

POSTSECONDARY EDUCATION

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POSTSECONDARY EDUCATION GENERAL STATEMENT

Postsecondary education consists of formal instruction, research, public service, and other learning opportunities offered by educational institutions that are accredited by agencies recognized for that purpose or are otherwise eligible for state fiscal support or to participate in state programs and that primarily serve persons who have completed secondary education or who are beyond compulsory school attendance age.

This general statement section sets forth data which relates to all postsecondary education in California. Its purpose is to provide historical information and comparative statistics to supplement individual agency and segmental budget analyses. Information on postsecondary education organization, functions, enrollments, expenditures, sources of support, student charges, costs per student, student aid and teacher training follow.

Organization

California's system of public postsecondary education is the largest in the nation and currently consists of 130 campuses serving over one million students. This system is separated into three distinct public segments—the University of California, the California State University and Colleges and the California Community Colleges. Private universities and colleges are often considered a fourth segment.

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 its recommendations were largely incorporated into the Donahoe Higher Education Act of 1960. The purpose of the act was to define the function and responsibilities of 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 this coordinated effort.

Master Plan Review

Assembly Concurrent Resolution 198 (1970) created a Joint Legislative Committee on the Master Plan for Higher Education with a broad mandate to review California higher education and the Master Plan. Forty-nine recommendations were developed over a two-year period. A number of these were enacted through legislation and resolutions during the 1974 session. The joint committee was terminated on December 31, 1973.

Functions

California Postsecondary Education Commission (CPEC). The commission assumed the powers, duties and functions vested in the Coordinating Council for Higher Education on April 1, 1974 as a result of Chapter 1187, Statutes of 1973. Numerous additional planning, coordinating and advising functions were specified also.

The commission is comprised of 23 members as follows: two representatives each from the private and three public segments; one representative each from the California Advisory Council on Vocational Education and Technical Training, the council for Private Postsecondary Educational Institutions and the State Board of Education; 12 representatives of the general public of which four each are appointed by the Governor, Senate Rules Committee and Speaker of the Assembly. No person regularly employed in any administrative, faculty, or professional position by any institution of public or private postsecondary education can be appointed to the commission. Terms are for six years or at the pleasure of the respective appointing authority with the exception of representatives of the private segment whose terms are limited to three years.

Implementing legislation also provides for an advisory committee to the commission consisting of respective designees or the chief executive officers of each of the public segments, the Superintendent of Public Instruction, the association or associations for private universities and colleges, the California Advisory Council on Vocational Education and Technical Training and the Council for Private Postsecondary Educational Institutions. A permanent director was employed by the commission beginning February 1, 1975.

The University of California (UC). The UC system consists of nine campuses, including a separate medical facility at San Francisco, and numerous special research facilities located throughout 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. To govern the University of California the State Constitution grants full power of organization and government to a 23-member board of regents, serving 12-year terms and with substantial freedom from legislative or executive control.

In addition to the function of instruction, which is basic to all three segments of public higher education, the University of California is designated as the primary state-supported agency for research. Instruction is provided to both undergraduate and graduate students in the liberal arts and sciences and in the professions, including the teaching profession. The university has exclusive jurisdiction over instruction in the profession of law and over graduate instruction in the professions of medicine, dentistry and veterinary medicine. 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 University and Colleges.

The California State University and Colleges (CSUC). This system, comprised of 19 campuses, is governed by a statutory 21-member board of trustees, serving eight-year terms. Although the board of trustees does not have the constitutional autonomy of the UC regents, the Donahoe Act of 1960 did provide for centralization of the policy and administrative functions which are carried out by the chancellor's office. The primary function of CSUC is to provide instruction to both undergraduate and graduate students in the liberal arts and sciences, in applied fields and in various 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 in the UC statement. Faculty research is authorized only to the extent that it is consistent with the instruction function.

The California Community Colleges (CCC). A 15-member board of governors was created by statute in 1967 to provide leadership and direction to the existing 70 community college districts with 100 campuses that comprise the system. Unlike UC and CSUC, community colleges are administered by local boards and derive the majority of their funds from local property taxes.

Instruction in public community colleges is limited to lower division levels (freshman and sophomore) of undergraduate study in the liberal arts and sciences and in occupational or technical subjects. The granting of the associate in arts or the associate in science degree is authorized. Community services courses are also offered at no state cost.

The California Maritime Academy (CMA). As a result of Chapter 1069, Statutes of 1972, the academy is now governed by an independent seven-member board of governors appointed by the Governor for four-year terms. Established at Vallejo in 1929, the academy provides a program for men and women who seek to become licensed officers in the United States Merchant Marine.

Private Universities and Colleges. Private nonprofit institutions constitute a major resource and play an integral part in California's total higher education effort. There are approximately 70 such institutions, about 50 of which collectively form the Association of Independent California Colleges and Universities (AICCU). The value of these institutions lies both in their response to the educational needs and wants of many Californians and in the diversity they add to the total system of higher education. