleges are urged constantly to reexamine the need for courses or programs when enrollments are consistently low.

4. **The Workweek of the Instructor.** The formula is based on a 45-hour workweek for college teachers. This is converted to the equivalent of a 15-unit assignment as follows: 3-unit equivalents (9 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:

The teaching load data is summarized in the following formula:

| Type of instruction | K-factor | Units of credit | Hours per week | | | | Total work-week |
|---|----------|-----------------|----------------|---------------------------|---|----|-----------------|
| | | | Teaching | 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 10-units factor was increased back to 12 units in the 1970-71 budget. The minimum enrollments were raised to 13 for a lower division course, 10 for an upper division course and 5 for a graduate course in 1971.

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. The 1970 conference committee added 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.

CALIFORNIA STATE COLLEGES—Continued

Formula Product

From the above explanation it is apparent that the faculty staffing formula method is a complex technical process. This complexity is sometimes viewed as a weakness; however, on the positive side it does provide annual review of each discipline, a management control device, and recognition of differences in the nature of the various academic subject matters. It also has produced reasonably favorable student-faculty ratios and student credit-hour per weighted teaching unit (SCH/WTU) indices as shown in Table 11.

Table 11
Budgeted and Actual Student-Faculty Ratios
With Conversion to Student Credit-Hour per Weighted Teaching Unit
1966-67 to 1972-73

| Year | Budgeted Student-faculty | | Actual Student-faculty | |
|---------------|-----------------------------|-----------|---------------------------|-----------|
| | ratio | SCH/WTU | ratio | SCH/WTU |
| 1966-67 | 15.8 to 1 | 19.8 to 1 | 16.8 to 1 | 21.0 to 1 |
| 1967-68 | 16.3 to 1 | 20.4 to 1 | 17.2 to 1 | 21.5 to 1 |
| 1968-69 | 16.1 to 1 | 20.3 to 1 | 17.4 to 1 | 21.6 to 1 |
| 1969-70 | 15.9 to 1 | 20.1 to 1 | 16.7 to 1 | 20.0 to 1 |
| 1970-71 | 16.4 to 1 | 20.5 to 1 | 17.3 to 1 | 21.6 to 1 |
| 1971-72 | 18.2 to 1 | 22.8 to 1 | N/A | N/A |
| 1972-73 | 18.2 to 1 | 22.8 to 1 | N/A | N/A |

The conversion to SCH/WTU is made by multiplying the student-faculty ratio by 1.25 which is determined by the relationship that it takes 15 SCH to equal a full-time student while only 12 WTU to equal a full-time faculty.

The above data are merely indexes. It must be emphasized 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. Until 1971-72 lower division classes ranged 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.

1971-72 Budget Termination of Faculty Staffing Formula

During the budget decision process for 1971-72 a significant change was made by the state administration in providing faculty positions in the state college system. The 1971-72 instructional budget for the colleges was based on a student credit-hour system and contained 1,193.7 less faculty positions than what the traditional faculty staffing formula used previously would have produced.

The workload reduction decision was based primarily on data utilized in a report produced by the Governor's Task Force on Higher

Education entitled *Instructional Workload*. This report is also commonly known as the Teerink Report, named after the individual from Water Resources who directed the study. The Legislature received the final draft of the report on March 17, 1971 and held several hearings on its content. During the course of these hearings our office took the position that the approach and contents of the report were constructive. However, the Governor's Budget only made selective use of the data produced in the report.

Specifically, we addressed attention to the following problems with the budget interpretation of the report.

1. The Governor's Budget maintained that it was an effort to restore state college faculty workload of 12 weighted teaching units which was an agreed upon standard since 1957. The budget document stated that the faculty was only working 11.1 lecture and lab weighted teaching units in the fall of 1969, inferring a workload gap of 0.9 WTU's. We pointed out that this is a selective use of the data in the Teerink Report. The 11.1 factor only recognizes lecture and lab workload and an additional 1.4 weighted teaching units should have been added to this for students carrying credits calling for individual study, to produce a total of 12.5 weighted teaching units per faculty member in the fall of 1969 for the state college budget. Individualized instruction is a recognized increment of the faculty workload. It involves supervision of masters degree work, supervision of fieldwork and independent study. We did not understand why it was excluded when reviewing faculty workload.

2. The standard of 11.1 weighted teaching units referred to in the budget was additionally distorted by the fact that it is a measurement of only the regular full-time faculty of the state college system. This ignored approximately 12 percent of the faculty which constitute part-time lecturers and instructors. The total staff of the state college system, including part-time faculty, taught 11.4 weighted teaching units in lecture and lab and an additional 1.3 weighted teaching units in individual study for a system average of 12.7 units.

3. An additional selective use of data which relates to the first two points is that the budget expressed the concern that in the fall of 1969 the regular faculty's lecture and lab courses produced 23.17 student credit-hours per weighted teaching unit, which was then used as the base for computing the instructional faculty in the 1971-72 budget. Data again showed the 23.17 factor (a) did not include the total faculty and (b) did not include the individual studies at all levels. The proper factor for the fall of 1969 including individualized study was 21.49 student credit-hours per weighted teaching unit and in the spring of 1970 it was 20.02 student credit-hours per weighted teaching unit when individualized instruction is included in the count. We pointed out that the report notes that there is a difference in data between the various semesters and that the fall of 1969 was a sample taken at a time

CALIFORNIA STATE COLLEGES—Continued

which coincided with one of the heaviest overenrollment periods the state colleges had ever experienced. (Table 3)

4. The budget method using actual past year data such as the 11.1 weighted teaching units and the 23.17 student credit-hours per weighted teaching unit, was extended into the budget year 1971-72 without proper recognition of the salary savings which is required of the state colleges. Thus, the actual data of 11.1 and 23.17 is based on computations after the colleges had realized their salary savings. When salary savings to be incurred in 1971-72 are added on top of these factors the actual result imposed on the colleges is that the weighted teaching units of the instructors would exceed 12. Student-faculty ratios would be going from a budgeted ratio of 16.4 to 1 in 1970-71 to 18.2 to 1 in 1971-72 with possibly a 19-to-1 ratio realized when the budget year is completed. We pointed out that this was a significant change in the level of budgeting for faculty positions.

5. A fifth issue we addressed was the general policy question that the Governor's Budget proposed to the Legislature that it accept a radically different approach to budgeting the most important element in the academic program based primarily on a confidential report which in its final form was only made public on March 17, the effect of which was to displace a well-established and agreed-upon faculty staffing formula system which had been utilized for the past decade. We emphasized that any change of this nature should be made carefully after deliberation and consultation with legislative staff and the staff of the segments for higher education.

6. The final factor was the vagueness as to what management implementation and control procedure was expected of the state college system under the Governor's Budget. Previously the state managed and controlled by using the faculty staffing formula based on data-processing runs composing the course section report. Under the Governor's 1971-72 budget we presumed that the faculty staffing formula was abandoned and that a new undesignated system would be implemented.

Based primarily on the above six reasons the Legislature was not willing to accept the Governor's Budget recommendation. Instead, it adopted our proposal that the state should continue to manage in 1971-72 under the faculty staffing formula with an increase in the minimum class size. Such action produced a legislative restoration of 911.7 faculty positions to the state colleges, 282 less than the 1,193.7 requested.

In addition language was placed in the conference committee report that "the Department of Finance in cooperation with the California State Colleges, the University of California, the Coordinating Council for Higher Education and the Office of Legislative Analyst initiate a study of alternative methods of budgeting for faculty posi-

tions based on the concept of faculty productivity. Evaluations of the new budgeting system shall be made by the Coordinating Council for Higher Education and the office of the Legislative Analyst for consideration by the 1972 Regular Legislative Session."

The faculty restorations were subsequently vetoed by the Governor and a report in accordance with the conference committee language has not been produced as of this date.

Proposed 1972-73 Faculty Budget

The proposed 1972-73 Governor's Budget again rejects the faculty staffing formula in favor of continuing the 1971-72 budgeting approach at the 1971-72 student-faculty ratio of 18.25 to 1. In response to the 11,680 FTE growth in enrollment the budget proposes an increase of 636.8 faculty positions (12,093.7 in 1971-72 to 12,730.5 in 1972-73). This budgeted level differs from the trustee's request of 13,810.7 faculty which was based on a restoration of the faculty staffing formula with increased minimum class size for a student-faculty ratio of 17 to 1 at an enrollment level of 236,215 FTE.

Policy Review Needed

We recommend that the legislative fiscal committees require the chancellor's office to produce fall 1971 faculty workload data in order to evaluate the educational impact of the 18.25-to-1 student-faculty ratio level of service.

We recommend that the legislative fiscal committees review the Department of Finance's efforts to comply with the 1971 conference committee directive to develop a new faculty staffing formula based on productivity.

In reviewing the effects of the increased student-faculty ratio in the 1971-72 budget we have found little evidence or justification which would substantiate a conclusion that the quality of teaching at the state colleges has been adversely affected. We realize that this requires evaluation of a state of art as well as workload. However, indexes such as average class size, number of Ph.D. faculty members and weighted teaching units taught per faculty FTE can be utilized. The data are not currently available for the fall of 1971. Systemwide workload indicates for fall 1969 and fall 1970 are shown in Table 12.

As of this writing the chancellor's office believes that it is feasible for fall 1971 data to be available during the budget hearings in early 1972 in order for comparisons to be made towards its goal of increasing the number of faculty positions budgeted in 1972-73. It is on this basis that we make our recommendation.

CALIFORNIA STATE COLLEGES—Continued

Table 12
Faculty Workload Indicators
Fall 1969 and Fall 1970¹

| <i>Indicators</i> | <i>Fall 1969</i> | <i>Fall 1970</i> | <i>Change</i> |
|-----------------------------------|------------------|------------------|---------------|
| Faculty FTE ² | 10,425 | 11,542.1 | +1,117 |
| Percent of regular faculty | | | |
| with Ph.D. | 56.2 | 58.1 | +1.9 |
| Enrollment FTE ³ | 181,254 | 199,127 | +17,873 |
| Student-faculty ratios..... | 17.4 | 17.3 | -0.1 |
| Regular instruction section load | | | |
| per FTE faculty | 3.9 | 3.8 | -0.1 |
| Lecture and lab contact hours | | | |
| per faculty FTE | 12.8 | 12.5 | -0.3 |
| Independent study contact hours | | | |
| per faculty FTE | 3.6 | 4.2 | -0.6 |
| Total contact hours | | | |
| per faculty FTE | 16.4 | 16.7 | +0.3 |
| Average class size..... | 28.4 | 27.9 | -0.5 |
| Lecture and lab WTU | | | |
| per faculty FTE | 10.9 | 10.8 | -0.1 |
| Independent study WTU | | | |
| per faculty FTE | 1.4 | 1.6 | +0.2 |
| Total WTU per faculty FTE | 12.4 | 12.4 | 0 |
| SCH per WTU ⁴ | 21.75 | 21.63 | -0.12 |

¹ Based on actual experience not budgeted.

² A full-time-equivalent (FTE) faculty teaches 12 weighted teaching units (WTU).

³ A full-time-equivalent (FTE) student enrolls in 15 credit units.

⁴ Student credit-hours per weighted teaching unit.

Fiscal Effects

If additional faculty positions are justified to the Legislature by the chancellor's office, increasing the proposed 1972-73 budget, the budget impact by selected increments is shown in Table 13.

Table 13
Budget Impact of Additional Faculty Positions
Over 1972-73 Proposed Level

| <i>Student-faculty ratio</i> | <i>Additional faculty positions</i> | <i>Additional estimated expenditures</i> | <i>Change</i> |
|------------------------------|-------------------------------------|--|---------------|
| 18.25 (proposed) | — | — | — |
| 18.0 | 176.7 | \$2,268,121 | +\$2,268,121 |
| 17.7 | 395.5 | 5,029,848 | +2,761,727 |
| 17.5 | 545.5 | 6,953,559 | +1,923,711 |
| 17.1 (trustee request) | 876.0 | 11,121,883 | +4,168,324 |

As shown above in Table 13 an additional \$11,121,883 would be required in 1972-73 to fund the trustees' proposed faculty budget. If a budget augmentation is shown to be justified, we believe some funding could be furnished through an increase in student fees as discussed on page 1096 of this analysis.

Another consideration in reviewing the impact of the 1971-72 budget would be to assess the changes among various academic disciplines. It has been anticipated that specialized curricula such as engineering would have little change in student-faculty ratios (see Table 14) while the social sciences would carry an even greater share of the

enrollments than has been the case traditionally due to their adaptability to larger class size.

Table 14
California State Colleges
Summary of Actual Enrollment and Faculty by Discipline—Fall 1970

| <i>Discipline</i> | <i>Student FTE</i> | <i>Faculty FTE</i> | <i>Student- faculty ratio</i> |
|--|------------------------|------------------------|-----------------------------------|
| Agriculture and natural resources | 2,522 | 194.5 | 13.2 |
| Architecture and environmental design | 1,249 | 96.6 | 12.9 |
| Area studies | 640 | 28.9 | 22.1 |
| Biological sciences | 9,303 | 575.2 | 16.2 |
| Business and management | 16,489 | 826.7 | 19.9 |
| Communications | 2,594 | 153.1 | 16.9 |
| Computer and information science | 466 | 28.0 | 16.6 |
| Education | 25,811 | 1,341.3 | 19.2 |
| Engineering | 6,226 | 564.4 | 11.0 |
| Fine and applied arts | 14,919 | 1,053.0 | 14.2 |
| Foreign language | 6,299 | 428.9 | 14.7 |
| Health professions | 4,010 | 339.8 | 11.8 |
| Home economics | 2,937 | 163.1 | 18.0 |
| Letters | 23,171 | 1,227.2 | 18.9 |
| Library science | 250 | 17.6 | 14.2 |
| Mathematics | 9,460 | 526.6 | 17.9 |
| Physical science | 11,088 | 714.3 | 15.5 |
| Psychology | 11,045 | 491.1 | 22.5 |
| Public affairs and services | 4,040 | 250.7 | 16.1 |
| Social science | 43,489 | 1,906.7 | 22.8 |
| Interdisciplinary | 2,915 | 114.5 | 25.4 |
| Total | 198,923 | 11,542.1 | 17.2 |

Developing a New Faculty Budgeting System

The 1971 conference committee directed:

“The Department of Finance in cooperation with the California State Colleges, the University of California, the Coordinating Council for Higher Education and the Office of Legislative Analyst initiate a study of alternative methods of budgeting for faculty positions based on the concept of faculty productivity. Evaluations of the new budgeting system shall be made by the Coordinating Council for Higher Education and the Office of the Legislative Analyst for consideration by the 1972 Regular Legislative Session.”

An initial meeting on the subject was held in July of 1971, in an apparent attempt to act on the matter in a timely fashion. The meeting was exploratory with concern raised about common definitions and the difficulty of the task. In the next three months no further progress was apparent and in November of 1971 we made a written

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inquiry into the status of the mandated study. We believed that it is clear from the above language that a report with adequate provision for evaluation is anticipated by the 1972 Legislature. It also appears reasonable to assume that all work should be completed in time to be useful to the decision process on the 1972-73 budget.

On January 10, 1972, two days before the second meeting on the subject we received a Department of Finance status report which in part stated:

“You assume that ‘all work should be completed in time to be useful to the decision process on the 1972-73 budget.’ We have not contemplated completion of the work in this short period, practical reality including the budget cycle, necessitated preparation of the 1972-73 budget by the segments along traditional lines. Hopefully, the current ongoing discussions will be of use in legislative consideration of the 1972-73 budget, but agreement on definitions and productivity measures will probably not be reached in time for these to be applied.

However, we are moving ahead in response to the Legislature’s request. Progress has been deliberate in view of the complexity of the undertaking and the desire to achieve some consensus. Included in the search for viable productivity measures are numerous key policy considerations which must be resolved regarding comparability, faculty workload and the multitude of definitional questions.

We expect that the joint undertaking with the segments will continue for some time. Should we be able to agree on productivity criteria during the 1972 session, as is our intention, it should be possible to implement that part of the effort for the 1973-74 budget year.”

As mentioned previously the interim 1972-73 budget decision has been to continue the current student-faculty ratio of 18.25 to 1.

Management of Instruction Program

We recommend that the legislative fiscal committees critically review (a) whether an effective management system for the instructional program exists, (b) if so, the criteria used to allocate faculty positions and (c) why the system is unable to respond on a timely basis to legislative direction.

The 1971-72 budget presented to the Legislature contained a “policy” reduction of 198.7 faculty positions in the specific high-cost curricula areas of education and master of social work. During the legislative budget hearings on these two programs the Chancellor’s office argued (1) for a full restoration of the 198.7 positions or (2) that the Legislature allow the reduction to apply to the overall academic program based on the Chancellor’s office educational planning process instead

of the reduction being earmarked by the administration to the two specified academic areas. The Legislature responded to the latter argument under the policy that the Chancellor's staff had the qualified professional personnel best suited to make academic policy reductions. In accordance, the conference committee directed:

"The committee concurs with the budgeted 198.7 faculty positions reduction related to high-cost programs. However, enrollment levels are not to be mandated by the budget and the faculty position reduction is to be distributed by the Chancellor's office in accordance with its total resource allocation plan. Emphasis should be directed to teacher education, master of social work, advertising and engineering programs. All programs of low-student demand should also be considered.

"The Chancellor's office is to report by November 1, 1971 to the Joint Legislative Budget Committee its criteria and system of planning for the allocation of funds among academic programs with reference to where the 198.7 policy position reduction was made."

Dubious Compliance With Legislative Mandate

On November 1, 1971 the Chancellor submitted a three-page report which said that the legislative mandate could not be complied with due to timing considerations. Specifically the report stated:

"The 198.7 faculty position reduction was originally suggested by the Department of Finance as a "policy" reduction in specific areas of study, i.e., Teacher Education and Master of Social Work programs. The timing of the final legislative decision, that these reductions in faculty be made in "high-cost programs," generally rather than just in those programs specified by the Department of Finance, left too little lead time to implement a systemwide allocation technique in complete accordance with the actual budget language. As a result, the reductions were allocated to the various colleges in part on the basis of "policy" reductions originally specified by the Department of Finance, but with the understanding that none of the reductions need be applied by the college specifically to the programs designated. Thus faculty who were already hired for the 1971-72 academic year, a process that normally takes place in the early spring of the year, did not have to be terminated before they started teaching."

135 positions were reduced from education curricula, 28 from the master of social work program, 9.3 from joint doctoral programs and 26.4 from year-round operations in the Chancellor's office allocation of faculty to the colleges.

The three-page report did not describe the "criteria and system of planning for the allocation of funds among academic programs" as was

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directed by the Legislature. In light of this we do not believe that there has been compliance and recommend critical legislative review of (a) whether an effective management system for the instructional program exists, (b) if so, on what criteria faculty positions are allocated and (c) if so, why position allocations are not made on a timely basis in compliance with legislative direction. We believe the latter aspect particularly critical and somewhat paradoxical in light of the fact that the Chancellor's staff both asked the Legislature for flexibility and then reported that they were unable to comply with the flexibility provisions when they were granted accordingly.

Academic Discipline Cost Data

During the past two years increasing attention has been focused on cost accounting for the various academic disciplines and degree pro-

Table 15
Annual Cost Per Student FTE by Instructional Department-Level (1968-69)
and
Percent of Total College Credits Given by Department-Level (Fall 1968)
San Fernando Valley State College

| Department | Level | | | | | | Total | |
|------------------------|----------------|---------------|----------------|---------------|----------------|--------------|----------------|----------------|
| | Lower division | | Upper division | | Grad | | | |
| Business..... | \$1,424 | 2.79% | \$1,359 | 8.78% | \$3,247 | 50% | \$1,452 | 12.07% |
| Education..... | — | 0 | 1,566 | 6.81 | 2,321 | 2.10 | 1,743 | 8.91 |
| Engineering..... | 4,052 | .38 | 4,790 | 1.07 | 5,916 | .15 | 4,720 | 1.60 |
| Art..... | 1,560 | 2.79 | 2,033 | 2.49 | 5,885 | .06 | 1,832 | 5.34 |
| Drama..... | 1,552 | .90 | 1,743 | .52 | 3,280 | .05 | 1,683 | 1.47 |
| Health Science..... | 637 | 1.35 | 1,343 | .91 | 3,698 | .05 | 986 | 2.31 |
| Home Economics..... | 1,568 | .33 | 1,792 | .86 | 4,885 | .07 | 1,895 | 1.26 |
| Journalism..... | 1,943 | .19 | 3,033 | .40 | — | 0 | 2,677 | .59 |
| Music..... | 1,710 | 1.64 | 2,380 | 1.24 | 5,201 | .68 | 2,085 | 2.96 |
| P.E./Rec..... | 3,039 | 1.47 | 3,568 | 1.34 | 3,645 | .09 | 3,304 | 2.90 |
| Radio-TV..... | 1,257 | .18 | 1,360 | .41 | — | 0 | 1,328 | .59 |
| Afro-American..... | — | 0 | — | 0 | — | 0 | — | 0 |
| Anthropology..... | 613 | 1.51 | 987 | 1.78 | 3,947 | .04 | 851 | 3.33 |
| Biology..... | 1,292 | 3.27 | 3,227 | .95 | 6,240 | .10 | 1,828 | 4.32 |
| Chemistry..... | 2,160 | 1.28 | 3,330 | .41 | 12,237 | .03 | 2,586 | 1.72 |
| English..... | 1,267 | 3.95 | 1,269 | 4.00 | 3,590 | .25 | 1,338 | 8.20 |
| Foreign Language..... | 1,445 | 2.40 | 1,570 | 1.14 | 1,196 | .07 | 1,480 | 3.61 |
| Geography..... | 1,089 | 1.71 | 1,775 | 1.55 | 5,022 | .12 | 1,536 | 3.38 |
| Geology..... | 1,657 | .43 | 5,225 | .15 | — | 0 | 2,586 | .58 |
| History..... | 914 | 3.07 | 1,078 | 3.83 | 4,554 | .21 | 1,111 | 7.11 |
| Math..... | 1,195 | 3.10 | 1,506 | .89 | 4,003 | .09 | 1,322 | 4.08 |
| Mexican-American..... | — | 0 | — | 0 | — | 0 | — | 0 |
| Philosophy..... | 1,047 | 1.99 | 1,851 | .89 | 6,773 | .01 | 1,319 | 2.89 |
| Physical Science..... | 577 | 1.33 | — | 0 | — | 0 | 577 | 1.33 |
| Physics..... | 2,624 | .82 | 4,456 | .23 | 8,954 | .05 | 3,323 | 1.10 |
| Political Science..... | 870 | 2.51 | 1,156 | 2.43 | 3,489 | .13 | 1,074 | 5.07 |
| Psychology..... | 816 | 2.31 | 1,435 | 2.87 | 3,727 | .27 | 1,287 | 5.45 |
| Religious Studies..... | 6,218 | .04 | 7,322 | .03 | — | 0 | 6,694 | .07 |
| Sociology..... | 1,032 | 2.43 | 1,130 | 3.01 | 4,954 | .07 | 1,138 | 5.51 |
| Speech..... | 1,354 | 1.48 | 2,076 | .68 | 2,680 | .09 | 1,624 | 2.25 |
| TOTAL..... | \$1,327 | 45.65% | \$1,682 | 49.67% | \$3,401 | 4.68% | \$1,601 | 100.00% |

grams. National efforts are being made by the Western Interstate Commission for Higher Education (WICHE). Concurrently, the state college system has been working with WICHE and has conducted pilot projects on ascertaining (1) the systemwide undergraduate instructional cost per student credit unit and (2) the total cost per student FTE by instructional department and by level of enrollment at San Fernando Valley State College. The latter study was more comprehensive and relevant for budget review considerations.

San Fernando Valley Unit Cost Study

The purpose of the San Fernando Valley unit cost study was to ascertain academic discipline and degree expenditures for 1968-69. Allocation of all instruction, institutional support, student services and academic support cost components were made through the use of various allocation techniques to the academic departments weighed for student enrollment. Detail exists for each department cost, however, for the purpose of this presentation we have summarized only the total costs of student majors as shown in Table 15

The departmental costs by level of instruction are shown in Table 16. These unit costs are slightly higher than shown previously in Table 15 due primarily to reimbursements being included.

It must be stressed that these are costs for only one college for one academic year. Data useful in management decisionmaking will take several years to fully develop. However, by relating these data to information on employment potential it is possible to better assess the role of the colleges in terms of cultural and vocational roles.

Plans for Innovation in State College System

In January 1971 the Chancellor of the state college system made a policy statement concerning the need for change in the traditional mode of higher education delivery. The emphasis of the statement was that higher education institutions must evaluate criticisms for reform and where appropriate, move towards more efficient and effective methods of performance. After this speech the various colleges were asked to submit proposals for change. In February the Chancellor appointed two task forces and in April a commission—each consisting of representatives from the Chancellor's office, the Presidents, and the Statewide Academic Senate—to study each college proposal and to pursue the goals of the new approach.

Task Force No. 1 was concerned with innovation in the educational

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Table 16
Unit Cost of Academic Programs:
San Fernando Valley State College 1968-69

| <i>Academic major</i> | <i>Cost total</i> | <i>Student FTE-major</i> | <i>Unit cost</i> |
|----------------------------|---------------------------|------------------------------|------------------|
| Business | \$2,962,608 | 2,048 | \$1,447 |
| Economics | 157,216 | 101 | 1,557 |
| Elementary Educ..... | 133,592 | 71 | 1,882 |
| Secondary Educ..... | 45,682 | 25 | 1,827 |
| Special Educ..... | 2,186 | 1 | 2,186 |
| Foundations—Educ..... | 151,825 | 80 | 1,898 |
| Admn. and Super.—Educ..... | 87,512 | 47 | 1,862 |
| Engineering | 1,572,314 | 536 | 2,933 |
| Art | 1,443,931 | 848 | 1,703 |
| Drama | 422,972 | 273 | 1,549 |
| Health Science | 333,411 | 219 | 1,522 |
| Home Economics | 457,172 | 265 | 1,725 |
| Journalism..... | 303,836 | 176 | 1,726 |
| Music | 593,106 | 322 | 1,842 |
| P.E. and Rec..... | 1,215,764 | 547 | 2,223 |
| Radio/TV | 163,274 | 126 | 1,296 |
| Anthropology | 444,380 | 316 | 1,406 |
| Biology..... | 994,166 | 512 | 1,942 |
| Chemistry | 181,613 | 88 | 2,064 |
| English..... | 1,817,415 | 1,252 | 1,452 |
| Foreign Language | 633,693 | 422 | 1,502 |
| Geography | 370,813 | 244 | 1,520 |
| Geology | 101,367 | 55 | 1,843 |
| History..... | 2,035,583 | 1,458 | 1,396 |
| Mathematics..... | 779,505 | 474 | 1,645 |
| Philosophy | 154,171 | 118 | 1,307 |
| Physical Science | 50,601 | 28 | 1,807 |
| Physics..... | 211,897 | 89 | 2,381 |
| Political Science | 1,213,130 | 876 | 1,384 |
| Psychology | 1,524,506 | 1,036 | 1,472 |
| Sociology | 1,590,185 | 1,184 | 1,343 |
| Speech | 259,580 | 158 | 1,643 |
| Totals | \$22,409,587 ¹ | 15,140 ² | \$1,480 |

¹ Does not include research, public service or independent operations.

² Includes undecided and undetermined majors of 1,145.

process; Task Force No. 2 was focusing on improving efficiency in the use of resources; and the commission was developing programs for external degrees. These groups reviewed a variety of proposals and reports during the summer and developed several pilot programs which are now under way.

One premise in the new approach is that the time spent in college can be reduced for many students, if not for most, by (1) a deliberately strengthened advanced placement working relationship with the high schools and (2) a broadened program of comprehensive examinations given lower division college students.

With regard to advanced placement, the state colleges adopted a uniform systemwide policy (common passing or credit scores) for the awarding of credit in conjunction with the College Board Advanced

Placement Program. Students will receive six semester units of credit for a score of three or better on any of the AP tests.

Comprehensive Examinations—CLEP

In fall 1971 San Francisco and Bakersfield joined in a pilot project whereby students can earn course credit by passing tests developed through the College Level Examination Program (CLEP). Approximately 1,000 entering students at these two campuses took general exams with the goal that students who pass one or more of the five tests would earn credit applicable to the bachelor's degree—applied specifically to the General Education-Breadth Requirements.

CLEP Results

Advanced placement performance by 873 entering freshmen at San Francisco and 199 at Bakersfield are summarized in Table 17.

Table 17
Fall 1971 Advanced Placement Results of Entering Freshmen
San Francisco and Bakersfield

| <i>Units achieved</i> | <i>Number of students</i> | <i>Total units received</i> | <i>Academic year equivalent FTE</i> |
|-----------------------|---------------------------|-----------------------------|-------------------------------------|
| San Francisco | | | |
| 30 ¹ | 331 (38%) | 9,930 | 331 |
| 24 | 158 (18%) | 3,792 | 126 |
| 18 | 139 (16%) | 2,502 | 83 |
| 12 | 101 (11%) | 1,212 | 40 |
| 6 | 93 (10%) | 558 | 18 |
| 0 | 51 (7%) | 0 | 0 |
| Totals | 873 (100%) | 17,994 | 598 |
| Bakersfield | | | |
| 50 ² | 14 (7%) | 700 | 23 |
| 40 | 23 (12%) | 920 | 31 |
| 30 | 20 (10%) | 600 | 20 |
| 20 | 25 (13%) | 500 | 17 |
| 10 | 40 (20%) | 400 | 13 |
| 0 | 77 (38%) | 0 | 0 |
| Totals | 199 (100%) | 3,120 | 104 |

¹ Semester units
² Quarter units

The results at the two colleges vary significantly due primarily to their use of different performance standards. Possible scores on the examinations range from 200 to 800 points. San Francisco used a credit standard averaging 422 points while Bakersfield used a somewhat higher standard of 500 points. Had the Bakersfield standard been applied at San Francisco the number of units awarded would have been substantially reduced as shown in Table 18.

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Table 18
Results of Differing Performance Standards
on Fall 1971 CLEP Examination—San Francisco

| <i>Units achieved</i> | <i>Standard of 422 points</i> | | | <i>Standard of 500 points</i> | | |
|-----------------------|-------------------------------|-----------------------------|-----------------------|-------------------------------|-------------------|-----------------------|
| | <i>Number of students</i> | <i>Total units received</i> | <i>Equivalent FTE</i> | <i>Number</i> | <i>Unit total</i> | <i>Equivalent FTE</i> |
| 30 | 331 (38%) | 9,930 | 331 | 61 (7%) | 1,830 | 61 |
| 24 | 158 (18%) | 3,792 | 126 | 79 (9%) | 1,896 | 63 |
| 18 | 139 (16%) | 2,502 | 83 | 100 (11.5%) | 1,800 | 60 |
| 12 | 101 (11%) | 1,212 | 40 | 126 (14.4%) | 1,512 | 50 |
| 6 | 93 (10%) | 558 | 18 | 187 (21.4%) | 1,122 | 37 |
| 0 | 51 (7%) | 0 | 0 | 320 (36.7%) | 0 | 0 |
| Totals | 873 (100%) | 17,994 | 598 | 873 (100%) | 8,160 | 271 |

Change in Passing Score Proposed

An increase of the standard to 500 decreases units awarded by over 50 percent, i.e., 17,994 to 8,160. In conversion to FTE at an instruction cost of \$1,300 per year each the related long-range budget savings shifts from \$777,400 to \$352,300, a difference of \$425,100. While the performance results of the successful CLEP students at San Francisco cannot be properly evaluated for several years, the college has made plans to shift to the 500-point standard in 1972. It appears that the decision is due to the relatively high student success rate at the 422-point standard.

External Degrees

The Commission on External Degree Programs, working with Chico State College, currently is evaluating the initial phase of the first pilot extended degree program. Under this program residents of northern California regions served by two community colleges (Shasta College in Redding and Lassen College in Susanville) have in fall 1971 begun to earn a bachelor's degree in public administration without attending the Chico campus. A student can complete his degree by combining 70 units of two-year community college work, 24 units of extension, and 30 units of summer session state college residence credit offered at the community college campuses.

In December the commission conducted a conference on external degree programs and a market survey. This systemwide conference and the survey was intended to help the state colleges to define entire populations who, for various reasons of geography and individual backgrounds, have not previously been afforded higher education degree opportunities.

Carnegie Corporation Aid

Concurrently the Carnegie Corporation provided a planning grant for the Chancellor's office to develop a comprehensive proposal for additional Carnegie funding. A grant proposal has been approved by the Carnegie Corporation in December 1971 in which the state col-

leges will receive an 18-month grant of \$451,428. This total includes \$152,970 for Bakersfield, \$117,687 for San Francisco, \$88,731 for Dominguez Hills, and a systemwide component to be supported in the amount of \$92,040. Collaterally, the three participating colleges and the Chancellor's office are furnishing matching funds in the amount of \$643,532.

The challenge examination receives the main emphasis in all three projects. This concept takes several forms: (1) comprehensive examinations covering all or part of a discipline; (2) examinations covering the subject matter of a single course; (3) modularized courses that are so designed that students may enter and exit subject matter tracks according to their needs and preparation; and (4) advanced placement instruments, such as the CLEP battery. Beyond these devices, means are also being sought to evaluate and extend academic credit for experience that is acquired outside the conventional campus setting.

1972-73 Innovation and Improvement Budget Request

The trustee's budget request to the Governor and the Legislature included \$600,000 for a Fund for Educational Development. Some examples of fund expenditures included pilot projects in weekend college, institutes for faculty development and new admissions programs. However, the proposal was for an open-ended fund to be used for unspecified projects.

The \$600,000 request by the trustees has been increased significantly in the Governor's Budget to a level of \$4,500,000. According to the budget the fund is to be utilized for "program innovation and improvement" broken into nine components as shown in Table 19. The \$4.5 million fund does not include the Carnegie funds discussed previously and is available through June 30, 1974.

Table 19
1972-73 Governor's Budget
"Program Innovation and Improvement" Fund
Breakdown with Corresponding Legislative Analyst Recommendation

| | <i>Budget request</i> | <i>Legislative Analyst recommendation</i> |
|---|---------------------------|---|
| 1. Credit by Examination and Measurement of Achievement | \$750,000 | \$30,000 |
| 2. New Method of Instruction (Student Self-Reliance) | 625,000 | 250,000 |
| 3. Innovation Equipment | 250,000 | 250,000 |
| 4. College and Systemwide Projects | 1,075,000 | 700,000 |
| 5. Improvement in Instructional Administration and Faculty Skills | 900,000 | 900,000 |
| 6. Improvement in Administrative Processes | 200,000 | — |
| 7. Improving Efficiency at the Graduate Level | 250,000 | — |
| 8. Library Development (Automation) | 250,000 | 250,000 |
| 9. Systemwide Administration and Evaluation | 200,000 | 104,720 |
| Total | \$4,500,000 | \$2,484,720 |

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The budget request summary shown above was presented by the trustee's staff with the caveat that "these items represent the result of planning activity to date; however, in the implementation stage changes in items and emphasis would occur based upon initial evaluation in order to maximize the benefits in increased efficiencies and economies."

We agree that there is a need for innovative approaches in the teaching program with emphasis particularly on cost effectiveness. It is clear that we must plan on getting more mileage from the higher education dollar. This will obviously require substantial changes in educational practices and perhaps in the very form or structure of our academic institutions.

Analysis of Budget Proposal

Each of the nine innovative proposals will be commented on separately. In reviewing the \$4.5 million proposal in its broadest context we have several concerns. The most critical is that we believe the proposal is too complex and varied to be accomplished reasonably within the 1972-1974 period. The Carnegie grant proposal which is more modest, \$451,428 in Carnegie funds and \$643,532 in state funds, is scheduled over an 18-month period. Prior to notification of the Carnegie grant the trustees had requested and planned for only \$600,000 in state innovative funds. The budgeted \$4.5 million in addition to the Carnegie funds appears to be a windfall.

A second overall consideration is that some of the proposal is duplicative of the Carnegie funded program. The Chancellor's staff believes that enrichment money to the Carnegie program would not be wasteful. We are concerned that such action might confuse program administration and make accountability difficult.

Our final general concern is that the budget presentation should be clarified to more properly identify which elements of the proposal are merely enrichment items for traditional programs coincidentally grouped in the \$4.5 million fund. We are in agreement with the need for some of the enrichment items but concerned that it is possible for an impression to develop that all or most of the \$4.5 million is to be utilized on innovation.

Review of Specific Proposals**A. Credit by Examination and Comprehensive Measurements of Achievement (\$750,000)**

The first program proposal consists of the three elements (1) general examinations—experimental administration (\$30,000), (2) administrations of course examinations (\$395,000) and (3) measurement

of achievement in degree majors (\$325,000).

(a) The \$30,000 proposed for general examinations is requested to underwrite costs of experimental administrations, to provide travel and support for faculty reviewing teams and for consultants to perform the detailed analysis of test results and correlations with student records. The initial efforts at San Francisco and Bakersfield discussed previously should be continued and evaluated. *We recommend approval.*

(b) *We recommend that the administration of course examinations action be eliminated for a 1972-73 budget savings of \$395,000.*

The \$395,000 for administrations of course examinations will provide 30 FTE faculty positions to be utilized as assigned time to permit the development and scoring of course examinations. Currently all colleges have policies which permit students to challenge individual courses by examination. The Chancellor's office maintains that this procedure is not widely utilized since "faculty are discouraged from making the option available to large numbers of students because colleges are unable to give formal workload recognition to the faculty time spent in examination development."

We believe that this activity should not be given supplemental funding since (a) it provides additional compensation to the system for a product which is expected to be accomplished in the regular funded instruction program and (b) if major production of student credit hours is expected from this approach it must be instilled into the regular program. The enrichment approach offered in the budget would be a negative incentive towards reaching this goal.

(c) *We cannot at this time recommend the measurement of achievement in degree majors activity pending clarification of program and need for the appropriation.*

The third activity of the first innovative program is entitled measurement of achievement in degree majors budgeted at \$325,000. The object of the program is to develop experimental projects which will enable the student to meet all or significant segments of degree requirements by demonstrating his achievement at any time he feels competent to do so.

While the objective appears to have merit we are confused by the justification of activities to be funded. In the documentation submitted to our office three initial activities are specified. The rationale states 1. "First, faculty must review and clarify the objectives of a given degree program", 2. "In 1972-73 attention will be devoted primarily to development of guidelines and criteria for the measurement of achievement for students pursuing specific degree major", and 3. "Support is needed in 1972-73 for funding working committees, conferences to develop criteria and guidelines by discipline, and for faculty teams to begin development of demonstration degree programs." We do not believe that the various activities specified are systematical-

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ly focused on the objective and cannot at this time recommend approval of the activity as justified.

B. New Methods of Instruction Emphasizing Student Self-Reliance (\$625,000)

We recommend that \$250,000 be allocated for student self-reliance projects for a 1972-73 savings of \$375,000.

A \$625,000 fund for allocation to 25 unspecified small college projects featuring independent study is proposed at an average cost of \$25,000 each. Funds are requested to provide faculty with the time to perform the basic curricular redesign necessary for increasing emphasis on the student learning independently and at his own pace. It is maintained that some faculty using outside grants have already been able to demonstrate significant improvements in the educational process through self-paced learning systems. A variety of techniques and approaches may be used. Emphasis may be on use of media, such as audio-cassettes or film loops. Interaction with the computer may be emphasized. Self-pacing may entail development of reading lists to support student library work, field research or use of open laboratories. A common approach is the development of learning modules or units which the student may complete at his own pace. Finally peer instruction may be included in self-paced approaches.

It is proposed that individual faculty and campus projects be supported on a systemwide basis. Many proposals are already at hand. We believe that this proposal has merit particularly in allowing students to learn at their own pace. We recommend that \$250,000 be allocated to this function, which would provide for ten projects. Our recommendation is based on the assumption that (1) 25 projects are too many to manage effectively at one time and (2) some projects will qualify under the Carnegie funding.

C. Innovative Equipment Fund (\$250,000)

We recommend that the \$250,000 Innovative Equipment Fund be approved subject to further itemized approval by the Department of Finance.

A \$250,000 Innovative Equipment Fund is proposed in order to acquire new instructional equipment. Examples centered on items for multimedia learning centers i.e., audio-cassette machines, film loop projectors and microfilm readers. As discussed elsewhere in this Analysis the state colleges have a justified need for replacement and new instructional equipment. We believe that the Innovative Equipment Fund will help alleviate current deficiencies. We also believe that since the items of equipment have not been specified and could have spin off effects on building alteration needs, utilities, etc. they should be submitted for final review to the Department of Finance prior to authorization.

D. Special Projects and Studies (\$1,075,000)

We recommend that \$700,000 be budgeted for special projects for a budget savings of \$375,000.

A fourth aspect of the innovation and improvement program is to provide \$1,075,000 for research and development of pilot projects in approaches and theories for educational improvement. Projects would include increased utilization of instructional television (ITV), computer assisted instruction, weekend colleges and approaches towards integrating instruction delivery systems.

On page 1092 of this analysis we review the need for improved utilization of ITV and believe that the \$300,000 to be allocated to this purpose with systemwide management is appropriate.

Computer assisted instruction received legislative review and approval in 1968-69 when \$46,534 was approved for a project at California State College, Los Angeles. However, the 1968-69 funds were vetoed. We recommend approval up to a level of \$100,000 which would allow for the Los Angeles and one additional project.

The remaining proposals which include the weekend college, school of the future and unspecified individual college requests would presumably be funded from the remaining requested \$675,000. While itemized costing has not been offered we believe that some funding should be provided for a highly selective number of pilot projects in educational improvement. We recommend that \$300,000 be offered for this purpose instead of \$675,000 for a 1972-73 savings of \$375,000. As mentioned previously in our general comments the amounts offered in the Governor's Budget for innovation greatly exceed the Trustees' request and coupled with the Carnegie grants may be too much to be realistically managed in one fiscal year. We believe that the \$300,000 level proposed would force more judicious management.

E. Improvement in Faculty Skills and Management (\$900,000)

We recommend approval.

This element of the program is primarily for improvement of existing management systems at the colleges. There are two sections of the proposal. One is for converting department chairmen positions in large departments to 12-month positions (\$806,000) which we discuss on page 1048 of this Analysis and concur with.

The second section proposes \$94,000 to be utilized for in-service faculty training with the goal of improving teaching skills. The program is planned to include special institutes and assigned time to pursue specialized training. We believe that in teaching institutions such as the state colleges funds for faculty in-service training are appropriate and recommend approval.

F. Improvement in Administrative Processes (\$200,000)

We recommend deletion of the Improvement in Administrative Process allocation for a savings of \$200,000.

The 1972-73 budget proposes an expenditure of \$200,000 for activities related to the improvement of administrative process. Administra-

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tive areas affected include the student records system and housing. The proposal would include (a) a study of the trends in student housing and (b) some unspecified improvements in the records office to allow greater access. We have reviewed the proposal and believe that the tasks can be accomplished from within the existing workload budget. Studies and improved efficiencies in record handling are everyday activities which in the records program should be made more easy by the workload increase granted in the base budget.

G. Improving Efficiencies at the Graduate Level (\$250,000)

We recommend deletion of the efficiencies at the graduate level element for a 1972-73 savings of \$250,000.

\$250,000 is requested "to provide assigned time to departmental graduate advisors to perform this important function of detailed review of student records and for advising the graduate student at each step toward the master's degree. At the present time this is handled on an overload basis by faculty members. The result is that students experience long delays in meeting with advisers and the advisers are unable to devote the time necessary to provide the intensive consultation required with the graduate student." Twenty FTE faculty positions are requested for assignment to graduate advisement.

We find this proposal difficult to justify since student advisement has always been a required element of faculty workload. Under the work week of the instructor section of the faculty staffing formula it is clearly stated that "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 non-teaching 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." We recommend that the proposed 20 FTE positions for release time be deleted on the basis that it is unnecessary enrichment.

H. Library Development (\$250,000)

We discuss this proposal under the library section of this Analysis (page 1079) in which we recommend approval.

I. Systemwide Administration and Evaluation Program (\$200,000)

We recommend an administration and evaluation level of \$104,720 for a savings of \$95,280.

In order to administer and evaluate the preceding activities the budget proposes a staff with related expenses totaling \$200,000. While details of the exact number of positions, salary levels and allocation of expenses have not been presented, the amount represents only 4.4 percent of the total program proposal of \$4.5 million. This is a reasonable level of administration expense. In reducing the total program level to \$2,380,000 a corresponding 4.4 percent administrative level

would be \$104,720. We recommend this level for a savings of \$95,280.

Joint Doctoral Program

We recommend that the state college joint doctoral program be phased out by (1) allowing no new enrollees in 1972-73, (2) monitoring by the Coordinating Council for Higher Education to insure that the termination is efficient and (3) budgeting the program in a special budget act item so that related savings will accrue to the General Fund. Short run savings in 1972-73 are unidentifiable; long run savings will exceed \$700,000 per year. The state college joint doctorate program appears to be a high-cost low-productivity activity. Doctoral programs offered jointly by a California state college and a campus of the University of California are intended to provide a device for gaining increased utilization of faculty talents for doctoral training on state college campuses without the necessity of building the costly facilities and organizational structure which would be necessary in the absence of University support. The joint doctorates were designed to become an intersegmental bridge for the benefit of students, faculties, and the institutions generally.

In practice, however, benefits appear to be few. By the end of 1970 there were only five joint doctoral programs in operation: a San Francisco State-UC Berkeley program in special education, a San Diego State-UC San Diego program in chemistry, a San Diego State-UC Berkeley program in genetics, a San Diego State-UC Riverside program in ecology, and a Cal State, Los Angeles-UCLA program in special education. Proposed state college expenditures, enrollment, and staffing as reported by the chancellor's office for the five programs, excluding University contributions, are shown in Table 20 for fiscal year 1972-73.

As shown the program is an extremely expensive one averaging \$8,325 per student in 1972-73. In light of the desire for fiscal economies in higher education and nationwide efforts to cut back graduate enrollment in the face of an apparent oversupply of doctorates we believe that the program should be terminated through a phase out program as specified above.

Table 20
1972-73 Joint Doctoral Programs

| <i>College</i> | <i>Year established</i> | <i>Cooperating university</i> | <i>Degrees awarded through 1970-71</i> | <i>Enrollment (individuals)</i> | <i>Total costs</i> | <i>Faculty positions</i> | <i>Cost per student</i> |
|------------------------------|-------------------------|-------------------------------|--|---------------------------------|--------------------|--------------------------|-------------------------|
| Los Angeles | | | | | | | |
| Special education..... | 1968 | UC—Los Angeles | 2 | 8 | \$54,031 | 3.8 | \$6,753 |
| San Diego | | | | | | | |
| Chemistry..... | 1965 | UC—San Diego | 2 | 15 | ----- ¹ | 6.9 | ---- |
| Ecology..... | 1969 | UC—Riverside | -- | 4 | ---- | 1.8 | ---- |
| Genetics..... | 1970 | UC—Berkeley | -- | 5 | ---- | 2.3 | ---- |
| Subtotal San Diego..... | | | 2 | 24 | \$202,701 | 11.0 | \$8,445 |
| San Francisco | | | | | | | |
| Special Education..... | 1967 | UC—Berkeley | 2 | 8 | \$76,400 | 3.8 | \$9,550 |
| Total Governor's Budget..... | | | 6 | 40 | \$333,020 | 18.6 | \$8,325 |

¹ Not detailed.

Sabbatical Leaves

We recommend approval as budgeted.

The workload budget for 1972-73 contains 120.9 sabbatical leaves totaling \$1,305,720. An additional \$340,000 for 35 leaves is included as a program enrichment. The Legislature has traditionally funded sabbatical leaves in the state colleges only for teaching faculty not to exceed a limit of five percent of the total teaching faculty positions. In recent years the number of sabbaticals budgeted have been reduced on the basis of their being low-priority expenditures.

International Program

In 1963 the trustees inaugurated a systemwide international program in cooperation with selected foreign universities. The stated purpose of the program was to provide qualified state college students with the opportunity to obtain one academic year of regular credit while studying at a foreign institution. Since its inception the program has served over 2,000 students at institutions located in Taiwan, France, Italy, Japan, Germany, Sweden, Greece, Israel, the United Kingdom, Africa and Latin America.

Proposed Budget

| | <i>Actual</i> 1970-71 | <i>Estimated</i> 1971-72 | <i>Proposed</i> 1972-73 | <i>Change</i> | |
|--------------------|--------------------------|-----------------------------|----------------------------|---------------|----------------|
| | | | | <i>Amount</i> | <i>Percent</i> |
| Expenditures | \$685,718 | \$427,765 | \$533,276 | \$+ 105,511 | 24.6 |
| Man-years | 26.3 | 17.2 | 16.5 | - .7 | - |

The 1972-73 budget proposes to spend \$533,276 with 16.5 positions and an enrollment of 370 FTE.

Performance

We recommend that \$260,545 in excess program reimbursements be allocated to the International Program in 1972-73 for an equivalent amount of General Fund savings.

For the past several years the administrative structure of this program has been under close legislative review. Concern was first raised in the 1969-70 Analysis when we observed that the program was accumulating excess reimbursements which were apparently going unutilized. We recommended that \$80,000 of these reimbursements be allocated to the General Fund. The Chancellor's office objected to this recommendation and argued that (1) the General Fund should fund a full FTE cost to the program, (2) a \$50,000 contingency fund should be maintained to protect the students, (3) any additional excess fee collections would be returned to the students and (4) the program was being placed under sound fiscal controls. The budget was enacted in accordance with what appeared to be a reasonable proposal by the Chancellor's office.

In the 1971-72 budget hearings the Assembly Ways and Means Committee held a special hearing on this program in an attempt to see if more efficient administration would be possible if the program were

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combined with a similar University of California program. Combination did not appear feasible at the time. Action was taken to limit the program to 300 FTE in 1971-72 instead of the 550 FTE proposed by the trustees. A subsequent review of the program by the Auditor General was also requested.

Auditor General's Report

In November 1971 the Auditor General released his findings which contained numerous instances of questionable program management. Specifically the report maintained:

"International Programs has had a large number of improprieties. Although criminal intent has apparently been absent, according to investigations by the Chancellor's staff and the Attorney General, poor business procedures and management philosophy have led to improprieties such as, but not limited to, the following:

- Unrecorded bank accounts
- Gifts of state property and funds
- Extravagant expenditures
- Inexcusable number of minor clerical errors
- Lack of bank statements and cancelled checks, or copies thereof, for foreign bank accounts
- Lack of costs by country
- Providing of services without reimbursement to nonstate college students.
- Lack of charter flight manifests or passenger lists (except for one year, 1970) for identification of nonstudents and non-International Programs personnel
- Questionable contractual services
- Inadequately supported expenditures, especially from students' funds
- Payment of state expenditures from student funds
- Commingling of state and student funds

"The most serious problem is that the students have been overcharged \$310,545. The surplus reflects an unauthorized tuition or a discriminatory tax against students. The Legislature has formally expressed its intent (see the Analysis of the Budget Bill, 1970-71) by establishing a \$50,000 contingency reserve and directing that excess reimbursements be abated against student fees. Therefore, the \$260,545 (\$310,545 surplus minus the \$50,000 reserve) should be returned to those past students who were overcharged since July 1, 1969. A more reasonable fee should be paid by current and future students participating in the International Programs."

Examples of improprieties include:

"Gifts of State Property and Funds

- "1. Free charter flights and cash for expenses have been given to foreign faculty and officials.

"2. The sister of the resident coordinator of Israel was given \$350 in cash and a free \$450 round trip charter flight to the United States.

"3. At least 28 other nonstate employees have received free charter flights to and from the United States. The cost to the state has been at least \$13,725. Payments of \$450, the exact amount of the round trip air fare, were apparently disguised as being for instructional or personnel services, paid for by state funds. When the individuals paid for the charter flights, revenue was recorded in student funds as "Unspecified Revenue".

"Extravagant Expenditures

"1. The private automobile of the director of the International Programs was transported from Italy to Vienna at a cost to the state of \$1,000.

"2. During the summer of 1967, the director made three trips to the same countries in Europe at a cost of \$3,900, of which all but \$935 was paid from student funds.

"3. Expensive payments for group dinners and cocktail parties were given with many nonstudents in attendance.

"4. At the end of his summer, 1971 trip to Europe and the Middle East the director took a three-week vacation, taking advantage of the free air fare, without notifying anyone."

Concerning travel the report documented total foreign travel expenses for state administrators and resident directors during the past five years amounting to \$113,607. Of that amount, \$44,297 was spent by California based administrators, \$12,106 of which was from student funds.

Coincidentally and concurrently with the audit the program director resigned to resume his former position as a tenured faculty member at San Francisco State College and the total program was relocated from San Francisco to the Chancellor's office in Los Angeles where it is currently under the direction of the Assistant Executive Vice Chancellor.

We believe that the program objectives of this activity are valid and that selected state college students should be provided the opportunity for foreign study in conjunction with their normal academic programs. We believe the administration of the program has been unbelievably bad. We do not believe that the accumulation of excess reimbursements is justified. As mentioned previously the Chancellor's office maintained during the 1969-70 budget hearings that such excesses would be returned to students. While this may be desirable, (a) it has not been done and (b) to do so at this time retroactively may be administratively unfeasible particularly since there has not been cost accounting by program. In light of these considerations we recommend that the excess reimbursements be utilized as operating expenses in 1972-73 offsetting the General Fund by \$260,545. Future student fees should be established at a level which covers costs without

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generating surpluses.

Equipment

We recommend that the provisions of Section 10.3 of the budget act be amended to allow all of the possible \$3 million in 1972-73 budget savings to be applied to equipment. Currently Section 10.3 allocates \$2 million of 1972-73 budget savings to library acquisition and \$1 million to equipment.

Equipment replacement needs in the California State Colleges have been recognized as one of the most important factors in budget allocations. As shown previously in Table 14 nearly one-half of the academic program occurs in the sciences and technical programs such as industrial arts and technology which are heavy users of equipment. Towards meeting these needs the regular budget formula provides \$16.70 per FTE student which totals \$3,886,090 in 1972-73 for 19 colleges serving 232,700 FTE.

For several years the colleges have maintained that the \$16.70 per FTE formula allocation is not adequate, particularly in meeting replacement demand. The 1971 Legislature was concerned with the problem and in the Budget Act Conference Committee Report directed that "the Chancellor's office prepare a special report on the needs for new and replacement equipment in the state college system. Consideration should be given to evaluating the current method of budgeting equipment and the need for change if necessary. A report on this matter is to be rendered to the Joint Legislative Budget Committee by December 1, 1971."

The required report has been submitted. The main import of the report is that the college system has relied heavily on the capital outlay budget for equipment; with the recent decline in capital outlay expenditures the main source of equipment has diminished to the extent that large deficiencies in replacement equipment will occur by 1980 unless action is taken in the support budget. At three sampled colleges the 1980 deficit approximated \$13 million.

1972-73 Budget Request

The 1972-73 Governor's Budget provides the regular \$16.70 per FTE equipment allowance with two provisions for augmentation. The first augmentation provision is a budgeted \$500,000 increase in equipment. The second provision is to allow through Section 10.3 of the budget bill the reappropriation into 1973-74 of \$1 million in 1972-73 budget savings for equipment expenditures. Section 10.3 also allows an additional \$2 million in savings to be applied to the library book acquisition program.

We concur with the budget action with one recommended modification in Section 10.3. In accordance with our analysis of the apparently excessive book acquisition program of the state colleges discussed

on page 1079 of this Analysis we do not believe that any of the Section 10.3 savings should be applied to book acquisition but instead, the section should be amended to apply all the savings to equipment.

II. ORGANIZED RESEARCH

The California State College faculty is authorized to perform research activities which are consistent with the primary teaching function. In accordance with this authorization the colleges contract for workshops, institutes, research and special projects.

Proposed Budget

| | <i>Actual</i> | <i>Estimated</i> | <i>Proposed</i> | <i>Change</i> | |
|----------------------|----------------|------------------|-----------------|---------------|----------------|
| | <i>1970-71</i> | <i>1971-72</i> | <i>1972-73</i> | <i>Amount</i> | <i>Percent</i> |
| Expenditures | \$90,408 | \$282,052 | \$291,227 | \$9,175 | 3.3 |
| Man-years | 4.1 | 21.7 | 21.7 | 0 | 0 |
| Funding: | | | | | |
| Reimbursements | 90,408 | 282,052 | 291,227 | 9,175 | 3.3 |

This program is funded from reimbursements. *We recommend approval.*

III. PUBLIC SERVICE

The public service program contains the program elements within the colleges which produce outputs directed toward the benefit of the community or individuals residing within the geographic service area of the institution. This program consists, primarily, of two major types of services—continuing education and general public service.

Continuing education service includes those activities conducted by instructional program elements which have been established to provide an educational service to the various members of the community, and are not part of the degree curriculum, e.g., short courses, professional review courses, etc. Excluded from continuing education are those educational services provided to matriculated students such as program elements which have been established to provide preparatory, supplemental, or remedial instruction and are not part of the degree curriculum.

Community service is concerned with making available to the public various resources and capabilities that exist within the colleges. Examples of community service may be conferences and institutes, general advisory services and reference bureaus, urban affairs, international affairs, radio, San Diego educational television, consultation, and similar activities which meet the test that the primary intent for establishing and maintaining the program element is to provide services which are beneficial to groups and individuals outside of the institution. It is likely that program elements will occur which contribute jointly to the public service program and one or more of the other programs, e.g., a convocation which is open to the general public.

Subprograms within public service draw a distinction between organized extension activities and campus or departmental public serv-

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ice activities. The nature of extension organizations, or similar organizations, is such that, typically, they exist as semi-autonomous subsystems within the institution and require separate analysis.

Proposed Budget

| | <i>Actual</i> | <i>Estimated</i> | <i>Proposed</i> | <i>Change</i> | |
|--------------------|----------------|------------------|-----------------|---------------|----------------|
| | <i>1970-71</i> | <i>1971-72</i> | <i>1972-73</i> | <i>Amount</i> | <i>Percent</i> |
| Expenditures | \$679,605 | \$792,047 | \$770,983 | -\$21,064 | -2.6 |
| Man-years | 31.1 | 41.6 | 56.5 | 14.9 | 35.8 |

San Diego Educational Television

San Diego State College operates a unique academic program in educational television (ETV) that it is involved with the administration of the community public education station (KEBS). In 1972-73 the station proposes to operate on a total budget of \$493,429; \$279,580 funded from contracts in the community and \$213,849 funded from the State General Fund.

The General Fund allocations to the station not only support the station as a public broadcast agency, but also support curriculum expenses related to the Department of Telecommunications and Film. 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.

State College Support Programs

Support programs are those which are organized to provide direct support to the three previous primary programs of instruction, research and public service. Support programs identified in the budget are (a) academic support, (b) student services, (c) institutional support and (d) independent operations.

IV. ACADEMIC SUPPORT

Functional Description

The academic support program is composed of those subprograms which aid through the retention, presentation and display of materials, or provide services which directly assist the academic functions of the state college system. The budget identifies five subprograms for academic support which include (a) libraries, (b) audiovisual services, (c) television services, (d) computing support and (e) ancillary support as summarized below.

Proposed Budget

| | <i>Man-years</i> | | | <i>Expenditures</i> | | |
|------------------------------|------------------|----------------|----------------|---------------------|----------------|----------------|
| | <i>1970-71</i> | <i>1971-72</i> | <i>1972-73</i> | <i>1970-71</i> | <i>1971-72</i> | <i>1972-73</i> |
| Total Academic Support | 2,584.8 | 2,508.6 | 2,720.4 | \$35,757,848 | \$39,009,850 | \$42,238,676 |
| General Fund | 2,584.8 | 2,508.6 | 2,720.4 | 35,04,509 | 38,272,640 | 41,404,167 |
| Reimbursements | - | - | - | 708,339 | 737,210 | 834,509 |

A. Library Subprogram 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

| | <i>Actual</i> | <i>Estimated</i> | <i>Proposed</i> | <i>Change</i> | |
|--------------------|----------------|------------------|-----------------|---------------|----------------|
| | <i>1970-71</i> | <i>1971-72</i> | <i>1972-73</i> | <i>Amount</i> | <i>Percent</i> |
| Expenditures | \$20,612,230 | \$23,561,475 | \$25,191,629 | \$1,630,154 | 6.9 |
| Man-years | 1,586.5 | 1,563.9 | 1,687.8 | 123.9 | 7.9 |

Significant Revision in Library Budgeting Proposed

In January of 1971 the trustees reviewed a staff report entitled "Report on the Development of the California State College Libraries." In response to this report the trustees formally adopted a resolution on library development which included significant changes in the method and level of library budgeting to be initiated in their 1972-73 budget request. To aid in reviewing the impact of the new proposal we will first discuss the traditional library budgeting process and then compare the proposal to it.

Traditional Library Budgeting Formula

The library budget is basically divided into the following two sections (1) personnel services for (a) administration, (b) book processing and (c) public service and (2) library resources including (a) books/serials and (b) supplies and services.

Personnel services have been recognized by a formula which allows:

a. administration at a rate per college of three positions up to 5,000 FTE, four positions up to 10,000 FTE and a maximum of five positions for colleges over 10,000 FTE,

b. book processing staff at a rate of one position for every 950 new volumes added, and

c. public service staff at a rate of one position for every 260 FTE. (This was adopted in 1970-71 although only funded at a rate of one per 272 FTE).

Resources have been recognized by a formula which allows:

a. Books/serials at a basic rate of 40 volumes per additional FTE student added annually to the system with an additional deficiency entitlement to allow the system to achieve a goal of 40 volumes per

Table 21
State College Library Holdings

| <i>State colleges ranked by 1971-72 FTE (as of 9/1/70)</i> | <i>Actual holdings 6/30/70</i> | <i>1970-71 acquisitions^a</i> | <i>1970-71 budgeted acquisitions^b</i> | <i>Total 6/30/72</i> | <i>Est. FTE enrollments 1971-72</i> | <i>Holdings per FTE</i> |
|--|--|---|--|--------------------------|---|-----------------------------|
| San Diego..... | 485,599 | 37,863 | 57,400 | 580,862 | 20,810 | 27.9 |
| Long Beach..... | 426,602 | 41,018 | 55,043 | 522,663 | 20,120 | 27.5 |
| San Jose..... | 518,719 | 27,913 | 36,170 | 582,802 | 19,980 | 29.2 |
| San Fernando Valley..... | 374,825 | 40,070 | 58,970 | 473,865 | 19,500 | 24.3 |
| Los Angeles..... | 451,924 | 34,213 | 50,321 | 536,458 | 21,060 | 26.8 |
| San Francisco..... | 408,189 | 19,505 | 28,302 | 455,996 | 14,080 | 32.3 |
| Sacramento..... | 331,024 | 32,581 | 48,753 | 412,358 | 13,770 | 29.9 |
| Fresno..... | 327,930 | 28,607 | 48,755 | 405,292 | 14,150 | 28.6 |
| San Luis Obispo..... | 276,135 | 21,308 | 35,382 | 332,825 | 12,700 | 26.2 |
| Fullerton..... | 249,586 | 31,617 | 38,534 | 319,737 | 11,590 | 27.6 |
| Chico..... | 281,476 | 22,699 | 38,534 | 342,709 | 10,200 | 33.6 |
| Hayward..... | 301,267 | 27,168 | 44,818 | 373,253 | 13,150 | 28.4 |
| Pomona..... | 173,044 | 19,122 | 29,880 | 222,046 | 9,930 | 22.4 |
| Humboldt..... | 137,737 | 11,639 | 18,107 | 167,483 | 5,700 | 29.3 |
| Sonoma..... | 111,169 | 20,576 | 30,660 | 162,405 | 4,370 | 37.2 |
| Stanislaus..... | 88,500 | 8,343 | 14,152 | 110,995 | 2,870 | 38.6 |
| Dominguez Hills..... | 82,443 | 11,173 | 17,297 | 110,913 | 2,640 | 42.0 |
| San Bernardino..... | 116,911 | 11,337 | 15,720 | 143,968 | 2,850 | 50.5 |
| Bakersfield..... | 45,000 | 9,445 | 12,582 | 67,027 | 1,250 | 53.6 |
| Total..... | 5,188,080 | 456,197 | 679,380 | 6,323,657 | 221,020 | 28.6 |

^a Derived by dividing the dollar amount for library volumes and periodicals by the average cost per volume (\$13.58).

^b \$2,000,000 in savings to be utilized as price increase which will enable the system to more nearly realize budgeted volumes.

FTE by 1975, up from its current actual level of approximately 30 volumes per FTE. In the past two fiscal years this has not been allowed.

In addition, the unit cost per volume was set by the Department of Finance based on prices of new books in *Publishers Weekly*. This allowance per volume was \$8.69 in 1970-71 and \$8.93 in 1971-72.

b. Supplies and services at 25 percent of the book budget allocation.

Results of Traditional Formula.

As stated in the Chancellors office report the state college libraries utilizing the traditional formula are slowly meeting the trustees' directive. Holdings by college are shown in Table 21 and total expenditures including personnel and books in Table 22.

Table 22
Total Library Expenditures and Cost per FTE

| <i>Year</i> | <i>Actual Expenditures (millions)</i> | <i>Actual FTE</i> | <i>Cost per FTE</i> |
|----------------------|---------------------------------------|-------------------|---------------------|
| 1967-68 | \$14 | 147,137 | \$97.80 |
| 1968-69 | 19.7 | 166,591 | 118.25 |
| 1969-70 | 22.5 | 186,366 | 120.73 |
| 1970-71 | 20.6 | 204,079 | 100.93 |
| 1971-72 (est) | 23.6 | 221,020 | 106.79 |
| 1972-73 (prop) | 25.2 | 232,700 | 108.29 |

CALIFORNIA STATE COLLEGES—Continued**Criticisms of Traditional Formula**

The staff report on libraries adopted by the trustees contended that the traditional formula had served its purpose yet was not responsive enough to public service, administrative and total volume needs. The report felt that public service emphasis should be on station assignments instead of only FTE, that a fixed limit of five administrative positions for colleges over 10,000 FTE was inequitable to large colleges and that the book formula did not provide enough per book and did not allow for additional holdings at colleges which were not experiencing enrollment growth, San Francisco being a case example.

Proposed New Formula

The proposed new formula is again broken into the two major parts of personnel services and resource materials. Personnel services are proposed to be budgeted under a formula which allows:

(a) administrative positions based on total staff instead of FTE as shown below.

| <i>Administrative positions</i> | <i>Total library positions</i> |
|---------------------------------|--------------------------------|
| 2 | 1-15 |
| 3 | 16-25 |
| 4 | 26-35 |
| 5 | 36-50 |
| 6 | 51-70 |
| 7 | 71-110 |
| 8 | 111-160 |
| 9 | 161-220 |
| 10 | more than 220 |

The major effect of this change is to double staff positions at the large colleges from five to ten administrative positions.

(b) Book processing staff at a rate of one position for every 950 new volumes added.

This feature is the same as the traditional formula.

(c) Public service staff in three parts, the first part related to the library activity in charging volumes and reshelving noncharged volumes, the second part granting one position for every 750 FTE students and faculty and the third part granting one position for every 500 graduate students.

This change in the formula computation is by far the most complex. The net man-year effect is minor compared to the traditional formula. However, it satisfies the librarians' request for a formula more directly related to workload.

(d) The final personnel change is a request for an unassigned "basic allowance" of staff to be granted according to college FTE as follows:

| <i>Basic allowance staff</i> | <i>College FTE</i> |
|----------------------------------|------------------------|
| 3 | New unopened college |
| 5 | 1-1,600 |
| 7 | 1,601-6,250 |
| 8 | 6,251-10,800 |
| 9 | 10,801-15,000 |
| 10 | greater than 15,000 |

This is a completely new staffing feature which is not recognized in the traditional formula. Workload for these positions would include graphics, archives, accounting, display and exhibit handling and mail.

For resource materials consisting primarily of books and serials the new formula proposes that goals be established for each state college based on U. S. Office of Education Standards, which takes into consideration opportunities for sharing of resources by libraries in close proximity to one another. These goals are determined by specific, approved fields of graduate study and by the number of FTE students projected as follows:

1. To a basic allowance of 75,000 volumes, for the opening day allowance for new college libraries and for the first 600 FTE students;
2. Add 10,000 volumes for each additional 200 FTE students.
3. Add 3,000 volumes for each subject field of graduate study listed by the Office of Education in application for Title II funds.
4. Add 5,000 volumes for each approved joint doctoral program.
5. Subtract from the total computed 5 percent of such allowance when the college is closer than 25 miles from the nearest public institution of higher education, as determined by the Chancellor.

The results of the new formula which the Chancellor's report proposes as "minimum allowances" computed for 1980-81 are shown in Table 23 compared with current holdings. The proposal allows the acquisition time to extend through 1984-85.

Table 23
Proposed Book and Serial Allowances Based on U.S. Office of Education Standards and Fields of Graduate Study Selected by the Office of Education Compared to Current Holdings

| <i>State college</i> | <i>1980-81 Projected volumes</i> | <i>6/30/72 Current holdings</i> | <i>Difference</i> |
|--------------------------|--|---|-------------------|
| Bakersfield | 315,000 | 67,027 | 247,973 |
| Chico | 1,047,500 | 342,709 | 704,791 |
| Dominguez Hills..... | 476,900 | 110,913 | 365,987 |
| Fresno | 1,370,500 | 405,292 | 965,208 |
| Fullerton..... | 1,013,000 | 319,737 | 693,263 |
| Hayward | 1,120,050 | 373,253 | 746,797 |
| Humboldt..... | 553,000 | 167,483 | 385,517 |
| Long Beach | 1,481,050 | 522,663 | 958,387 |
| Los Angeles | 1,317,175 | 536,458 | 780,717 |
| Pomona | 806,175 | 222,046 | 584,129 |
| Sacramento | 1,365,625 | 412,358 | 953,267 |
| San Bernardino | 461,035 | 143,968 | 317,067 |
| San Diego | 1,481,050 | 580,862 | 900,188 |
| San Fernando Valley..... | 1,562,750 | 473,865 | 1,088,885 |
| San Francisco | 957,125 | 455,996 | 501,129 |
| San Jose..... | 1,297,225 | 582,802 | 714,423 |
| San Luis Obispo | 1,157,000 | 332,825 | 824,175 |
| Sonoma | 756,500 | 162,405 | 594,095 |
| Stanislaus | 438,000 | 110,995 | 327,005 |
| Total..... | 18,976,660 | 6,323,657 | 12,653,003 |

CALIFORNIA STATE COLLEGES—Continued**Budget Impact**

This proposal has significant budget implications. If extended to 1985 the proposal calls for purchase of approximately 1.2 million volumes per year at a constant dollar cost of \$16.3 million annually instead of the current rate of approximately 600,000 per year at \$6 million. The total 10 year cost would be over \$160 million, while volume per FTE rates would increase to approximately 53 to 1 instead of the current rate of 30 to 1, and the cost per volume would increase from the 1971-72 level of \$8.93 to \$13.58 per volume with adjustment upwards as the price index changes.

1972-73 Budget Adaptation

The 1972-73 budget request for state college libraries does not fully fund the trustees' proposal. The Chancellors office staff views this as a phase funding sequence which in no way deters it from fully implementing the program in future years.

Legislative Analyst Recommendation

We recommend that the Legislature adopt the trustees' 1971 library development program in a modified form for a 1972-73 savings of \$1,296,890. Our proposal concurs with the trustees on technical and public service staff, but adds modifications which include (a) no more than seven administrative staff per college library and (b) a system total volume program of 12,852,000 by 1985 averaging 40 volumes per FTE.

We believe that the trustees proposed library development program is unreasonable in both fiscal and program considerations. In the personnel services category we concur with the proposed formula for processing and public service staff but disagree with the proposal concerning administrative and basic allowance staff.

The justification for the formula revision which would increase the maximum administrative staff from 5 to 10 asserts that there is "great dissatisfaction at the larger ones" (colleges) primarily on an equity consideration. An example used is that Humboldt with 38 library positions and 5,250 FTE has four administrative positions while Long Beach with 160 library positions and 19,460 FTE has only one more administrative position, i.e. five. We believe that there is merit in recognizing that the current formula is unrealistic in not granting

differential consideration to colleges once they achieve a level of 10,000 FTE. We propose that the maximum administrative staff be extended to seven positions based on an extension of the current formula whereby a sixth position would be added at 15,000 FTE and a seventh at 20,000 FTE. We believe that the formula should not be changed to the span of control concept used in the trustee's report since total staffing fluctuates heavily depending on the level of book purchases which could cause disruption to the permanent administrative staff in a year where few volumes and consequently few technical processing positions were budgeted.

We see little workload justification for the "basic allowance" which grants up to 10 additional positions over the current formula. The proposed functions of mail handling, accounting, displays and archives are normal library workload which is accomplished by current staffing. If graphic artists are desired (as one proposed use of such new staff) they should be justified on an individual basis.

Concerning library resources of books and serials, we find the proposed 1980-81 level of 18.9 million volumes, an increase of 12.6 million over the current 6.3 million volumes in current holdings, to be fiscally unrealistic and programatically unnecessary. As mentioned previously the estimated cost of this expansion even with the five-year grace period suggested would be over 160 million dollars. While expense alone should not deter a program which has merit we do not see the need for the state college system to average one million volumes per college in 1980-81 unless they are planning a major change in function into research and Ph.D. programs. The trustees' report uses figures to aid in justifying such large increases based on comparisons with 102 colleges which are largely research and Ph.D. granting institutions and consequently can justify such collections.

The 102 institutions represent (a) the major public university from each of the 50 states, (b) 20 additional public universities that have a minimum of two professional schools and confer an annual average of 15 doctorates in at least three nonrelated disciplines, and (c) 32 private universities that meet the criteria discussed above. The library requirements of such institutions far exceed those of teaching institutions and should not be utilized in establishing library goals for the California State Colleges. When compared with colleges of similar function such as members of the American Association of Colleges and Universities the state college libraries are in a favorable position as shown in Table 24. The state colleges and university should strengthen library interchange instead of undertaking this new expansion in cost. We propose continuation of the existing program which seeks to reach a level of 40 volumes per student with modifications. The modifications include (1) changing the goal year from 1975 to 1985 and (2) allowing a 5 percent increase in volumes in colleges of no enrollment growth in order to allow them to keep up with new publications and

CALIFORNIA STATE COLLEGES—Continued

updating of periodicals. Our proposed program would produce a library holdings goal in 1985 totaling 12,852,000 as shown below in Table 25.

Table 24
State College Library Holdings Compared With Holdings of Colleges
in American Association of Colleges and Universities
1969

| <i>State and college</i> | <i>Volumes</i> | <i>Volumes Per FTE</i> |
|---|----------------|----------------------------|
| California State Colleges | | |
| Fullerton..... | 226,485 | 22 |
| Hayward..... | 318,679 | 38 |
| Long Beach..... | 376,575 | 26 |
| Los Angeles..... | 410,639 | 23 |
| Pomona..... | 160,106 | 23 |
| San Luis Obispo..... | 266,934 | 29 |
| Chico..... | 220,988 | 28 |
| Fresno..... | 276,583 | 21 |
| Sacramento..... | 290,036 | 21 |
| San Diego..... | 590,416 | 26 |
| San Fernando Valley..... | 327,989 | 21 |
| San Francisco..... | 372,791 | 20 |
| San Jose..... | 614,907 | 23 |
| Sonoma..... | 100,872 | 24 |
| Stanislaus..... | 75,173 | 37 |
| Arizona | | |
| North Arizona University..... | 236,766 | 29 |
| Colorado | | |
| Colorado State..... | 654,760 | 44 |
| South Colorado State College..... | 86,613 | 190 |
| W. State College of Colorado..... | 107,603 | 31 |
| Connecticut | | |
| Central Connecticut State College..... | 156,879 | 17 |
| Eastern Connecticut State College..... | 58,005 | 37 |
| Southern Connecticut State College..... | 163,165 | 17 |
| Western Connecticut State College..... | 81,212 | 30 |
| Florida | | |
| Florida A & M..... | 175,169 | 40 |
| Indiana | | |
| Indiana State University..... | 394,625 | 30 |
| Ball State University..... | 378,688 | 26 |
| Kentucky | | |
| Eastern Kentucky University..... | 237,050 | 27 |
| Western Kentucky University..... | 343,213 | 33 |
| Michigan | | |
| Central Michigan University..... | 294,975 | 23 |
| Eastern Michigan University..... | 246,832 | 14 |
| Northern Michigan University..... | 129,842 | 18 |
| New York | | |
| State University of New York | | |
| Brockport..... | 175,014 | 32 |
| Buffalo..... | 210,228 | 25 |
| Cortland..... | 170,162 | 39 |

CALIFORNIA STATE COLLEGES—Continued

Table 24

State College Library Holdings Compared With Holdings of Colleges
in American Association of Colleges and Universities
1969

| <i>State and college</i> | <i>Volumes</i> | <i>Volumes Per FTE</i> |
|------------------------------------|----------------|----------------------------|
| Fredonia | 167,338 | 47 |
| Geneseo | 191,956 | 48 |
| New Paltz | 196,908 | 34 |
| Oneonta | 202,096 | 41 |
| Oswego | 249,428 | 41 |
| Plattsburgh | 160,398 | 39 |
| Texas | | |
| East Texas State University | 412,567 | 53 |
| North Texas State University | 598,063 | 41 |
| West Texas State University | 146,108 | 22 |
| Wisconsin | | |
| State University | | |
| Eau Claire | 183,165 | 27 |
| Lā Crosse | 183,163 | 32 |
| Oshkosh | 250,566 | 23 |
| Platteville | 167,162 | 33 |
| River Falls | 155,556 | 40 |
| Stevens Point | 175,957 | 29 |
| Superior | 135,610 | 37 |
| White Water | 210,616 | 23 |

Table 25

Legislative Analyst Proposed
State College Library Holdings

| <i>College</i> | <i>Current holdings</i> | <i>Leg. Analyst² proposed holdings</i> | <i>Chancellor's¹ proposal</i> | <i>Proposal differences</i> |
|---------------------------|-----------------------------|---|--|---------------------------------|
| | <i>1972</i> | <i>1985</i> | <i>1985</i> | |
| Bakersfield | 67,027 | 236,000 | 315,000 | 79,000 |
| Chico | 342,709 | 604,000 | 1,047,500 | 443,500 |
| Dominquez Hills | 110,913 | 418,000 | 476,900 | 58,900 |
| Fresno | 405,292 | 744,000 | 1,370,500 | 626,500 |
| Fullerton | 319,737 | 788,000 | 1,013,000 | 225,000 |
| Hayward | 373,253 | 740,000 | 1,120,050 | 380,050 |
| Humboldt | 167,483 | 344,000 | 553,000 | 209,000 |
| Long Beach | 522,663 | 1,016,000 | 1,481,050 | 465,050 |
| Los Angeles | 536,458 | 916,000 | 1,317,175 | 401,175 |
| Pomona | 222,046 | 568,000 | 806,175 | 238,175 |
| Sacramento | 412,358 | 760,000 | 1,365,625 | 605,625 |
| San Bernardino | 143,968 | 288,000 | 461,035 | 173,035 |
| San Diego | 580,862 | 1,152,000 | 1,481,050 | 329,050 |
| San Fernando Valley | 473,865 | 1,060,000 | 1,562,750 | 502,750 |
| San Francisco | 445,996 | 784,000 | 957,125 | 173,125 |
| San Jose | 582,802 | 1,060,000 | 1,297,225 | 237,225 |
| San Luis Obispo | 332,825 | 640,000 | 1,157,000 | 517,000 |
| Sonoma | 162,405 | 416,000 | 756,500 | 340,500 |
| Stanislaus | 110,995 | 328,000 | 438,000 | 110,000 |
| Total..... | 6,323,657 | 12,852,000 | 18,976,660 | 6,124,660 |

¹ Assumes a 1980 enrollment of 354,630 FTE.

² Assumes a 1980 enrollment of 321,300 FTE.

This proposal allows for the addition of approximately 500,000 volumes per year at a current cost of \$6.8 million annually. It is on this basis that we propose a 1972-73 reduction of 95,500 volumes from the 595,500 budgeted for a savings of \$1,296,890.

Innovative Library Programs

The foregoing library proposals carry a basic traditional assumption that each college is an independent entity which must develop an autonomous library resource. A broader discussion of this is found in the recent Coordinating Council for Higher Education report on facilities sharing in higher education which we discuss under Item 281 of this analysis. We are not satisfied with this traditional assumption of autonomy and believe that immediate efforts must be made to produce more interlibrary cooperation particularly in urban areas.

Chancellor's Office Efforts

Recently the chancellor's office has begun efforts to gain more systemwide coordination of library resources. Studies now being conducted with application to all state college libraries are classified as follows:

- A. New Activities
- B. Current Operations
- C. Longer Range Studies

A. *NEW ACTIVITIES* encompass the following efforts:

1. *Library Automation (Including Book Processing)*. Prior work has been accomplished on library automation, both in and outside the state college system. A cost beneficial library network operating in Ohio consists of operation of on-line computerized systems to assist member colleges in providing faster, more efficient processing procedures for books and journals. In addition, the following subsystems are included:
 - a. Shared cataloging
 - b. Central union catalog
 - c. Rapid communications system for interlibrary loan
 - d. Serials control (maintaining library control of periodical holdings)
 - e. Technical processing system (record and location indicator of books-in-process)
 - f. Remote catalog access
 - g. Circulation control
 - h. Bibliographic information retrieval
 - i. Book purchasing and accounting system
2. *Union Catalog of Periodicals*. A union catalog identifies all periodicals subscribed to by each state college. Union catalogs

CALIFORNIA STATE COLLEGES—Continued

permit greater sharing of collections through interlibrary loan arrangements and better utilization of book funds by the elimination of unnecessary duplication of periodical titles. The first union catalog is planned for publication in June 1972.

3. *Union Catalog of Microfilm Holdings.* This catalog will serve the same basic purposes as a periodicals catalog and is planned for publication in two parts, namely;
 - a. Microfilm sets costing of more than \$200 to be published in January 1972.
 - b. All other microfilm holdings to be published in September 1972.
4. *Centralized Microfilm Facility.* The lack of industry standardization in producing microfilm materials and in manufacturing microfilm reading and printing equipment has resulted in conglomerate collections in libraries throughout the nation. Because greater efficiencies and economies may be realized in the state colleges, a study is in progress to determine the feasibility of establishing a centralized microfilm facility and of adopting uniform microfilm and equipments standards.

B. CURRENT OPERATIONS

5. *Technical Processing Costs.* In December 1970 it was reported to the trustees that the cost of processing a book in state college libraries was \$3.35. A new cost study is being developed and will be conducted by all 19 state college libraries in early 1972. This study is needed for accounting purposes and in order to determine comparative cost savings when book processing tasks are automated.
6. *Improved Interlibrary Loans.* Greater sharing of collections is the main goal of this study. The publication of union catalogs will have a material impact. This study is centering on identifying faster, cheaper, and more efficient ways to transmit requests, ways to reduce handling costs in lending and borrowing libraries, and ways to expand services to more students.
7. *Shared Use of Personnel.* State college library staffs comprise a body of trained professionals—with specialized skills. A study is being conducted to determine how the special skills found in one library may be used, when needed, in another library where the skills are nonexistent. As an example shared use would be most effective in original cataloging operations, especially those requiring foreign language fluency.
8. *Analysis of Current Collections.* Preliminary investigation has begun to determine the strengths and weaknesses of library collections. This is a prerequisite to development of cooperative

acquisition agreements.

C. LONGER-RANGE STUDIES

9. *Centralized or Regional Book Depositories.* Establishment of a central book depository for infrequently used books is a matter of continuing review, as it may represent a way for providing additional library space for the more active portions of the collections. Caution is being exercised because the history of such depositories has been far from satisfactory and more costly than originally anticipated, some have been disestablished or reformed. Automation in state college libraries and the availability of economical, mechanical retrieval systems may be required before cost-effective depositories can be established.
10. *Automated Remote Access Microfilm Center.* Using existing technology and operating systems, it appears feasible to establish a central microfilm facility for state college libraries that will select, acquire, process, store and disseminate microfilm information. The program will use an electronic system to store coded microforms, and to broadcast images to remote terminals in a multicampus network by high resolution video using either coaxial cable or microwave.
11. *Revision of Library Space Standards.* A study has begun of the impact of technology, new library programs, and the continuing increased use of libraries on library space standards. Activities expected to have significant effect include automated book processing, adoption of systemwide microform standards and policy for libraries, and establishment of a centralized microfilm facility.

Funding New Library Activities

The past two budget acts have contained special sections which allow the use of systemwide budget savings to be applied to book purchase and processing up to a limit of \$2,000,000. Section 10.12 of the Budget Act of 1970 stated:

"On the effective date of this act, \$2,000,000 of the unexpended balance of the appropriation made by Item 93, Budget Act of 1970, is reappropriated for the purpose of the purchase of library books and book processing and shall be available until June 30, 1972".

Budget savings of \$2,000,000 were realized and plans are currently in effect to utilize \$1.7 million for direct book purchasing and \$300,000 for new processing methods discussed previously which include (1) an automated centralized book processing system modeled after the Ohio College Library Center, (2) a union listing of periodicals and (3) the setting up of a centralized microform retrieval system. Continuation of the centralized book processing system is proposed in the 1972-73 budget utilizing \$250,000 from the program innovation funds

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discussed under the instruction program. *We recommend approval.*

B. Audio-visual Services
Functional Description

Audio-visual services are designed to primarily aid in presenting the instruction program. These include media devices such as recording equipment, movies and slide presentations coordinated with specific instructional presentations.

Proposed budget

| | Actual 1970-71 | Estimated 1971-72 | Proposed 1972-73 | Change | |
|--------------------|-------------------|----------------------|---------------------|-----------|---------|
| | | | | Amount | Percent |
| Expenditures | \$3,049,207 | \$3,311,787 | \$3,796,010 | \$484,223 | 14.6 |
| Man-years | 277.3 | 287.1 | 331.1 | 44.0 | 15.3 |

Expenditures for this activity will change by \$484,223 in 1972-73 over the current year.

We recommend approval as budgeted.

C. Television Services
Functional Description

Television services are an academic support activity at 10 of the 19 state colleges. The primary function is to aid the general instruction program of the college through closed circuit delivery systems. In addition, the program is useful in supporting curricula in broadcasting and general campus programs which include symposiums or guest speakers.

Proposed budget

| | Actual 1970-71 | Estimated 1971-72 | Proposed 1972-73 | Change | |
|--------------------|-------------------|----------------------|---------------------|----------|---------|
| | | | | Amount | Percent |
| Expenditures | \$962,738 | \$728,797 | \$806,995 | \$78,198 | 10.7 |
| Man-years | 69.0 | 47.2 | 46.8 | -.4 | -1 |

As reflected in the above data financing of this program was substantially reduced in 1971-72. This was the result of veto action on the legislative budget which had restored the full program. The veto was based on that rationale that "the effectiveness of this media has never met expectation and has been disappointing." While restoring the program, the legislature shared this concern. The legislative budget had directed more centralized control by the Chancellor's office in the administration of pilot programs and the limitation of funds to only those colleges where production and distribution of programs was supported.

We recommend that a television resources director position be established in the academic affairs unit of the Chancellor's office from within the additional \$300,000 budgeted for this subprogram and

charged with (1) increasing instructional productivity through ITV, (2) developing regional production centers and (3) bringing to the 1973 Legislature a plan for the orderly development of this resource initially at selected colleges. Due to the veto action the Chancellor's office took the position that the legislative directed control was not possible and allowed the ITV program to continue unchanged. We disagree with this management approach. We believe that ITV resources can and must achieve a stronger position in the delivery of instruction. This becomes even more important with the colleges' stress on innovative methods. A management specialist position similar to the library management position in the academic affairs unit of the Chancellor's office should be created. The 1972-73 budget restores the deleted \$300,000 from this action from the Inovative Project Fund discussed subsequently from which we propose the management position be allocated.

**D. Computing Support
Proposed Budget**

| | Actual | Estimated | Proposed | Change | |
|--------------------|-------------|-------------|-------------|-----------|---------|
| | 1970-71 | 1971-72 | 1972-73 | Amount | Percent |
| Expenditures | \$6,521,862 | \$7,389,917 | \$8,351,317 | \$961,400 | 13 |
| Man-years | 312.2 | 317.2 | 357.6 | 40.4 | 12.7 |

The installation of the California State College Distributed Computing Network to serve institutional and administrative requirements will be essentially completed during fiscal year 1972-73. This approach to state college data processing was developed as a result of the recommendations of this office which were contained in a March 1, 1968, special report to the fiscal committees regarding expenditures for data processing in the state college system. A summary of the recommendations from that report and subsequent analyses follows:

1. A concentrated system 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. To preclude proliferation of large computer systems throughout the colleges, two regional EDP centers for administrative processing (one at a northern college and one at a southern college) should be established.
3. Computing capability in support of instruction should initially be developed by individual colleges but the equipment must be compatible, an integrated network should be developed, and campus computer capability should be augmented by the regional centers.
4. A "time-sharing" capability should be available for instructional use which provides apparently simultaneous on-line services to multiple users with individual requirements.
5. Central coordination for both instructional and administrative

CALIFORNIA STATE COLLEGES—Continued

data processing must be maintained through the Chancellor's office Information Systems Division.

Coordinated Approach Produces Results

Through this coordinated approach, a computer-supported Common-Admission System and the Allotment-Expenditure Ledger System have been installed for all colleges and the Chancellor's office. With the installation of compatible equipment of various levels of sophistication dependent on the size of each college, the entire 19 college system is now interconnected by telephone lines. The network was also recently linked to the central computing center at UCLA and instructional users can now access an extremely powerful computer to solve complex problems.

The systemwide time-sharing program which was authorized in the current year through a \$300,000 budget augmentation has been initiated with the installation of special equipment at San Fernando State College to service the teletype terminals which will be installed for student and faculty use at all state colleges. Finally, a draft of a Standard Data Element Dictionary was released on November 1, 1971, to provide complete uniformity among the 19 colleges and the Chancellor's office relative to the coding and definition of all items of data which are common to the system.

Budget Year Plan

We recommend approval of the funds for data processing as proposed.

The authorized expenditure level for systemwide data processing in the budget year is \$8,351,317, a \$961,400 increase over the current year. This increase is attributed to the following: (1) full-year funding for systemwide time-sharing and the installation of a second time-sharing computer at San Fernando State College rather than at a northern college location; (2) a slight increase in capacity for each small campus remote job entry terminal and the larger campuses stand-alone computers; (3) the decision to consolidate the two regional centers (currently at San Jose and Los Angeles State) into one data center located at an off-campus site and operated by the Chancellor's office.

We support this latter decision because it will result in an improved computer capability and increased operating efficiency due to staff and site consolidation. The consolidated center will result in a decrease in equipment rental of \$173,988 for the regional centers because two dual-processor CDC 3300 computers will share peripheral devices and utilize a front-end communication computer which will feed data to the dual processors in a more efficient manner.

Staff for systemwide data processing will increase from 317.2 in the current year to 357.6 in the budget year. This staff increase is primarily due to the provision of an additional 25 computer operators on the

campuses which will result in additional shift utilization of the campus computers. Additional keypunch operators and clerical assistants account for most of the other staff increases.

Planning for System Upgrade

The Information Systems Division of the Chancellor's office in cooperation with the individual colleges is embarking on a major feasibility study to ascertain the data processing requirements of the state college system for the time period 1974-1980. Planning is currently underway to develop a comprehensive statement of needs by January 1973. Because the contracts for existing installed equipment expires in 1974, it has been determined that the summer of 1974 would be a logical time to consider the installation of any upgraded system.

Our office and the Department of Finance EDP Control and Development Unit are to be kept fully informed of all planning efforts and we will request that the Chancellor's office provide our office with its feasibility study in January 1973. If this study is acceptable, the state colleges anticipate developing a single request for proposal (RFP) for submission to computer vendors.

There are certain operating policies that have guided the state college system through its development of the distributed computing network. These include: (1) the development of all systemwide administrative applications by the Chancellor's office Information Systems Division; (2) the control of computer acquisitions by the Chancellor's office; (3) the policy to consolidate computer facilities where feasible; (4) the assessment of data processing needs on a systemwide basis; and (5) an intent to use available computer technology to take advantage of the economies of scale and data communications capability.

We support these policies and they are consistent with the State of California EDP policies and Section 4 of the Budget Act of 1971. As the state colleges assess their data processing requirements and advanced computer technology, we anticipate an application of these same policies to the new effort.

E. Ancillary Support

Ancillary support includes the operation of special facilities to aid specific academic disciplines. Specifically, such facilities in the state colleges are (a) natural resources and fisheries at Humboldt and Moss Landing, (b) college farms at Fresno, Chico, San Luis Obispo and Pomona and (c) nursery schools at San Diego and San Francisco.

Proposed Budget

| | <i>Actual</i> | <i>Estimated</i> | <i>Proposed</i> | <i>Change</i> | |
|--------------------|----------------|------------------|-----------------|---------------|----------------|
| | <i>1970-71</i> | <i>1971-72</i> | <i>1972-73</i> | <i>Amount</i> | <i>Percent</i> |
| Expenditures | \$4,611,811 | \$4,017,874 | \$4,092,725 | \$74,851 | 1.8 |
| Man-years | 339.8 | 293.2 | 297.1 | 3.9 | 1.3 |

We recommend approval.

CALIFORNIA STATE COLLEGES—Continued

V. STUDENT SERVICES

Functional Description

The student services function includes a variety of services to students which are not directly 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 social and cultural development, supplementary educational service, counseling and career guidance, financial aid and student support, each of which will be discussed separately.

Proposed Budget

| Program Requirements | Man-years | | | Expenditures | | |
|--|-----------|---------|---------|--------------|--------------|---------------|
| | 1970-71 | 1971-72 | 1972-73 | 1970-71 | 1971-72 | 1972-73 |
| Program costs | 1,594.8 | 1,815.6 | 1,999.9 | \$85,139,475 | \$98,586,777 | \$107,867,503 |
| General Fund | 1,335.8 | 1,522.4 | 1,689.8 | — 326,884 | — 1,018,421 | 1,220,920 |
| Reimbursements | — | — | — | 42,686,250 | 52,312,065 | 54,900,767 |
| Dormitory Revenue | | | | | | |
| Fund | 256.5 | 290.8 | 307.7 | 766,630 | 988,539 | 1,039,065 |
| College Auxiliary Enter- prise Fund | 2.5 | 2.4 | 2.4 | 6,479 | 4,594 | 6,751 |
| State college auxiliary organizations | — | — | — | 42,007,000 | 46,300,000 | 50,700,000 |

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," and at the December 1969 meeting the council advised 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.

In 1970 the trustees adopted a policy that student fees in the form of tuition be increased. However, to date such a fee has not been instituted to resident state college students nor has the basic \$118 materials and service fee been increased.

Materials and Service Fee

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 1971-72 the trustees charged \$118 per academic year under this code provision generating \$29.5 million broken down per student as shown in Table 26.

Table 26
Distribution of California State Colleges Materials and Service Fee
(Cost per student)

| | |
|-----------------------------------|----------------|
| | <i>1971-72</i> |
| Administration and teaching | \$40.82 |
| Student health services | 27.38 |
| Student personnel | 41.30 |
| Financial aid | 8.50 |
| Total..... | \$118.00 |

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. Thus, the minimum levels of mandatory fees for the two systems of higher education in California are summarized in Table 27.

Table 27
Basic Mandatory Student Fees at University of California
and California State Colleges

| <i>Segment</i> | <i>1969-70</i> | | <i>1970-71</i> | | <i>1971-72</i> | | <i>1972-73</i> | |
|---------------------------------|-----------------------|-----------------|-----------------------|-----------------|-----------------------|-----------------|-----------------------|-----------------|
| | <i>Under-graduate</i> | <i>Graduate</i> | <i>Under-graduate</i> | <i>Graduate</i> | <i>Under-graduate</i> | <i>Graduate</i> | <i>Under-graduate</i> | <i>Graduate</i> |
| University of California | \$300 | \$300 | \$450 | \$480 | \$600 | \$660 | \$600 | \$660 |
| California state colleges | 111 | 111 | 118 | 118 | 118 | 118 | 118 | 118 |

CALIFORNIA STATE COLLEGES—Continued

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 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. More recent national data reflects that in 1971-72 average resident student tuition at 242 state colleges was \$405 per year.

In the 1971-72 Analysis we recommended that the Legislature raise the materials and service fee by \$70 to fund \$19 million of specific support budget items. This action was adopted by the Senate but rejected by the Budget Conference committee. A specific unresolved legal issue threw doubt as to whether such action was possible through the budget act in light of Education Code Section 23753 limiting tuition to \$25.

The latter consideration was raised by the Chancellor's legal staff who presented a case which followed the argument that (a) tuition was limited to \$25 by Education Code Section 23753, (b) "tuition" meant any instruction or instruction related expense as defined by administrative practice since there was no codified definition, (c) currently the \$118 materials and service fee included approximately \$25 of instruction related expense and (d) therefore any increase in materials and service fees for a purpose which is related to instruction would be illegal since the \$25 limit would be exceeded and the budget act cannot amend substantive law. The opinion conceded that the fee could be increased for expenses which were clearly noninstructional related such as health services.

Social and Cultural Development

Social and cultural development programs are activities which have been established to provide educational development outside the normal degree program. Activities include special lectures, conferences, student government and various clubs.

Proposed Budget

| | <i>Actual</i> | <i>Estimated</i> | <i>Proposed</i> | <i>Change</i> | |
|--------------------|----------------|------------------|-----------------|---------------|----------------|
| | <i>1970-71</i> | <i>1971-72</i> | <i>1972-73</i> | <i>Amount</i> | <i>Percent</i> |
| Expenditures | \$8,719,120 | \$9,948,479 | \$11,198,750 | \$1,250,271 | 11% |
| Man-years | 102.1 | 116.3 | 125.9 | 9.6 | 8.2 |

The 1972-73 budget proposes an increase of \$1,250,271 related to workload. This element is funded from student fees. *We recommend approval.*

Supplementary Education Service

The supplementary educational service element of the budget provides for tutoring to special admittee educational opportunity program (EOP) students. An extensive analysis of the EOP program is found in the financial aid discussion later in this analysis.

Proposed Budget

| | Actual | Estimated | Proposed | Change | |
|--------------------|-----------|-----------|----------|----------|---------|
| | 1970-71 | 1971-72 | 1972-73 | Amount | Percent |
| Expenditures | \$105,196 | \$93,560 | \$89,758 | \$-3,802 | 3% |
| Man-years | 19.9 | 19.9 | 19.6 | -.3 | - |

The 1972-73 budget restores administrative support at Stanislaus, Bakersfield, Humboldt, and San Bernardino. This activity is funded from the General Fund. *We recommend approval.*

Counseling and Career Guidance

The state colleges conduct an extensive counseling and guidance program. The activity is justified in the budget on the basis that "students needing such services may be aided in evaluating the realism of their educational objectives, strength of motivation, intellectual potential, vocational and professional goals. Counseling services are also used to identify students who are, because of emotional problems, a threat to their personal welfare as well as to the college community. It is not intended that students will be provided with long-term therapy through these counseling programs. . . ."

Proposed Budget

| | Actual | Estimated | Proposed | Change | |
|--------------------|-------------|-------------|-------------|-----------|---------|
| | 1970-71 | 1971-72 | 1972-73 | Amount | Percent |
| Expenditures | \$7,678,952 | \$8,345,049 | \$9,182,834 | \$837,785 | 10% |
| Man-years | 660.8 | 718.3 | 778.6 | 60.3 | 8 |

We recommend that the Chancellor's office in conjunction with the Student Body Presidents' Association be directed to conduct an extensive investigation of student counseling services and report on the recommended objectives and level of budget support to the Joint Legislative Budget Committee by December 1, 1972.

As shown above, counseling and career guidance is a significant college expense totaling \$9.1 million in 1972-73. To a large extent the program is utilized by a small fraction of the student population. We have no doubt that guidance counseling for some students is needed

CALIFORNIA STATE COLLEGES—Continued

and should be provided. We are concerned with the lack of current data on the subject.

Student Financial Aid

The financial aid 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. 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.

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.

Proposed Budget

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 1971-72 these programs accounted for a total of \$35,069,786 in loans and grants, a total that is expected to

increase to \$38,757,097 in the budget year. Table 28 lists the college-administered programs.

Table 28
College Administered Financial Aid Programs

| | <i>Actual</i> 1970-71 | <i>Estimated</i> 1971-72 | <i>Budgeted</i> 1972-73 | <i>Change</i> | |
|-----------------------------------|--------------------------|-----------------------------|----------------------------|--------------------|----------------|
| | | | | <i>Amount</i> | <i>Percent</i> |
| Administration..... | \$1,384,695 | \$1,549,183 | \$2,136,411 | \$587,228 | 37.9% |
| NDEA Loans..... | 10,006,889 | 12,067,000 | 14,925,000 | 2,858,000 | 23.6 |
| Law Enforcement..... | (991,664) | (1,576,500) | (1,977,000) | (400,500) | 25.4 |
| Loans..... | 803,196 | 1,176,500 | 1,477,000 | 300,500 | 25.5 |
| Grants..... | 188,468 | 400,000 | 500,000 | 100,000 | 25.0 |
| Nursing..... | (484,165) | (693,000) | (829,000) | (136,000) | 19.6 |
| Loans..... | 241,397 | 385,000 | 443,000 | 58,000 | 15.1 |
| Scholarships..... | 242,768 | 308,000 | 386,000 | 78,000 | 25.3 |
| Educational Opportunity..... | (7,715,026) | (8,522,500) | (7,531,875) | (-990,625) | -11.6 |
| Federal..... | 5,813,367 | 8,173,500 | 7,531,875 | -641,625 | -7.8 |
| State..... | 1,901,659 | 349,000 | ----- | -349,000 | ----- |
| Work-Study..... | (6,698,962) | (9,883,550) | (9,973,750) | (90,200) | 1.0 |
| On-campus..... | 3,632,699 | 4,083,550 | 4,298,600 | 215,050 | 5.0 |
| Off-campus*..... | 3,066,263 | 5,800,000 | 5,675,150 | -124,850 | -2.1 |
| Totals, Financial Aid..... | \$27,281,401 | \$34,291,733 | \$37,373,036 | \$3,081,303 | 9.0% |

* Not included in the 1971/72 and 1972/73 totals are matching funds called "Existing Student Assistant" funds inasmuch as they are included in other program costs. 1971/72 = 976,450 1972/73 = \$1,009,650.

Educational Opportunity Program

The California State College Educational Opportunity Program was established by Chapter 1336, Statutes of 1969. This program consists of authorizing state grants to economically disadvantaged 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.

In the state college program the EOP students are selected through special admissions criteria. Up to 4 percent of entering students are granted admission despite the fact that they are ineligible under normal academic admissions criteria which are restricted to qualifying only the upper one-third of high school graduates. Chapter 1336, 1969, specifies that EOP students are to receive special state grants to offset their economic disadvantages and tutoring and counseling to offset the disadvantages of their previous educational training.

The program was formally initiated in 1969-70 with enrollments and funding through 1972-73 as shown in Table 29.

Table 29
State College Educational Opportunity Program Enrollments and Funding Authorizations

| <i>Year</i> | <i>New FTE enrollments</i> | <i>Total FTE enrolled</i> | <i>Student grants (in millions)</i> | <i>Tutoring and counseling services (in millions)</i> |
|--------------------------|----------------------------|---------------------------|-------------------------------------|---|
| 1969-70 | 3,150 | 3,150 | \$1.2 | \$1.1 |
| 1970-71 | 3,500 | 6,020 | 1.9 | 1.3 |
| 1971-72 (est.) | 3,500 ¹ | 8,428 | .3 | 1.3 |
| 1972-73 (proposed) | 4,130 | 11,014 | — | 1.5 |

¹ Legislature authorized 3,755 FTE.

Performance

Academic performance of EOP enrollees admitted in fall 1969 compared with a sample group or regular enrollees is summarized in Table 30. The wide disparities in these comparisons among the various colleges suggests that the administration of the program must vary greatly, and careful examination of individual programs is needed to explain the relative successes and failures.

CALIFORNIA STATE COLLEGES—Continued

Table 30

Comparison of Cumulative Grade Point Averages and Attrition Rate,
Fall 1969 Entering EOP Students and Regular Student Sample

| | Cumulative median G.P.A. through June 1970 | | Cumulative median G.P.A. through June 1971 | | Attrition rate | |
|--------------------------|--|------|--|------|----------------|-------|
| | Regular | EOP | Regular | EOP | Regular | EOP |
| Dominguez Hills..... | 2.73 | 2.09 | 2.83 | 2.00 | 37.9% | 35.5% |
| Fullerton..... | 2.55 | 2.23 | 2.63 | 2.42 | 13.3 | 39.5 |
| Hayward..... | 2.73 | 2.56 | 2.88 | 2.03 | 26.7 | 20.6 |
| Long Beach..... | 2.45 | 2.44 | 2.59 | 2.39 | 19.4 | 19.2 |
| Los Angeles..... | 2.71 | 1.96 | 2.83 | 1.98 | 19.6 | 29.2 |
| San Bernardino..... | 2.58 | 2.21 | 2.50 | 2.13 | 45.5 | 16.7 |
| Cal Poly, KV..... | 2.30 | 2.23 | 2.54 | 2.13 | 28.1 | 11.6 |
| Cal Poly, SLO..... | 2.33 | 2.13 | 2.44 | 2.33 | 25.3 | 20.0 |
| Chico..... | 2.65 | 2.46 | 2.65 | 2.38 | 10.0 | 23.3 |
| Fresno..... | 2.63 | 2.33 | 2.69 | 2.33 | 12.7 | 32.6 |
| Sacramento..... | 2.96 | 2.42 | 2.92 | 2.20 | 12.5 | 19.6 |
| San Diego..... | 2.86 | 2.58 | 2.86 | 2.57 | 13.9 | 26.1 |
| San Fernando Valley..... | 2.59 | 2.50 | 2.61 | 2.29 | 20.5 | 12.0 |
| San Francisco..... | 2.83 | 2.61 | 2.67 | 2.48 | 21.3 | 15.0 |
| San Jose..... | 2.71 | 2.53 | 2.68 | 2.35 | 16.7 | 20.5 |
| Sonoma..... | 2.96 | 2.75 | 3.02 | 2.48 | 16.7 | 15.6 |
| Stanislaus..... | 2.92 | 2.21 | 2.83 | 2.29 | 25.7 | 9.1 |
| Systemwide..... | 2.53 | 2.24 | 2.57 | 2.15 | 20.4 | 21.1 |

1972-73 Elimination of Student Grants Proposed

We recommend the restoration of EOP student grants in 1972-73 as authorized by law and previous budget acts at a level of \$440 for first year students and \$220 for continuing students for an augmentation totaling \$3,331,680.

Student grants are authorized in law at a level not to exceed \$700 per enrollee. Budget policy in 1970-71 established a formula of providing a grant average of \$400 for first year enrollees and \$200 per continuing enrollee. These funds when combined with work-study funds and loans provide the economic basis for student matriculation.

As shown previously, in Table 29 grant funds were reduced drastically in 1971-72 and none are proposed in 1972-73. In last year's analysis we objected to the reduction in grant funds since (a) they were needed by the enrollees and (b) there was no basis for the budget rationale which assumed that there would be large increases in federal EOP support as the budget assumed. The Legislature augmented the 1971-72 budget by \$2.3 million for grants, which was subsequently vetoed.

The 1972-73 state college budget implies that state grant funds have been restored by stating that "provision is made elsewhere in the Governor's Budget for meeting the high level of financial need as-

sociated with enrollees in this program for the new student group as well as for an estimated 6,884 students continuing in the second through fourth years of undergraduate study." The trustees have estimated that \$3,331,680 is needed for this purpose.

We have reviewed all aspects of the proposed 1972-73 Governor's Budget and fail to locate where the \$3.3 million grant "provision" is made for state college students. Community colleges have been allocated \$3.3 million, limited specifically to that program, and the only increase in the Scholarship and Loan Commission College Opportunity Grant Program is for 1971 legislatively mandated increases in new enrollees in that program, which does not encompass the provision of grants to 11,014 FTE state college EOP enrollees.

We recommend that the state college budget item be augmented by \$3,331,680 to clearly provide for grants to state college EOP students.

Student Support

Student support activities include housing, parking and health services.

Proposed Budget

| | Actual 1970-71 | Estimated 1971-72 | Proposed 1972-73 | Change | |
|--------------------|-------------------|----------------------|---------------------|-------------|---------|
| | | | | Amount | Percent |
| Expenditures | \$41,354,806 | \$45,907,956 | \$50,023,125 | \$4,115,169 | 9% |
| Man-years | 667.4 | 801.6 | 874.5 | 72.9 | 9 |

These activities are funded from student charges. *We recommend approval.*

VI. INSTITUTIONAL SUPPORT

Functional Description

The institutional support program consists of activities which provide collegewide service to the other programs of instruction, organized research, public service and student support. The activities which are discussed separately below include executive management, financial operations, general administrative services, logistical services, physical plant operations, faculty and staff services and community relations.

Proposed Budget

| | Actual 1970-71 | Estimated 1971-72 | Proposed 1972-73 | Change | |
|------------------------------------|-------------------|----------------------|---------------------|-------------|---------|
| | | | | Amount | Percent |
| Expenditures | \$75,234,746 | \$82,192,713 | \$88,459,396 | \$6,266,683 | 7.6% |
| Man-years | 5,753.7 | 6,213.2 | 6,491.5 | 278.3 | 4.5 |
| Funding: | | | | | |
| General Fund | 63,089,500 | 68,706,645 | 74,834,068 | 6,127,423 | 10.1 |
| Dormitory Fund | 3,644,677 | 3,829,740 | 4,316,004 | 486,264 | 12.6 |
| Reimbursements | 5,312,866 | 6,292,981 | 5,812,798 | 480,183 | -7.6 |
| Auxiliary enterprise | 222,493 | 219,735 | 212,091 | -7,644 | -3.0 |
| Parking Fund | 1,598,210 | 1,743,612 | 1,784,435 | 40,823 | 2.1 |
| College auxiliary operations | 1,367,000 | 1,400,000 | 1,500,000 | 100,000 | 7.0 |

CALIFORNIA STATE COLLEGES—Continued

Executive Management

Executive management consists of all central executive-level program elements and other program elements concerned with the management and long-range planning of the state college system, as contrasted to any one program within the system. Included within this subprogram are such central operations as legal services and executive direction, which consists of the trustees, the Chancellor's office, and the senior executive officers. Planning and programming which is included are those central operations related to the management and planning for the institution, including analytical studies and institutional research.

Proposed Budget

| | <i>Actual</i> | <i>Estimated</i> | <i>Proposed</i> | <i>Change</i> | |
|--------------------|----------------|------------------|-----------------|---------------|----------------|
| | <i>1970-71</i> | <i>1971-72</i> | <i>1972-73</i> | <i>Amount</i> | <i>Percent</i> |
| Expenditures | \$9,973,268 | \$10,415,317 | \$10,614,967 | \$199,650 | 1.9% |
| Man-years | 538 | 554.1 | 557.9 | 3.8 | 0.8 |

Chancellors Office

We recommend approval. 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 administrative 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 them to make decisions on the system's management. 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 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, fiscal affairs and faculty and staff affairs which enable it to carry out its coordinative responsibilities.

The 1972-73 budget proposes an expenditure of \$4,222,869 for this office which is an increase of \$294,346 (7.4%) over the current year level of \$3,928,523. Five and one-half positions which were reduced in 1971-72 are restored.

Moving the Chancellor's Office

During the current fiscal year the Chancellor's office has entered into negotiations with the Department of General Services for the purpose of locating a permanent headquarters in the Los Angeles area. If successful, the new location will be the fourth in the past

decade. When the Donahoe Act was passed during the 1960 First Extraordinary Session creating the trustees and the Chancellor's office, the staff was part of the Department of Education located in Sacramento. In the 1961 session, prior to the time that a semi-permanent location for the Chancellor's office had been chosen, Senate Concurrent Resolution No. 67 was introduced by Senator Rodda which requested that the central office be located in Sacramento but this effort was defeated in the Assembly Education Committee after having passed the Senate.

In the absence of a formal legislative directive as to the location of the Chancellor's office, the trustees decided to locate in Los Angeles County. After reviewing several facilities, they chose a temporary facility in Inglewood to which the staff was moved from the Department of Education in November of 1961 and where it remained until expansion forced a move into their current larger quarters in the California Federal Savings and Loan Association Building on Wilshire Blvd. which were occupied officially on January 1, 1966.

The current headquarters is under a rental arrangement wherein the original period of the lease was to expire January 1, 1969, with the provision for three two-year extensions through January 1974. In 1968 the Department of General Services agreed to exercise the extension options based on the rationale that bids on other space were for at least five years and the two-year option would allow more flexibility if the Legislature required that the Chancellor's office be moved.

While there has been no legislative mandate of a permanent location, several attempts have been made at returning the office to Sacramento. Senate Bill No. 828 of 1968 and Senate Bill No. 345 of 1969 spoke to this issue but each failed to pass the Legislature.

The Department of General Services recently made a search of the Los Angeles area to determine which state agencies could be consolidated into a single building. Subsequently, there were identified three major prospective occupants, the Department of Rehabilitation, the Trustees of the California State Colleges and the Department of Education. The space needs for these departments are estimated to be approximately 168,000 net square feet. In addition, there are approximately 20 other agencies requiring an additional 126,000 net square feet which could be consolidated into the same building. Although we feel the assumed space needs for the trustees is high by approximately 30,000 net square feet, the total amount of space required would still justify the proposal. The department has searched the desirable Los Angeles area for suitable buildings and has located several new buildings which would meet the needs of the state. The owners of these buildings have indicated a willingness to bid on the state's lease-purchase proposal.

The department proposes to open bids for this project in January 1972 and execute the lease in March 1972 for occupancy by January 1,

CALIFORNIA STATE COLLEGES—Continued

1973. The proposal will include an option to the state for purchase of the land and building, or by gift, or by other means to obtain an equity position. The owner is to agree that any space excess to the state's initial needs will be retained by the owner and made available to the state in the future on a reasonable schedule, and upon exercise of the equity option the owner will lease back all space excess to state needs. In our opinion, the proposal should proceed on the schedule as presented by the department.

The Trustees of the California State Colleges have taken action indicating their desire to be located in a building which would ultimately be used entirely for trustee purposes. They have further indicated their first preference to be a new building on the Long Beach tidelands site. The Department of General Services has included, in its analysis of the proposed Los Angeles building, an economic analysis of the options available to the trustees within their preference. These analyses indicate that the location of the trustees in the Long Beach area would be economically undesirable in comparison to the Los Angeles proposal. We are in accord with the department's recommendation that the trustees be an occupant of the proposed building since the previous proposals to move them from Los Angeles have not been accepted.

Academic Senate

We recommend approval.

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 consulted on various matters affecting academic policy.

\$217,779 is proposed for Academic Senate expenses in 1972-73 which represents an increase of \$60,322 (38 percent) over the current year level of \$157,457. The main cause of the increase is a proposed augmentation of \$50,000 in 1972-73 for the purpose of providing four faculty release time positions to be allocated at a rate of 0.2 position for each of the 20 committee members of the standing committees.

Additional Vice Presidents Requested

We recommend that legislative approval be withheld from the requested nine additional vice president positions for a savings of \$300,000 in 1972-73. We recommend that a comprehensive study on all aspects of academic administration be submitted for evaluation in accordance with the directive of the 1970 Conference Committee report.

Included in the 1972-73 state college budget is a \$300,000 request for

the authorization of a third vice president position at colleges with over 14,000 FTE. Current budget formulas authorize a maximum of two vice president positions for colleges over 5,000 FTE students. The trustees argue that an additional vice president position is needed since (1) the current formula has not been changed since 1964-65, (2) management responsibilities have increased, (3) other colleges and universities have up to four vice presidents and (4) more effective management will result.

In recent years the Legislature has been interested in a closer examination of the overall academic administrative question. 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. As of this date no final report has been submitted in compliance with the legislative directive.

We are unable to recommend approval of the requested \$300,000 for nine third vice presidents for several reasons. The first is that the above-mentioned report has not been submitted. The second is that management should be organized along lines of function to be performed which are quite similar in all colleges regardless of the number of FTE. The general pattern of using two vice presidents is to assign one to the overall academic functions of the college and one to the business management functions with each reporting to the president. Since these are the two major management functions of the colleges the distribution of positions is reasonable. The purpose of a third vice president would not be uniformly designated under the proposal for 1972-73. There is a high probability that it would be used (as is the case currently at San Francisco) to coordinate the other two vice president positions and effectively remove the college president from the majority of administrative duties. We question the necessity of such action.

Financial Operations

Financial operations includes those central operations related to fiscal control, investments, and functional program elements related to the fiscal operations of the colleges.

Proposed Budget

| | <i>Actual</i> | <i>Estimated</i> | <i>Proposed</i> | <i>Change</i> | |
|--------------------|----------------|------------------|-----------------|---------------|----------------|
| | <i>1970-71</i> | <i>1971-72</i> | <i>1972-73</i> | <i>Amount</i> | <i>Percent</i> |
| Expenditures | \$6,322,587 | \$6,906,950 | \$7,643,601 | \$36,650 | 10.6% |
| Man-years | 549.3 | 587.7 | 641.7 | 54.0 | 9.2 |

CALIFORNIA STATE COLLEGES—Continued

We recommend approval. Financial operations expenditures for 1972-73 total \$7,643,601 an increase of \$736,650 (10.6 percent) over the current year. The increase reflects growth in workload.

General Administrative Services

General administrative services includes program elements which provide central administrative services such as administrative data processing, student admissions and record management. *We recommend approval.*

Proposed Budget

| | <i>Actual</i> | <i>Estimated</i> | <i>Proposed</i> | <i>Change</i> | |
|--------------------|----------------|------------------|-----------------|---------------|----------------|
| | <i>1970-71</i> | <i>1971-72</i> | <i>1972-73</i> | <i>Amount</i> | <i>Percent</i> |
| Expenditures | \$10,872,229 | \$11,650,188 | \$12,865,753 | \$1,215,565 | 11.0% |
| Man-years | 949.6 | 1,024.7 | 1,153.8 | 129.1 | 12.5 |

Logistical Services

Logistical services contains program elements which provide procurement services, supply and maintenance of provisions, and the movement of support materials for the campus operation. Included within logistical services are central program elements related to the health and safety of the staff and students.

Proposed Budget

| | <i>Actual</i> | <i>Estimated</i> | <i>Proposed</i> | <i>Change</i> | |
|--------------------|----------------|------------------|-----------------|---------------|----------------|
| | <i>1970-71</i> | <i>1971-72</i> | <i>1972-73</i> | <i>Amount</i> | <i>Percent</i> |
| Expenditures | \$12,808,922 | \$13,881,692 | \$15,338,256 | \$1,456,564 | 10.1% |
| Man-years | 828.5 | 923.4 | 950.0 | 26.6 | 2.8 |

Security Augmentation

We recommend that 26.7 security positions be reduced from the 1972-73 budget request for a savings of \$256,471.

The 1972-73 budget proposes an increase of 33.2 security positions. 6.5 are related to normal workload growth while the remaining 26.7 are for an improved level of service. The augmentation is justified in order "to more adequately provide for the personal safety of students, employees, visitors, as well as state property on the campus."

The request is the third security augmentation in the past four years. In 1969-70 the Legislature approved a new security budget formula intended to (a) provide a minimum of five security officers for 24-hour seven-day coverage, (b) provide fractional increments in staff according to campus square footage, and (c) provide for additional staff in accordance with individual enrollments. Twenty-one new security positions were authorized with the 1969-70 change.

In 1971-72 the trustees again requested a security augmentation of 7.5 positions "to be held as a contingency force and allocated only on specific justification." This request was also approved by the Legislature. The cumulative effect of these changes upon the total college security staff is shown in Table 31. As reflected in the data regular security staff has increased from 147.6 positions in 1969-70 to 227.9 positions proposed in 1972-73, an increase of 54.9 percent. Total security staff has increased from 201.8 positions to 293.7 over the same period of time for an increase of 45.8 percent.

We believe that previous augmentations have been justified in providing 24-hour coverage and providing more adequate coverage for problems of campus unrest. The latter, however, have subsequently diminished. We question the need for additional augmentations at this time. The 54.9 percent staff increase in four years proposed by the 1972-73 budget appears to be excessive and we consequently recommend a reduction of 26.7 positions for a 1972-73 budget savings of \$256,471.

Table 31
California State College Security Positions
1969-70—1972-73

| | <i>General security</i> | | | | <i>Parking security</i> | | | |
|-------------------------------|-------------------------|---------|---------|---------|-------------------------|---------|---------|---------|
| | 1969-70 | 1970-71 | 1971-72 | 1972-73 | 1969-70 | 1970-71 | 1971-72 | 1972-73 |
| San Jose..... | 12.6 | 13.1 | 14.0 | 14.0 | --- | --- | --- | --- |
| Long Beach..... | 12.0 | 12.8 | 14.0 | 14.0 | 8.6 | 6.0 | 9.0 | 9.0 |
| San Diego..... | 9.8 | 13.5 | 15.5 | 15.5 | 5.1 | 5.2 | 6.5 | 6.5 |
| San Francisco..... | 11.4 | 11.4 | 13.0 | 13.0 | 1.5 | .5 | 1.5 | 1.5 |
| Los Angeles..... | 9.1 | 13.6 | 16.0 | 16.0 | 7.5 | 6.1 | 9.5 | 9.5 |
| San Fernando Valley..... | 11.7 | 11.7 | 12.5 | 12.5 | 3.2 | 5.7 | 7.0 | 7.0 |
| Sacramento..... | 5.5 | 8.4 | 10.6 | 10.6 | 6.5 | 5.3 | 6.5 | 6.5 |
| Cal Poly—San Luis Obispo..... | 5.9 | 8.6 | 10.3 | 10.3 | 2.0 | 1.0 | 2.0 | 2.0 |
| Fresno..... | 8.0 | 4.0 | 11.5 | 11.5 | 3.5 | 3.1 | 3.5 | 3.5 |
| Fullerton..... | 7.8 | 6.0 | 11.0 | 11.0 | 2.9 | 3.0 | 3.0 | 3.0 |
| Chico..... | 8.7 | 9.8 | 9.8 | 9.8 | 1.0 | 1.3 | 1.5 | 1.5 |
| Cal Poly—Kellogg Voorhis..... | 9.0 | 10.8 | 12.0 | 12.0 | 2.9 | 3.3 | 3.0 | 3.0 |
| Hayward..... | 7.0 | 8.8 | 11.0 | 11.0 | 3.0 | 3.0 | 3.5 | 3.5 |
| Humboldt..... | 4.0 | 3.6 | 5.0 | 5.0 | 2.0 | 1.7 | 2.0 | 2.0 |
| Sonoma..... | 5.3 | 5.5 | 6.0 | 6.0 | 1.6 | 1.4 | 1.0 | 1.0 |
| Stanislaus..... | 4.7 | 4.1 | 5.0 | 5.0 | .9 | 1.0 | 1.0 | 1.0 |
| San Bernardino..... | 6.1 | 6.1 | 6.0 | 6.0 | 1.0 | 1.0 | 2.0 | 2.0 |
| Dominquez Hills..... | 4.0 | 5.0 | 6.5 | 6.5 | 1.0 | 2.0 | 3.0 | 3.0 |
| Bakersfield..... | 5.0 | 4.5 | 5.0 | 5.0 | --- | --- | --- | --- |
| Subtotals..... | 147.6 | 161.7 | 194.7 | 194.7 | 54.2 | 50.6 | 65.5 | 65.5 |
| Requested increase..... | --- | --- | --- | 33.2 | --- | --- | --- | --- |
| Totals ¹ | 147.6 | 161.7 | 194.7 | 227.9 | 54.2 | 50.6 | 65.5 | 65.5 |

¹Do not include student assistants, temporary help or fireman positions.

Physical Plant Operations

Physical plant operations are those program elements established to provide services related to the campus grounds and facilities. The maintenance operations program category includes program elements related to maintaining the existing grounds and facilities. Included within the maintenance operations program category are those program elements which have been established to provide institutionally operated utility services, e.g., campus heating plants. The plant expansion and modification program category contains program elements which represent institutional resources committed to creating new facilities or modifying existing facilities and grounds. Included within this program category are the program elements established by the institution to assist in expansion, maintenance and modification functions, e.g., campus planning, repairs, ground maintenance and custodian services.

Proposed Budget

| | <i>Actual</i> | <i>Estimated</i> | <i>Proposed</i> | <i>Change</i> | |
|--------------------|----------------|------------------|-----------------|---------------|----------------|
| | <i>1970-71</i> | <i>1971-72</i> | <i>1972-73</i> | <i>Amount</i> | <i>Percent</i> |
| Expenditures | \$33,903,194 | \$36,683,129 | \$38,461,267 | \$1,778,138 | 4.8% |
| Man-years | 2,835.7 | 3,077.2 | 3,123.5 | 46.5 | 1.5 |

Planning for Year-Round Operations

We recommend that the Legislature critically evaluate the budget policy decision that continued implementation of year-round operations is unnecessary because, according to the budget document, "it is possible that student demand for education in the state colleges can be met without an extension of additional colleges to four-quarter operation."

We recommend that the Legislature augment the 1972-73 trustees' budget by \$50,000 for year-round operations planning costs at San Francisco State College in accordance with the mandate of Chapter 1517, Statutes of 1970.

Background

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.

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 year-round operation program from internal budget savings of \$1 million.

CALIFORNIA STATE COLLEGES—Continued

(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) Enacting Chapter 1517, Statutes of 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. As signed by the Governor, 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. The report indicates that the conversion could be made in accordance with the schedule shown in Table 32, the first being San Francisco State.

Table 32
Delayed Conversion Schedule to Year-round Operation at
Nine State Colleges

| College | Academic year | | | | |
|---------------------|----------------|---------|----------------|----------------------|---------|
| | 1972-73 | 1973-74 | 1974-75 | 1975-76 ^a | 1976-77 |
| San Francisco | P ¹ | P | C ² | YRO ³ | YRO |
| Chico | | P | P | C | YRO |
| Fresno | | P | P | C | YRO |
| Fullerton | | P | P | C | YRO |
| Long Beach | | P | P | C | YRO |
| Sacramento | | P | P | C | YRO |
| San Diego | | P | P | C | YRO |
| San Fernando | | P | P | C | YRO |
| San Jose | | P | P | C | YRO |

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.

This schedule has been typified in the Chancellor's report as "the longest acceptable delay in the provision of planning funds if conformity with Chapter 1517 is to be realized."

Current enrollment estimates project a 1980-81 enrollment of 321,300 FTE systemwide, an increase of 88,600 FTE over the 1972-73 enrollment of 232,700 FTE. Not only is this increase significant, it

represents a peak whereafter enrollments will drop off for the following decade. With the high academic year classroom utilization currently experienced the only alternatives for meeting the demand are (a) continued construction to fully cover the 321,300 FTE or (b) curtailed construction with the implementation of year-round operations. As discussed previously this issue has been reviewed many times with the policy decision reached in favor of the year-round operation program. We believe that the 1972-73 budget violates current policy and should be reviewed and modified accordingly.

The trustees' budget for 1972-73 requested \$600,000 for planning costs of all nine colleges. No funds for this purpose are included in the Governor's Budget proposed for 1972-73 based on an assumption that enrollments can be met without YRO. We recommend implementation of the Chancellor's office schedule by providing \$50,000 in 1972-73 for planning funds at San Francisco State College. The Chancellor's office has requested \$120,000 for San Francisco. The college has been allocated YRO planning funds in previous budgets to the degree that we believe \$50,000 to be a reasonable level.

Faculty and Staff Services

Faculty and staff services consists of budget allotments for overtime and nonfaculty release functions. The Fair Labor Standards Act Amendments of 1966 were filed by the President as Public Law 89-601 on September 23, 1966. The law extends minimum wages, equal pay, and overtime pay benefits to all employees of public and private, profit and nonprofit colleges, universities and hospitals, except those employed in an executive, administrative or professional capacity. Employees covered for the first time by the Wage-Hour Law must receive time-and-a-half for hours worked over 40 per week.

Nonfaculty reclassification funds are provided annually to allow for job reclassifications where justified. It has been the accepted budget practice to provide such funds from excess salary savings.

Proposed Budget

| | Actual | Estimated | Proposed | Change | |
|--------------------|-----------|-------------|-------------|-----------|---------|
| | 1970-71 | 1971-72 | 1972-73 | Amount | Percent |
| Expenditures | \$268,723 | \$1,483,909 | \$2,165,337 | \$681,428 | 45.9 |
| Man-years | 9.1 | 0.3 | 0.4 | 0.1 | 33.3 |

Unbudgeted Health Benefit Obligation

We recommend that the budget be augmented by \$421,776 to fund the 1972-73 required increase in employee health benefit contributions.

In the 1970 session the Legislature enacted Government Code Section 22825 increasing the state's contribution for employee health benefits from \$12 to \$14 in 1972-73. The trustees requested \$421,776 in order to fund the required expenditure. These funds have not been included in the Governor's Budget presumable on the assumption that

CALIFORNIA STATE COLLEGES—Continued

unspecified savings can be made throughout the budget to cover the liability. The conflicts with the policy for other state agencies which have been allowed to budget the expenditure.

We believe that the two-dollar health benefit increase should be scheduled at the expenditure level required. We are concerned that (a) it is poor budget practice to force the colleges to absorb an expense mandated by a general state policy and (b) the budget of the state colleges is inconsistent with other state agencies, which have properly scheduled the expenditure. We recommend that the budget be augmented by \$421,776 for this purpose.

Community Relations

Community relations are those program elements which have been established to maintain relationships with the general community or the institution's alumni and activities related to development and fund raising. Excluded from this subprogram are the program elements established primarily to provide public service to the community. Concerts, plays, art exhibits and lectures are among the types of public affairs conducted. The governmental affairs office in Sacramento is also included in this element.

Proposed Budget

| | Actual 1970-71 | Estimated 1971-72 | Proposed 1972-73 | Change | |
|--------------------|-------------------|----------------------|---------------------|-----------|---------|
| | | | | Amount | Percent |
| Expenditures | \$1,085,823 | \$1,171,528 | \$1,370,215 | \$198,687 | 16.9% |
| Man-years | 43.5 | 45.9 | 64.2 | 18.3 | 39.8 |

Relations with Schools

We recommend approval of the \$150,000 relations with schools program. We recommend that the Chancellor's office be directed to allocate the funds only to colleges with the highest demonstrated need.

The college level 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 develop the common admissions program and to articulate with high school and community college counselors on the academic requirements of the state colleges. 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.

The Legislature again in subsequent budgets augmented this program for a northern and southern California pilot program and the funds were again reduced by the governor. It appears that the opposition to this program stemmed from fiscal considerations rather than program considerations since the 1972-73 budget proposes to fund it with \$150,000 from the General Fund.

The intent of Relations with Schools program is to establish a college

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. We recommend approval and that the funds be selectively allocated to colleges with the highest need.

VII. INDEPENDENT OPERATIONS

Functional Description

The independent operations program consists of the activities (a) institutional operations and (b) outside agencies which embellish the college community but are independent of its main activities. Dining halls, bookstores, college unions and special project activities are examples of such activity. *We recommend approval.*

Proposed Budget

| | Actual | Estimated | Proposed | Change | |
|-------------------------------|--------------|--------------|--------------|---------------|---------|
| | 1970-71 | 1971-72 | 1972-73 | Amount | Percent |
| Program costs | \$31,791,690 | \$40,283,345 | \$29,986,787 | \$-10,296,558 | -25% |
| Man-years | 530.3 | 730.6 | 759.4 | 28.8 | 3.9 |
| Funding | | | | | |
| General Fund | \$-123,443 | — | — | — | — |
| Reimbursements | 6,625,548 | \$19,043,345 | \$9,786,787 | \$-9,256,558 | -48.3% |
| Foundations | 23,479,585 | 19,000,000 | 17,800,000 | -1,200,000 | -6.3 |
| Auxiliary organizations | 1,810,000 | 2,240,000 | 2,400,000 | 160,000 | 7.1 |

CALIFORNIA MARITIME ACADEMY

Item 294 from the General Fund

Budget p. 206 Program p. 1180

| | |
|---|-----------|
| Requested 1972-73 | \$891,000 |
| Estimated 1971-72 | 791,000 |
| Actual 1970-71 | 791,200 |
| Requested increase \$100,000 (12.6 percent) | |
| Total recommended reduction | \$12,203 |

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis page

1. *Instructor Position. Reduce \$12,203.* Recommend elimination of additional instructor because enrollment has been reduced. 1119
2. *Transfer Academy.* Recommend transfer to state college jurisdiction and establishment of accredited degree program. 1120

CALIFORNIA MARITIME ACADEMY—Continued**GENERAL PROGRAM STATEMENT**

The California Maritime Academy, located at 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 federal government. The other institutions are at Kings Point and Fort 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 purpose of the academy, as stated in the 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 three-year training program, during which the student attends school 11 months each year, offers standard academic courses and deck or marine engineer training. A three-month sea training period is conducted each year aboard a merchant-type ship. The 1971-72 cruise covered 12,578 miles and visited nine ports. The training ship, *Golden Bear*, is loaned to California by the Federal Maritime Administration. Students, upon successful completion of the entire program, must pass a U.S. Coast Guard examination for either a third mate or third assistant engineer license before they receive a bachelor of science degree.

The academy is located in the Department of Education by statute. However, it is governed by an essentially autonomous five-member board which consists of the Superintendent of Public Instruction or his designee and four members appointed by the Governor for terms of four years. The board appoints a superintendent, who is the chief administrative officer of the academy and sets admission standards, which include an entrance examination.

ANALYSIS AND RECOMMENDATIONS**Funding**

The Federal Maritime Academy Act of 1958 authorizes a \$25,000 grant 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 \$600 per student per academic year to assist in defraying costs of uniforms, books and subsistence. The state receives \$400 of this allowance and the student \$200. The U.S. Maritime Administration also provides an estimated \$270,000 for annual maintenance of the loaned ship. Ship's maintenance funds are not reflected in the budget.

The academy's General Fund budget contains four elements shown

in Table 1. Additional data on funding sources, enrollment and General Fund costs per student are also compared. It is important to note that actual enrollments have traditionally been below projections. As shown in Table 1, actual enrollment in 1970-71 was 205 and revised enrollment for 1971-72 is 220, although both years were originally budgeted at 250. On this basis the 230 anticipated for 1972-73 may be too high.

Table 1
Maritime Academy Budget Summary

| Elements | Actual | Estimated | Proposed | Change | |
|----------------------------------|--------------------|--------------------|--------------------|-----------------|-------------|
| | 1970-71 | 1971-72 | 1972-73 | Amount | Percent |
| Classroom instruction | \$336,702 | \$299,212 | \$361,157 | \$61,945 | 20.7% |
| Sea training | 199,596 | 321,108 | 335,245 | 14,137 | 4.4 |
| Residential | 214,048 | 215,250 | 228,299 | 13,049 | 6.1 |
| Administration and service | 426,951 | 427,475 | 412,699 | -14,776 | (3.5) |
| Totals | \$1,177,297 | \$1,263,045 | \$1,337,400 | \$74,355 | 5.9% |
| <i>Funding sources</i> | | | | | |
| General Fund | \$791,200 | \$791,000 | \$891,000 | \$100,000 | 12.6% |
| Reimbursements | 189,162 | 256,645 | 246,000 | -10,645 | (4.1) |
| Federal funds | 196,935 | 215,400 | 200,400 | -15,000 | (7.0) |
| Totals | \$1,177,297 | \$1,263,045 | \$1,337,400 | \$74,355 | 5.9% |
| <i>Average enrollment</i> | <i>205</i> | <i>220</i> | <i>230</i> | <i>—</i> | <i>—</i> |
| <i>General fund cost</i> | | | | | |
| <i>per Student</i> | <i>\$3,860</i> | <i>\$3,595</i> | <i>\$3,874</i> | <i>\$279</i> | <i>7.8%</i> |

The proposed budget restores one instructor position and one maintenance man position eliminated in 1971-72.

Additional Instructor Unjustified

We recommend the elimination of one instructor position for a General Fund savings of \$12,203.

Estimated enrollment is 230 in 1972-73 or 20 students less than the 250 originally authorized in the 1970-71 and the 1971-72 budgets. Because this lower enrollment reduces workload requirements for existing faculty, we cannot support a further enrichment. We believe that nonworkload related changes such as this should be deferred until the future status of the academy is clarified.

Problems With the Academy

In November 1970, the Ways and Means Subcommittee on Education conducted hearings for the purpose of familiarizing the committee with the operation and problems of the academy. In February 1971, the Department of Finance concluded a staff analysis and evaluation of the academy. In May 1971, the Committee on Efficiency and Cost Control reviewed the academy's function. Some of the major findings which were discussed further during hearings on the 1971-72 Budget Bill are summarized as follows:

CALIFORNIA MARITIME ACADEMY—Continued

1. *Employment Opportunities Limited for Graduates.* There is an oversupply of both deck officers and engineers in the Merchant Marine. It is estimated this surplus will exist for the next 10 years. Union regulations and procedures protect existing members and make immediate shipboard employment difficult for graduates.

2. *Nonaccredited Status of Maritime Academy.* The academy is not accredited by the Western Association of Schools and Colleges. This creates difficulties for the graduate if he desires to subsequently upgrade his degree. For example, the University of California does not recognize the academy's maritime degree and course units vary in their acceptance among state colleges. The lack of physics and chemistry laboratory facilities and the three-year program are primary obstacles to accreditation.

During the hearings it was suggested the academy also suffers by being located in the Department of Education and that accreditation status and the laboratory deficiency could be overcome if it were part of the four-year segments of higher education in California. An example is the Texas A & M Corpus Christi method of operation. Texas students accomplish their first two years of basic educational requirements at other campuses before attending the Maritime Academy, which limits itself to specialized training.

Transfer Academy Jurisdiction

We recommend that the Maritime Academy be transferred to the jurisdiction of the Trustees of the California State Colleges and its instructional program be redesigned to provide an accredited degree in marine or maritime sciences.

Based upon (1) the statutory purposes of the academy, (2) an evaluation of the academy's facilities and training program, and (3) an analysis of employment potential for graduates, we recommended in our 1971-72 analysis that the existing academy program be phased out and that the Coordinating Council for Higher Education analyze alternative uses for the facilities. By the end of the 1971 Regular Session the problems of the academy had been reviewed and legislative accord reached on transferring the academy to the jurisdiction of the Trustees of the California State Colleges.

During the Legislative hearings there was considerable support for the proposed transfer. For example, maritime industry representatives advocated the proposed transfer and program improvement by noting the extent and projected needs of California's maritime industry along with past contributions of the academy and its graduates to their industry.

Further, the Assistant Secretary of Commerce for Maritime Affairs, A. E. Gibson, wrote that such a transfer should have no effect on federal funding. He also suggested, "The academy should be most energetically exploring curriculum and other changes which would

broaden the range of occupational opportunities open to its graduates and which might tap new sources of financial support.”

The Chancellor of California State Colleges indicated there would be additional cost related to upgrading the program and expanding uses of the facility. Assembly Bill 705 (Dunlap) would have implemented the transfer. The bill was vetoed and the Governor subsequently appointed a task force to study the feasibility and desirability of any program or jurisdictional change.

We question the necessity for additional study in view of the recent studies and legislative action and we recommend an expeditious transfer. Continued delay provides few benefits to either the state or students. Last year’s hearings indicated that although employment was limited for shipboard licensed engineers and deck officers, substantial employment potential existed throughout California’s maritime industry. We believe all graduates would benefit from the broader training a fully accredited degree would provide.

**Board of Governors of the
California Community Colleges**

Items 295-296 from the Gen-
eral Fund

Budget p. 207 Program p. 1185

| | |
|---|-------------|
| Requested 1972-73..... | \$4,348,807 |
| Estimated 1971-72 | 4,409,574 |
| Actual 1970-71 | 5,440,365 |
| Requested decrease \$60,767 (1.4 percent) | |
| Total recommended reduction | None |

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. EOP Administration. Recommend annual evaluation by Chancellor’s office of projects on cost effective basis. 1128

BOARD OF GOVERNORS OF THE COMMUNITY COLLEGES

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 California’s 94 community colleges. The board is composed of 15 members appointed by the Governor to four-year terms.

California Community Colleges—Continued

ANALYSIS AND RECOMMENDATION

Financing Local Community Colleges

Community colleges are financed primarily by a combination of state funds and local property taxes. Table 1 contrasts total expenditures with state support since 1968-69.

Table 1
Summary of Fiscal Support for Community Colleges Since 1968

| | 1968-69 | 1969-70 | 1970-71 | Estimated 1971-72 | Projected 1972-73 |
|--|---------|---------|---------|----------------------|----------------------|
| Average daily attendance ---- | 418,805 | 464,565 | 517,339 | 574,300 | 613,000 |
| Total expense (in millions)--- | \$318.7 | \$376.5 | \$451.0 | \$526.1 | \$588.5 |
| Total expenditure per student | \$761 | \$811 | \$875 | \$916 | \$960 |
| Total state allocation (in millions) ----- | \$105.4 | \$126.8 | \$162.6 | \$183.8 | \$222.3 |
| State allocation per student -- | \$252 | \$273 | \$315 | \$320 | \$362 |
| Percent state allocation to total expense ----- | 33% | 34% | 36% | 35% | 38% |

The percentage of state support varies by college depending upon an equalization apportionment formula. State apportionments are determined by first providing a basic aid grant of \$125 per average daily attendance (ADA) to all districts maintaining community colleges regardless of local wealth. Additional state support is then provided to less wealthy districts through an equalization formula tied to the district's assessed valuation and designed to insure a minimum educational foundation program. The state foundation program for each regular resident student is \$643.

Although Table 1 shows state support for community colleges has increased from an average \$252 per ADA to an estimated \$320 in 1971-72, adjustments to the foundation program have contributed little to this trend. Rather, the assessed valuation per regular resident student, which is the basis for measuring district contributions to the foundation program under the equalization formula, declined from a statewide average of \$142,100 per ADA in 1968-69 to an estimated \$124,300 in 1971-72, a 12 percent drop. In other words, the equalization formula requires the state to assume an increased level of support if there is a decline in assessed valuation per ADA.

Adult Age Lowered

It is important to note that at least four potential fiscal problems for community colleges were raised by passage of AB 2887 (Chapter 1748, Statutes of 1971) which recognized the rights of 18-year-olds as adults.

1. *Reclassification of Regular Students.* Unless remedial action is taken, one major problem could be the loss of state support as a result of reclassifying numerous "regular" students between the ages of 18

and 21 as "defined adults." The state foundation program for "regular" students is \$643 or \$123 more than the \$520 established for "defined adults." Defined adults are students between the ages of 18 and 21 carrying less than 10 hours. Initial estimates indicate as many as 50,000 students may qualify for reclassification to defined adult.

2. *Reduction in Equalization Aid.* Because the district's ability to pay is determined by dividing the total assessed valuation by the number of regular students, fewer regular students due to reclassification of "regular" students to "defined adults" would raise the assessed valuation per student and district entitlement to state equalization support would decrease proportionately.

3. *Reduction in Nonresident Tuition.* The collection of nonresident tuition is also a potential problem. In 1969-70 approximately 29,000 minor students from other states paid more than \$2,186,000 in tuition. Without clarification this law could allow such students to establish adult residence immediately in any community college district, thereby eliminating their out-of-state tuition payments. Community colleges do not have a one-year waiting period for residency as do state colleges and the University of California. Increased out-of-state enrollments under such circumstances could also be anticipated.

4. *Reduction in Interdistrict Reimbursements.* Additional costs to both the state and local districts could arise also from California students who are not residents of the district where they are attending college. If they come from another community college district, interdistrict funding agreements now provide for equitable reimbursements. In 1970-71, these interdistrict agreements involved 25,000 students and fiscal transactions totaling about \$7 million. This law could allow these students to establish their own residence as adults in the district of attendance thereby circumventing interdistrict agreements. In addition, some 18,000 other ADA come from areas outside community college districts. These areas are billed for support by the receiving district. If such students are considered adults and establish residence in the community college district there will be no way to identify or bill their territory of origin. As a result, local district costs would increase. Since state support of these students is now limited to basic aid (\$125), increased equalization costs under the state foundation program could also be anticipated.

Board of Governors' Budget

The California Community Colleges are established to provide transfer courses for students planning to continue their education at four-year institutions, to provide occupational training and to provide general education. There are currently 94 community colleges in California governed by 68 separate boards of trustees. In the fall of 1970 these institutions enrolled a total of 825,129 full- and part-time students as shown in Table 2.

California Community Colleges—Continued

Table 2

Student Enrollment and ADA in California Community Colleges Since 1968

| Year | Total enrollment | Fall graded students | | Ungraded students | Total ADA | Percent increase ADA |
|---------|------------------|----------------------|-----------|-------------------|-----------|----------------------|
| | | Full-time | Part-time | | | |
| 1968-69 | 649,923 | 233,711 | 334,435 | 81,777 | 418,805 | 10.9% |
| 1969-70 | 704,768 | 258,998 | 343,919 | 101,851 | 464,565 | 10.9 |
| 1970-71 | 825,129 | 282,388 | 369,553 | 173,188 | 517,339 | 11.3 |

Community college ADA projections through 1974-75 are provided by Table 3. Although the rate of enrollment growth will decrease, a projected increase in 1972-73 of 62,000 students or 39,000 ADA is significant.

Table 3

**Growth Projections for California Community Colleges
1971-72 Through 1974-75**

| Year | Total enrollment | ADA | Percent increase ADA |
|---------------------|------------------|---------|----------------------|
| 1971-72 (estimated) | 918,000 | 574,300 | 11.0% |
| 1972-73 (projected) | 980,000 | 613,000 | 6.7 |
| 1973-74 (projected) | 1,027,800 | 642,400 | 4.8 |
| 1974-75 (projected) | 1,077,800 | 673,600 | 4.9 |

The board of governors' program budget contains six elements shown in Table 4. Personnel positions, proposed changes and funding sources are also included.

Table 4

Board of Governors' Program Budget Summary

| Elements | Actual | Estimated | Proposed | Change | |
|---------------------------------------|-------------|-------------|------------------------|-----------|---------|
| | 1970-71 | 1971-72 | 1972-73 | Amount | Percent |
| I. Executive | \$130,325 | \$137,912 | \$118,358 | —\$19,554 | (14.2)% |
| II. Administrative and public affairs | 306,772 | 286,876 | 363,199 | 76,323 | 26.6 |
| III. Academic and student affairs | 344,325 | 487,971 | 501,620 | 13,649 | 2.8 |
| Extended opportunity programs | 4,350,000 | 3,350,000 | 3,350,000 ¹ | — | — |
| IV. Occupational education | 511,919 | 617,397 | 641,235 | 23,838 | 3.9 |
| V. Fiscal affairs | 400,854 | 414,491 | 415,897 | 1,406 | 0.3 |
| VI. Psychiatric technician training | 100,000 | 100,000 | — | —100,000 | All |
| Gross Total | \$6,144,195 | \$5,394,647 | \$5,390,309 | —\$4,338 | (0.1)% |
| Funding Sources | | | | | |
| General Fund | \$5,340,365 | \$4,309,574 | \$4,348,807 | \$39,233 | 0.9% |
| Reimbursements | 703,830 | 985,073 | 1,041,502 | 56,429 | 5.8 |
| State Psychiatric Technical Fund | 100,000 | 100,000 | — | —100,000 | All |
| Gross Total | \$6,144,195 | \$5,394,647 | \$5,390,309 | —\$4,338 | (0.1)% |
| Authorized personnel positions | 79.7 | 95.7 | 96.3 | 0.6 | — |

¹ Budget Bill Item 296.

As indicated in Table 4, the proposed 1972-73 budget maintains the current-year level of support. Our analysis will follow the sequence of program elements shown in the table.

I. EXECUTIVE

| <i>Estimated</i> | <i>Proposed</i> | <i>Decrease</i> | |
|------------------|-----------------|-----------------|----------------|
| <i>1971-72</i> | <i>1972-73</i> | <i>Amount</i> | <i>Percent</i> |
| \$137,912 | \$118,353 | -\$19,554 | (14.2) |

We recommend approval.

The executive function encompasses the operation of the Chancellor's immediate staff. It is responsible for implementing the Board of Governors' policy decisions and managing the established decisions.

The reduction is caused by the transfer of two positions to the Administration and Public Affairs Section, leaving a balance of 5.3 budgeted positions.

II. ADMINISTRATION AND PUBLIC AFFAIRS

| <i>Estimated</i> | <i>Proposed</i> | <i>Increase</i> | |
|------------------|-----------------|-----------------|----------------|
| <i>1971-72</i> | <i>1972-73</i> | <i>Amount</i> | <i>Percent</i> |
| \$286,876 | \$363,199 | \$76,323 | 26.6 |

We recommend approval.

This program element 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, personnel 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.

The budget reflects an increase of two positions transferred from the executive section for a total of 17.8 man-years.

III. ACADEMIC AND STUDENT AFFAIRS

| <i>Estimated</i> | <i>Proposed</i> | <i>Increase</i> | |
|------------------|-----------------|-----------------|----------------|
| <i>1971-72</i> | <i>1972-73</i> | <i>Amount</i> | <i>Percent</i> |
| \$487,971 | \$501,620 | \$13,649 | 2.8 |

The academic and student affairs program is primarily concerned with (1) educational planning, (2) continuing education, (3) student affairs and (4) extended opportunity program (EOP) administration. The two budget elements of this program are:

| <i>Program elements</i> | <i>Estimated</i> | <i>Proposed</i> | <i>Increase</i> | |
|-------------------------------|------------------|-----------------|-----------------|----------------|
| | <i>1971-72</i> | <i>1972-73</i> | <i>Amount</i> | <i>Percent</i> |
| Academic and Student Affairs | | | | |
| Expenditures ----- | \$388,738 | \$350,249 | \$11,511 | 3.4% |
| Man-years ----- | 17.4 | 17.4 | -- | -- |
| Extended Opportunity Programs | | | | |
| Expenditures ----- | \$149,233 | \$151,371 | \$2,138 | 1.4% |
| Man-years ----- | 7.1 | 7.1 | -- | -- |

Academic affairs activities involve educational planning, continuing education and student affairs which are discussed next. Analysis of the EOP administrative element is followed by analysis of the separate

California Community Colleges—Continued

budget item (296) for EOP programs and services.

1. Educational Planning

This activity involves (1) reviewing educational programs and master plans submitted by districts, (2) reviewing and approving individual courses not a part of approved educational programs, (3) preparing, with advice from the Coordinating Council for Higher Education, a statewide master plan for transmittal to the coordinating council, and (4) incorporating short-term and long-term occupational education plans into regular transfer and continuing education programs.

2. Continuing Education

This activity involves (1) reviewing and approving adult courses and programs to qualify for state funding, (2) assisting local colleges to develop continuing education master plans and (3) developing, with the Department of Education, an appropriate delineation of responsibility for adult and continuing education.

This latter activity results from Chapter 614, Statutes of 1971, which requires the Superintendent of Public Instruction and the office of the Chancellor of the California Community Colleges to jointly review their adult classes and programs and "mutually agree upon the delineation of their respective functions, . . . adopt rules or regulations specifying the kinds and types of classes for adults which will be offered by each of them, and submit a joint report thereon to the Legislature on or before April 1, 1972. . . ."

3. Student Affairs

This activity involves efforts to aid the colleges as they advise and serve students. 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 four-year segments of higher education.

4. Extended Opportunity Program (EOP) Administration

This special section was established in 1969 to oversee the use of state Extended Opportunity Program (EOP) funds allocated to community colleges. The staff consists of a dean and six specialists in EOP. Salaries for the equivalent of two specialist positions are reimbursed from federal vocational education funds.

Objectives reported by the agency for this section include:

1. Estimating needs for state funding of EOP projects and allocating funds appropriated by the state.
2. Monitoring projects and use of funds for maximum efficiency and prudence.
3. Assisting in developing goals for EOP projects lending themselves to objective evaluation and improving evaluation procedures for projects.

4. Assessing evaluations so that common strengths or weaknesses in projects may be identified.
5. Providing guidance to the board of governors for the adoption and dissemination of guideline regulations.

Problem Areas in EOP Administration

There is little evidence that the objectives established for this section are being met or that program improvement has resulted from staff activity.

Numerous problems were exposed during a management audit of 1969-70 EOP projects conducted by the Department of Finance. Their findings include: (1) student selection criteria varied among colleges, (2) financial reporting was inconsistent among colleges and (3) academic progress reporting was inaccurate and inconsistent.

Our own evaluation of the allocation procedure indicates all colleges that request funds ultimately share allocations on the basis of a formula which does not substantially reward the most cost-effective, innovative or productive projects. For example, projects increased from 75 in 1970-71 to 87 in 1971-72 in the face of a 25 percent reduction in funding. Allocations were proportionately diluted among projects. Guidelines actually utilized in 1971-72 allocations were:

1. Provide some support to all approved requests.
2. Maintain existing programs at 64 percent of 1970-71 levels, where possible.
3. Limit maximum award to \$150,000 and minimum award to \$10,000. (Application of this arbitrary guideline indicates that allocations to Los Angeles City and Compton Colleges were reduced from \$250,000 to \$150,000 while Fullerton and Napa Colleges, both in the lowest quartile of need, were increased from \$5,000 to \$10,000.)
4. Maintain an average \$200 per student cost. (This compares with an estimated expenditure of \$343 in 1969-70 and raises the question: What relationship exists between expenditure per student and project objectives or effectiveness?)

Our estimate of average EOP expenditures per student, including local administrative and supervisory costs, is approximately \$165. Approved project expenditures in 1971-72 ranged from \$50 to \$480 per student, depending on the types and levels of services each college chose to provide. Cost effective analysis of these varying types and levels of service is not an element in the statewide administration or evaluation of EOP projects. As a result it is impossible to determine if current student support levels are adequate, whether different types and combinations of supplementary services are effective in meeting identifiable student needs or whether the reported disparities in funding levels are equitable.

California Community Colleges—Continued

Annual Cost—Effectiveness Evaluations Recommended

We recommend the Chancellor, California Community Colleges, develop, publish and require districts to report standardized data which will permit annual evaluation of projects on a cost effective basis.

The requirement for annual cost-effective evaluation of categorical and compensatory education programs has been established for most elementary and secondary projects. Education Code Section 6499.201 (Chapter 784, Statutes of 1969) states:

“... it is the further intent of the Legislature that all projects be evaluated annually as to the degree of program achievement and cost effectiveness produced; that highly effective projects shall be expanded to further use in the district where operated and in other districts; and that less effective projects be replaced with ones of proven effectiveness, or by new projects which hold promise of high effectiveness. . . .”

Our recommendation would apply the same evaluative and management concepts to community college EOP projects.

Existing EOP legislation also appears to support our recommendation. For example, Education Code Section 25526.7 requires the board of governors to adopt rules and regulations for EOP programs which:

- (1) “Establish minimum standards for the establishment and conduct of extended opportunity programs and services.”
- (2) “Require the submission of such reports by districts as will permit the evaluation of the program and services offered.”

The current administration of this program reflects most of the problems we reported in our *Fiscal Review and Analysis of Selected Categorical Aid Educational Programs in California* (May 17, 1971). Although our report was based on visitations and analyses of categorical aid programs at elementary and secondary school districts, we believe the exposed problems and solutions are equally relevant to the statewide administration of community college EOP projects. Our report outlines requirements for evaluation and management systems leading to improved program and cost effectiveness.

The Budget Request for EOP (Item 296)

| <i>Estimated</i> | <i>Proposed</i> | <i>Increase</i> | |
|------------------|-----------------|-----------------|----------------|
| <i>1971-72</i> | <i>1972-73</i> | <i>Amount</i> | <i>Percent</i> |
| \$3,350,000 | \$3,350,000 | — | — |

We recommend approval.

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 (1) identify students affected by language, social, and economic handicaps, (2) establish and develop services, techniques,

and activities directed to recruiting and retaining such students in community colleges, and (3) stimulate student 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 advises on policy, reviews projects and reports annually to the board of governors on progress of this program.

The board of governors is responsible for program guidelines and regulations. The local district boards may establish, with the approval of the state board, programs and services such as:

- a. Tutorial services
- b. Remedial courses
- c. Multicultural studies
- d. Counseling services
- e. Student 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 student transportation costs
- i. Scholarships
- j. Work-experience programs
- k. Job placement programs.

Budget Indicates Policy Change

The Governor's Program Budget states that support for community college EOP has been held at the 1971-72 level as a result of (1) specific increases in the College Opportunity Grant program administered by the State Scholarship and Loan Commission, (2) a projected overall increase in federal student financial aid of \$2,477,000 for community colleges, and (3) a "step toward statewide coordination of the state's program of financial assistance to students who are educationally disadvantaged." Our analysis of each premise, as set forth in the budget, follows.

1. *COG Increases.* The budget asserts that EOP funding has been held at 1971-72 levels because of substantial increases to the College Opportunity Grant (COG) programs administered by the State Scholarship and Loan Commission. We estimate that a 5-percent cost increase of \$167,000 would be required to maintain the 1971-72 level of EOP service without program improvement or expansion. The COG program does provide for 1,000 new grants in 1972-73 at an estimated cost of \$950,000. This increase was mandated by Chapter 1406, Statutes of 1971. The Scholarship and Loan Commission indicates that 53 percent of new COG award winners attended community colleges in 1971-72. It is reasonable, therefore, to conclude that 53 percent or approximately \$500,000 of the COG increase will assist new needy students at community colleges in 1972-73. Thus, the decline in EOP support appears to be more than matched by COG increases. This does not imply that the two programs serve the same target student

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on every campus although the goals of the two programs are similar. The COG program is analyzed on page 1138.

2. *Federal Aid Increase.* A summary of the financial assistance data contained in the program budget is provided in Table 5.

Table 5
Student Financial Aid Summary for Community Colleges
(in thousands)

| | <i>Estimated</i> | <i>Proposed</i> | <i>Change</i> | |
|---------------------------------------|------------------|-----------------|---------------|----------------|
| | <i>1971-72</i> | <i>1972-73</i> | <i>Amount</i> | <i>Percent</i> |
| I. State | | | | |
| College opportunity grant (COG) | \$1,181 | \$1,100 | —\$81 | (7.4%) |
| Extended opportunity program (EOP) | 3,350 | 3,350 | -- | -- |
| Veteran's grants | 239 | 239 | -- | -- |
| Total state | \$4,770 | \$4,689 | —\$81 | (1.7%) |
| II. Federal | | | | |
| Educational opportunity grant (EOG) | \$4,913 | \$5,404 | \$491 | 10.0% |
| Health profession and law enforcement | 1,407 | 1,478 | 71 | 5.0 |
| National defense student loans (NDSL) | 3,994 | 4,881 | 887 | 22.2 |
| College work study (CWS) | 7,427 | 8,170 | 743 | 10.0 |
| Total federal | \$17,741 | \$19,933 | \$2,192 | 12.4% |
| III. Institutional | | | | |
| Grants and scholarships | \$1,356 | \$1,492 | \$136 | 10.0% |
| Loans | 444 | 488 | 44 | 10.0 |
| Work study | 1,857 | 2,043 | 186 | 10.0 |
| Total institutional | \$3,657 | \$4,023 | \$366 | 10.0% |
| Grand Totals | \$26,168 | \$28,645 | \$2,477 | 9.5% |

The table indicates state financial aid to community college students will decline slightly in 1972-73. The approximately \$2.5 million increase in student aid reported in the budget as an offset to EOP funding is based on projected federal and institutional funding levels. There is no substantial basis however, upon which additional federal funds can be anticipated. Further, there are two major considerations relative to any substitution of federal funds for state funds.

First, in comparison to federal programs, state programs generally have different operational guidelines, separate administrative staffs, and serve different target students. Second, only the federal EOG program approximates the state EOP goals. Any substantial shift from a grant program (e.g., EOP or EOG) to work-study or loan programs represents a major change in student aid policy. For example, student aid is normally provided in a "package" which combines grants, loans and employment aid. This package is based on an assessment of individual needs with scholarships and grants generally going to the most

needy students, while loans and employment are provided less needy students. As a result we believe the various forms of student aid are not necessarily interchangeable.

3. *Centralization.* We have no information on the nature of future "steps toward statewide coordination" of student financial aid programs.

IV. OCCUPATIONAL EDUCATION

| <i>Estimated</i> | <i>Proposed</i> | <i>Increase</i> | |
|------------------|-----------------|-----------------|----------------|
| <i>1971-72</i> | <i>1972-73</i> | <i>Amount</i> | <i>Percent</i> |
| \$617,397 | \$641,235 | \$23,838 | 3.9 |

We recommend approval.

The occupational education program is primarily concerned with the administration and allocation of federal funds under provisions of the 1968 Vocational Education Act. The budget proposes an increase of one position, also federally funded, to work on program standards and in-service training activities.

There is no proposed increase in the level of services or in positions for 1972-73.

V. FISCAL AFFAIRS

| <i>Estimated</i> | <i>Proposed</i> | <i>Increase</i> | |
|------------------|-----------------|-----------------|----------------|
| <i>1971-72</i> | <i>1972-73</i> | <i>Amount</i> | <i>Percent</i> |
| \$414,491 | \$415,897 | \$1,406 | 0.3 |

We recommend approval.

The Fiscal Affairs program is primarily concerned with providing leadership to community college districts in facilities planning, district organization and fiscal planning. The facilities planning activity involves reviewing, evaluating and updating 10-year construction master plans; reviewing and approving new community college sites; and updating an annual facilities inventory. District organization activities involve overseeing statutory procedures requiring all state territory to become a part of a community college district by fall 1975. One aspect of the fiscal planning activity involves assisting districts in adopting program budget procedures.

There is no proposed increase in the level of services or in positions for 1972-73.

VI. PSYCHIATRIC TECHNICIAN TRAINING

| <i>Estimated</i> | <i>Proposed</i> | <i>Decrease</i> |
|------------------|-----------------|-----------------|
| <i>1971-72</i> | <i>1972-73</i> | <i>Amount</i> |
| \$100,000 | — | (\$100,000) |

We recommend approval.

Chapter 1324, Statutes of 1970, appropriated \$200,000 from the Vocational Nurse and Psychiatric Technicians Examiners Fund to the board of governors for use during 1970-71 and 1971-72 to establish

California Community Colleges—Continued

psychiatric technician training programs. The programs have been developed and funds expended. Since objectives for this program have been accomplished, continued funding is unnecessary.

STATE SCHOLARSHIP AND LOAN COMMISSION

Items 297-298 from the General Fund and Item 299 from the State Guaranteed Loan Fund

Budget p. 209 Program p. 1219

| | |
|---|--------------|
| Requested 1972-73..... | \$28,258,234 |
| Estimated 1971-72 | 20,031,299 |
| Actual 1970-71 | 16,154,718 |
| Requested increase \$8,266,935 (41.1 percent) | |
| Total recommended augmentation..... | 3,166,000 |

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis page

1. *Item 298 Scholarships. Augment \$3,166,000.* Recommend funds be restored to maintain the average scholarship cost at the estimated workload level. 1135
2. *Guaranteed Loan Administration.* Recommend commission report on feasibility of transferring program administration to federal government. 1141
3. *Medical Contract Subsidy.* Recommend commission collect data and report on incremental costs of increasing medical student enrollment. 1142
4. *Report on Student Aid.* Recommend commission inventory and report student financial aid on annual basis. 1143

GENERAL PROGRAM STATEMENT

Statewide student financial assistance programs are provided through the State Scholarship and Loan Commission. 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 commission was first established 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, the College Opportunity Grant Program in 1969 and the Children of Deceased Peace Officers' Program in 1969. Amendments to incorporate dependents of disabled peace officers were added to the latter program by Chapters 919 and 920, Statutes of 1971. The budget also proposes funding for the Medical Contract Program added by Chapter 1419, Statutes of 1971.

A Public Service Internship 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, the 1971-72 budget or the proposed 1972-73 budget. The statutory authorization for this program will terminate on June 30, 1973.

For continuing operation of the commission, staff, and programs, \$28,258,234 is budgeted for 1972-73. This represents an increase of \$8,226,935 or 41 percent over the amount authorized in 1971-72. Programs and funding sources are summarized in Table 1.

Table 1
Summary of Programs and Funding Sources

| Programs | Actual | | Estimated | Proposed | Change | |
|---|--------------|--------------|--------------|-------------|---------|--|
| | 1970-71 | 1971-72 | 1972-73 | Amount | Percent | |
| I. Scholarship..... | \$13,586,764 | \$16,631,754 | \$21,861,711 | \$5,229,957 | 31.4% | |
| II. Graduate Fellowship..... | 909,952 | 391,107 | 1,000,000 | 608,893 | 155.7 | |
| III. College Opportunity Grant | 1,601,912 | 2,955,239 | 4,660,390 | 1,705,151 | 57.7 | |
| IV. Guaranteed Loan | 56,090 | 31,299 | 33,178 | 1,879 | 6.0 | |
| V. Dependents of Deceased or Disabled Peace Officers | -0- | 21,900 | 24,201 | 2,301 | 10.5 | |
| VI. Medical Contract | -0- | -0- | 678,754 | 678,754 | All | |
| VII. Administration (distributed) | (91,803) | (103,899) | (115,034) | (11,135) | 10.7 | |
| Program Totals | \$16,154,718 | \$20,031,299 | \$28,258,234 | \$8,226,935 | 41.1% | |
| Funding | | | | | | |
| State General Fund..... | \$16,098,613 | \$20,000,000 | \$28,225,056 | \$8,225,056 | 41.1% | |
| Guaranteed Loan Reserve Fund | 56,090 | 31,299 | 33,178 | 1,879 | 6.0 | |
| Reimbursements..... | 15 | -0- | -0- | | | |
| Fund Totals | \$16,154,718 | \$20,031,299 | \$28,258,234 | \$8,226,935 | 41.1% | |

Budget Bill Reconciliation

Funding for the State Scholarship and Loan Commission incorporates the following Budget Bill items.

| Item number | Funding source | Amount |
|-------------|------------------------------------|--------------|
| 297 | State General Fund | \$ 968,351 |
| 298 | State General Fund | 27,256,705 |
| 299 | Guaranteed Loan Reserve Fund | 33,178 |
| Total | | \$28,258,234 |

Item 297 funds all administrative type expenses. It also includes \$20,000 for stipends for the Dependents of Deceased or Disabled Peace Officers program. Item 298 funds all student awards and medi-

STATE SCHOLARSHIP AND LOAN COMMISSION—Continued

cal contract payments. Item 299 appropriates funds from interest earned on federal deposits to offset administrative costs of the Guaranteed Loan Program.

ANALYSIS AND RECOMMENDATIONS**I. SCHOLARSHIP PROGRAM**

| <i>Estimated 1971-72</i> | <i>Proposed 1972-73</i> | <i>Amount</i> | <i>Change</i> | <i>Percent</i> |
|------------------------------|-----------------------------|---------------|---------------|----------------|
| \$16,631,754 | \$21,861,711 | \$5,229,957 | | 31.4% |

This program was established in 1955 when the Scholarship Commission was created. Scholarships are granted to academically able students who are in need of financial assistance to meet their tuition and fee costs. Award levels are determined for each student on the basis of standardized need assessment formulas and procedures established by the College Scholarship Service of the College Entrance Examination Board. The commission's work load estimates are extensions of these standards. Once the initial award is granted, a student may apply for annual renewal if he maintains academic eligibility and continues to meet the financial need standards. Awarded scholarships are held in reserve for students while they are attending a community college.

The commission is authorized to grant new scholarship awards each year equal to three percent of the high school graduates of the previous year. The commission reports 9,526 new scholarships are authorized for 1972-73 as a result of this computation. A total of 24,353 new and renewal awards are projected for 1972-73.

The 1971-72 average award to students at independent colleges was \$1,460, at the University of California \$410, and at state colleges \$108. Average awards are usually less than average tuition fees because the amount of the individual's stipend is determined on the basis of an estimate of each student's financial need. Budget reductions further reduced these averages during 1971-72 although costs to students rose.

Scholarship Awards Summary

Table 2 summarizes state scholarship participation and average awards since 1968. The number of new scholarships increased from 2

Table 2
Summary of State Scholarship Program Since 1968

| <i>Year</i> | <i>Number of high school graduates</i> | <i>New state scholars</i> | <i>Total awards</i> | <i>Average award</i> |
|----------------------|--|-------------------------------|-------------------------|--------------------------|
| 1968-69 | 279,800 | 5,596 | 10,467 | \$715 |
| 1969-70 | 288,894 | 5,778 | 13,541 | 816 |
| 1970-71 | 301,100 | 6,023 | 15,914 | 829 |
| 1971-72 | 307,100 | 9,214 | 20,201 | 793 ¹ |
| 1972-73 (est.) | 317,540 | 9,526 | 24,353 | 872 |

¹ This estimated average award figure is \$48 above the 1971-72 budget projection of \$745.

to 3 percent of California high school graduates in 1971-72 as a result of Chapter 292, Statutes of 1970.

Budget Cut in 1971-72

Average awards for 1971-72 were budgeted at \$745, or \$84 less than the actual 1970-71 average award of \$829 and \$130 less than the commission's projected workload award of \$875. The Governor's Budget stated that reductions could be offset in 1971-72 by "an expected expansion of the Federal Guaranteed Loan Program." In our Analysis we recommended restoration of this reduction and pointed out that "the proposed shift from a grant program to a loan program represents a major policy change which has not received legislative consideration." We also noted that in determining the financial need of students applying for a grant, the commission had already considered a factor for student self-help which anticipated employment or loans. Because the scholarship was limited to tuition and fees up to a maximum of \$2,000, many students had additional college costs which were already being met by loans and/or employment. In addition, the budget reduction seemed unfair to those students already in the program and planning to renew their grants. These students had made decisions to attend college and had chosen specific colleges under the assumption that the state would continue to fully fund the program.

The Legislature concurred and augmented the program by \$2,796,000 but this was subsequently vetoed. As a result the commission reduced individual scholarship awards by \$150 for students at independent colleges and at the University of California and by \$50 for students at state colleges.

Budget Overrun in 1971-72

Based on the most recent information, it is likely that 1971-72 expenditures will exceed the approved budget. Although 1971-72 average awards were approved at \$745, actual awards currently average \$793 or \$48 greater than authorized. If this average holds, expenditures will exceed the appropriation by approximately \$600,000. While some savings can be expected from student attrition, it is not likely to equal \$600,000. As a result final payments may have to be reduced or a deficiency appropriation may be requested.

Budget Continues Scholarship Cuts

We recommend an augmentation of \$3,166,000 to maintain the average scholarship at the estimated workload level. The 1972-73 budget provides for an average award of \$872 or \$130 less than the \$1,002 workload average estimated by the commission. The same reduced level of \$130 per award applied to the 1971-72 scholarship program is continued in 1972-73. As noted previously we opposed this reduction last year and, on the same basis, oppose its continuation.

STATE SCHOLARSHIP AND LOAN COMMISSION—Continued

We also question the budget policy of giving a higher priority to the Graduate Fellowship Program. The 1972-73 budget restores the reduction made last year to the graduate program and provides full workload funding this year. In contrast, undergraduate scholarship awards are budgeted 13 percent below the workload funding level. Our recommendation would restore the \$130 reduction made last year and thereby provide full funding for both programs during 1972-73.

Administrative Costs

In addition to the scholarship costs the program budget includes \$625,895 for administrative costs. This is an increase of \$18,346 or 3 percent over 1971-72. An additional 6.5 positions are proposed for workload associated with the continued expansion of applicants and awards. The line-item budget estimates salaries and wages for these added positions at \$35,438. Therefore, the proposed increase of \$18,346 shown in the program budget would appear to be inadequate to fund these positions.

We believe the program budget has not been properly reconciled to the commission's line-item budget. In contrast to this shortage in program funding support for the scholarship program there is an overage in the College Opportunity Grant program budget. Such errors make the program budgets extremely difficult to analyze.

II. GRADUATE FELLOWSHIP PROGRAM

| <i>Estimated</i> | <i>Proposed</i> | <i>Change</i> | |
|------------------|-----------------|---------------|----------------|
| <i>1971-72</i> | <i>1972-73</i> | <i>Amount</i> | <i>Percent</i> |
| \$391,107 | \$1,000,000 | \$608,893 | 155.7 |

We recommend approval.

Financial assistance to graduate students began in 1965 with the establishment of the Graduate Fellowship Program. The original goal of the program was to increase the supply of candidates for college and University faculties. Our 1970-71 Analysis questioned the validity of the goal in relation to a saturated faculty employment market and the 1971-72 budget did not provide for new awards. Further, the Governor's Budget proposed a reduction of \$150 for each of the 380 students already in the program for whom renewal funds had been requested. We recommended an augmentation to maintain each renewal award amount at the estimated \$1,100 workload level. Augmentation funds were provided in the 1971-72 Budget Bill but vetoed by the Governor. As a result, the commission reduced renewal fellowship awards by \$400 at independent colleges, \$250 at the University and \$50 at state colleges. The arbitrary budget reduction in 1971-72 has been restored for 1972-73.

Program Objectives Changed

Chapter 1597, Statutes of 1971 deleted reference to the objective of providing University and college teachers. The goal of the program is now to provide students with academic ability and financial need an opportunity for graduate study. The legislation states "that it is to the benefit of the state to assist in the development of the talents of able students in graduate education and that the Legislature regards the graduate education of its qualified citizens to be a public purpose of great importance."

As a result of the changes implemented by Chapter 1597, the commission believes benefits of this program are now essentially the same as those in the State Scholarship Program. In addition to helping able and needy students, these benefits include the diversion of students from public to independent colleges, thereby saving state funds and assisting independent colleges to expand enrollments.

Fellowship Award Summary

The amount of the award is limited to full cost of tuition and fees at the attended institution. 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 commission estimates 1,480 fellowships based on the statutory formula. In contrast, the Governor's Budget provides for 737 fellowships at the full workload award level of \$1,300. Table 3 summarizes state fellowship participation and average awards since 1968.

**Table 3
Summary of State Fellowship Program Since 1968**

| <i>Year</i> | <i>New awards</i> | <i>Renewals</i> | <i>Total awards</i> | <i>Average award</i> |
|--------------------------|-------------------|-----------------|---------------------|----------------------|
| 1968-69 | 785 | 1 | 785 | \$829 |
| 1969-70 | 743 | 54 | 797 | 880 |
| 1970-71 | 662 | 276 | 938 | 933 |
| 1971-72 | -0- | 384 | 384 | 940 |
| 1972-73 (proposed) | 537 | 200 | 737 | 1,300 |

¹ Renewal awards authorized for the first time in 1969 by Chapter 1335, Statutes of 1969.

Administrative Costs

In addition to the fellowship costs the budget includes \$41,761 for administrative costs of this program. This is an increase of \$11,624 over 1971-72 costs. An additional 1.3 positions are proposed for 1972-73 based on workload associated with continuing expansion of applicants and the resumption of new awards.

A review of the commission's line-item budget indicates that the \$8,052 reported as being distributed to this program (i.e., central administrative cost) has not been included. This is another indication of faulty allocation of funds between the traditional and program budgets.

STATE SCHOLARSHIP AND LOAN COMMISSION—Continued

III. COLLEGE OPPORTUNITY GRANT PROGRAM

| <i>Estimated</i> 1971-72 | <i>Proposed</i> 1972-73 | <i>Change</i> | |
|-----------------------------|----------------------------|---------------|----------------|
| | | <i>Amount</i> | <i>Percent</i> |
| \$2,955,239 | \$4,660,390 | \$1,705,151 | 57.7 |

We recommend approval.

The College Opportunity Grant Program (COG) authorized by Chapter 1410, Statutes of 1968, has the goal of increasing access to higher education for disadvantaged students. To accomplish this goal the program was established as a four-year pilot demonstration to assist disadvantaged students who are selected by experimental methods and subjective judgments as well as the more conventional academic methods. A yearly progress report to the Legislature is required.

Increased Awards Authorized

Chapter 1406, Statutes of 1971 increased the number of new grant awards from 1,000 to 2,000 for each year from 1972-73 through 1976-77, thereby extending the original program. The budget provides an additional \$950,000 for these new grants plus increased administrative costs. Based upon past renewal rates and a 5-percent annual inflation factor, we estimate the expanded COG program will cost approximately \$9.5 million annually by 1976-77.

College Opportunity Grant Summary

Table 4 summarizes COG participation and average awards since the program began in 1969-70.

Table 4
Summary of College Opportunity Grant Program Since 1969

| <i>Year</i> | <i>Number of new grants</i> | <i>Total grants</i> | <i>Average grant</i> | <i>Grant expenditures</i> |
|----------------------|---------------------------------|-------------------------|--------------------------|-------------------------------|
| 1969-70 | 1,000 | 1,000 | \$833 | \$833,438 |
| 1970-71 | 1,000 | 1,720 | 869 | 1,493,457 |
| 1971-72 (est.) | 1,000 | 2,392 | 1,174 | 2,810,320 |
| 1972-73 (est.) | 2,000 | 3,814 | 1,154 | 4,402,650 |

Program Objectives

The objectives of the program as stated in implementing legislation, the Governor's Budget and commission reports are as follows:

1. Provide monetary grants to able and financially needy students, primarily from ethnic minorities, to assist them in pursuing higher education programs.
2. Support students whose destination is to be the community colleges.
3. Incorporate students with substantial potential for college success and community leadership who, as a result of previous financial,

environmental and academic factors, can not avail themselves of the competitive State Scholarship Program under conventional selection methods.

Evaluation of Program Objectives

The first objective is being met. The 1,000 grant winners in 1971-72 had a 3.3 grade point average on a 4.0 scale. They came from families with an average of three dependent children and a mean income of \$5,640. A persistence rate of 77 percent was reported for the 1970-71 group of students which first began the program in 1969-70. This compares favorably with an estimated persistence rate of 50 percent for all students at community colleges and with a corresponding 55 percent rate at state colleges. Table 5 compares statewide ethnic percentages with those of COG recipients.

Table 5
Ethnic Comparisons of Statewide Percentages
With Initial College Opportunity Grant Recipients
1970-71

| | <i>Statewide Percentage¹</i> | <i>COG Percentage</i> |
|------------------------|---|---------------------------|
| Caucasian | 72% | 24% |
| Mexican-American | 16 | 39 |
| Negro | 9 | 22 |
| Others | 3 | 15 |
| Total..... | 100% | 100% |

¹ Based on 1970 census figures for California children K-12

We do not believe the second objective of supporting those whose destination is community colleges is being effectively accomplished. Implementing statutes recognize the community colleges as the least expensive level of California higher education and set forth the intent "that the additional opportunities for education provided (by the COG program) shall be initiated primarily on the community college level."

The commission estimates that until 1971 approximately 80 percent of the students receiving new grants began at community colleges. However, the implementation of Chapter 1516, Statutes of 1970, appears to have substantially changed this community college input. The statute provides that any student awarded an initial grant on the basis of need and attendance at a community college may transfer to a four-year college without being eliminated from the program. In such cases, no adjustment to the initial grant is made for increased tuition and fees.

Of the 1,000 new grants awarded in 1971-72, only 53 were approved by the commission for four-year colleges. An additional 418 students with community college awards switched to four-year colleges under the provisions of Chapter 1516. Thus, only 530 or 53 percent of new award recipients actually attended community colleges in 1971-72.

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Before the implementation of Chapter 1516 the commission estimated that approximately 35 percent of new winners continued in community colleges for their second year. With fewer students now beginning at community colleges some additional decrease in the percent of students remaining in community colleges for the second year can be anticipated. All third and fourth year renewals are at four-year institutions.

Table 6 compares average percentages of COG recipients and approximate distributions of COG funds by segment.

Table 6
Percent of COG Recipients and Distribution of Program Funds by Segment of Higher Education

| <i>Segment</i> | <i>Percent enrollment</i> | | | <i>Dollar distribution</i> | | |
|--------------------------------|---------------------------|----------------|----------------|----------------------------|----------------|----------------|
| | <i>1969-70</i> | <i>1970-71</i> | <i>1971-72</i> | <i>1969-70</i> | <i>1970-71</i> | <i>1971-72</i> |
| Community college | 94.2% | 85.1% | 58.9% | \$869,300 | \$1,123,000 | \$1,181,000 |
| State colleges | 3.1 | 7.0 | 20.5 | 30,649 | 108,000 | 425,000 |
| University of California | 1.1 | 3.7 | 11.2 | 12,088 | 78,000 | 307,000 |
| Independent institutions | 1.6 | 4.2 | 9.4 | 36,859 | 150,000 | 448,000 |
| Totals | 100.0% | 100.0% | 100.0% | \$948,896 | \$1,459,000 | \$2,361,000 |

The COG program provides both tuition and fees as well as a subsidy of up to \$1,100 for living expenses, transportation, supplies and books. As a result the average grant for students in four-year institutions is estimated at \$1,660 for 1972-73. This compares with a \$950 estimate for new grants and \$1,388 for second-year renewals.

The final objective acknowledges the legislative intent that conventional methods of selection, which rely heavily on grades and tests, were to be modified. A quantitative selection procedure was devised which combined the applicant's previous academic record with subjective statements made by or about him. The second annual report submitted by the commission to the Legislature on April 19, 1971 indicated that the program was reaching the intended target groups and that a threefold increase in the number of awards could be absorbed with no decline in talent or promise of the recipients. As a result, award winners could be characterized as minority students from low-income families with exceptionally high academic qualifications.

Administrative Costs

In addition to grant costs the budget includes \$257,740 for administrative expense. This is an increase of \$112,821 or 78 percent over the 1970-71 level. An additional 5.9 positions are proposed for workload associated with the increase in applicants and awards.

As in the scholarship and graduate fellowship programs we believe the program budget has not been properly reconciled to the commission's line-item budget. In contrast to the shortages reported in the

other two program requests, we find an excess of \$47,693 for this program compared to the line item detail.

IV. GUARANTEED LOAN PROGRAM

| <i>Estimated</i> | <i>Proposed</i> | <i>Change</i> | <i>Percent</i> |
|------------------|-----------------|---------------|----------------|
| <i>1971-72</i> | <i>1972-73</i> | <i>Amount</i> | |
| \$31,299 | \$33,178 | \$1,879 | 6.0% |

This program was authorized in 1966 to provide central state administration for a federal loan program. The program was designed to provide low-interest loans to college students.

The first loan was in November 1966 and since that time the commission has guaranteed 18,061 loans totaling \$14,795,000 for California students. All federal funds were encumbered in 1967 and since that time the commission has been unable to guarantee additional loans. The present function of the state program is to provide necessary administration for outstanding loans. The federal government has directly administered subsequent loan programs.

Funding is from a special appropriation (Budget Item 299) from the State Guaranteed Loan Reserve Fund. This represents interest earnings generated by federal funds deposited in the special fund reserve which guarantees payment of defaulted loans. There is no General Fund support for this program. The 2.2 positions authorized for 1971-72 are proposed for continuation in 1972-73.

Transfer Administration to Federal Government

We recommend the State Scholarship and Loan Commission investigate the possibility of transferring all administrative responsibility for the Guaranteed Loan Program to the federal government and submit a report of findings and recommendations to the Joint Legislative Budget Committee by November 1, 1972.

The federal government has directly administered the federal loan program since 1967. Although state funds are not utilized to support the ongoing state administration of the 1966 loan program, we believe that centralization of administration at the federal level would be more efficient and in the public interest. Our recommendation would have the commission (1) determine any loss of benefits to the state if such a transfer were effected, (2) ascertain federal receptiveness to such a transfer and (3) report its findings and recommendations to the Legislature for consideration.

V. DEPENDENTS OF DECEASED OR DISABLED PEACE OFFICERS

| <i>Estimated</i> | <i>Proposed</i> | <i>Change</i> | <i>Percent</i> |
|------------------|-----------------|---------------|----------------|
| <i>1971-72</i> | <i>1972-73</i> | <i>Amount</i> | |
| \$21,900 | \$24,201 | \$2,301 | 10.5% |

We recommend approval.

This program was authorized by Chapter 1616, Statutes of 1969 but was not funded in 1970-71. Chapters 919 and 920, Statutes of 1971

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opened the program to dependents of totally disabled as well as deceased peace officers. The program goal is to assure a college education for financially needy dependent children of peace officers totally disabled or killed in line of duty. The budget includes \$20,000 for stipends, \$1,900 for operating expense and \$2,301 in distributed administrative expenses. This stipend amount assumes there will be 20 grants averaging \$1,000. Since grants have yet to be awarded under this program, there is no way to verify this estimate.

VI. MEDICAL CONTRACT PROGRAM

| <i>Estimated</i> 1971-72 | <i>Proposed</i> 1972-73 | <i>Change</i> |
|-----------------------------|----------------------------|---------------|
| -0- | \$678,754 | \$678,754 |

This program was authorized by Chapter 1519, Statutes of 1971. The program goal is to increase the number of physicians and surgeons graduated by private medical colleges and universities in California. The commission is authorized to contract with private institutions for state payments of \$12,000 per student above 1970-71 enrollments. The commission also may enter into similar contracts with medical schools started after January 1, 1971 in which case the state would pay \$12,000 per student for the entire enrollment.

The budget includes \$660,000 for medical contracts. An additional \$18,754 for administrative expense incorporates one position for a program supervisor. The amount proposed for contracts assumes an increase of 55 students will be funded in 1972-73. Table 7 shows the commission's proposed contracts by institution for the first year.

Table 7
Estimates of Increased Enrollments Under Medical
Contract Program 1972-73

| <i>Institution</i> | <i>Increased</i> <i>Enrollment</i> | <i>Contract</i> <i>Amount</i> |
|---|---------------------------------------|----------------------------------|
| Loma Linda University..... | 32 | \$384,000 |
| Stanford University | 13 | 156,000 |
| University of Southern California | 10 | 120,000 |
| Total..... | 55 | \$660,000 |

Thus in 1975-76, if there were no further program expansion, an ongoing total enrollment of 220 students at an annual state cost of \$2,640,000 would exist and the first class of the increased annual output of 55 students would graduate. Projections from the three private universities indicate that as many as 95 additional graduates per year could be funded under the contract program. State costs to graduate an annual class of 95 additional students would approximate \$4.5 million per year.

Subsidy Level Questioned

We recommend the State Scholarship and Loan Commission collect from private medical schools data as to incremental costs of increasing medical student enrollment under this program and report its findings to the Joint Legislative Budget Committee by November 1, 1972.

We believe the \$12,000 incremental cost fee should be questioned. The Carnegie Commission reported that medical school instructional costs range from \$6,000 to \$16,000 per student. The commission recommended a federal program for "cost-of-instruction supplements" and suggested an amount of \$4,000 per student would be appropriate. There is little experience as to how much "incentive" is necessary to increase enrollment and no known substantiation for the \$12,000. For example, private medical schools currently participate in the WICHE student exchange program, whereby member states pay \$3,000 per exchanged student. There are 30 such students currently enrolled in California's private medical schools for an annual fee of approximately \$90,000. In comparison, the proposed medical contract program would pay private institutions approximately \$360,000 annually for the same number of additional students.

Equally important is the Carnegie Commission's findings on the wide range of costs among institutions. We believe the state could and should support more students at those institutions where incremental costs may be less than \$12,000 and in no case should the state pay more than the actual incremental cost of increasing enrollment. Our recommendation would require the commission to request and collect from participating institutions data on the incremental costs actually experienced as a consequence of this program. The commission would also be required to analyze this data for purposes for either validating the \$12,000 fee or recommending appropriate adjustments to future funding considerations.

VII. ADMINISTRATION

| <i>Estimated</i> | <i>Proposed</i> | | <i>Change</i> | |
|------------------|-----------------|---------------|---------------|----------------|
| <i>1971-72</i> | <i>1972-73</i> | <i>Amount</i> | | <i>Percent</i> |
| \$103,899 | \$115,034 | \$11,135 | | 10.7% |

Administrative services for all six programs are provided by a staff headed by an executive director. Administrative expenses are prorated among the various programs. Administrative cost for 1972-73 is budgeted at \$115,034. The budget proposes an increase of one research associate position for a total of 5.3 central staff positions.

We recommend that the State Scholarship and Loan Commission be directed to submit annually to the Joint Legislative Budget Committee, and prior to December 1, a current inventory of California student financial aid.

The 1969 Legislature augmented the commission's budget by \$6,300 to provide for an inventory of student financial aid as recommended in our analysis of the 1969-70 budget. At that time we proposed the

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commission establish procedures so that this type of inventory could be accomplished on a continuing basis. We reported and analyzed some of the data resulting from this inventory in our 1971-72 Analysis. Persistent interest in student financial assistance programs warrants further refinements to the inventory and its continuation.

A new research associate position is included in the 1972-73 budget in order to "establish the commission as a student financial aid information center, and to conduct the periodic inventory of student financial aid resources first requested by the Legislature." Our recommendation would insure that a timely report, designed to meet legislative needs, would be provided the Joint Budget Committee on an annual basis.

CAPITAL OUTLAY

Summary

1972-73 Program

The Budget Bill now before the Legislature includes \$167 million for capital outlay which is 45 percent greater than the appropriation included in the 1971 Budget Act. Of this amount, \$62.4 million is contingent upon approval by the electorate in November of two bond proposals, one for community college construction and the other for health sciences facilities construction at the University of California.

Only \$2.83 million or about 1.7 percent of the grand total represents appropriations from the General Fund. It provides financing for projects of relatively small significance in the Departments of Corrections, the Youth Authority, and Mental Hygiene as well as minor elements in the California Water Facilities Program and some coverage for future planning under the control of the Department of Finance.

The two major contributors to the total, other than the bonds, are the Education Fee Fund at \$34.2 million for the University of California and the Capital Outlay Fund for Public Higher Education at \$39 million of which \$4.5 million is for the University of California and the balance for the state colleges.

The total of Education Fee Funds shown for the University involves the exercise of an experimental technique to increase the actual amount available. It is anticipated that from direct student fees there will be approximately \$20.6 million forthcoming. The regents propose to issue \$10 million in revenue bonds for the repayment of which the Education Fee Fund will be pledged starting with \$1 million in the budget year. In turn, the Federal Health Education Facilities Administration will subsidize interest costs above three percent. It is anticipated that this action will yield an additional net of \$9 million on a one-time basis. However, the \$34.2 million from the Education Fee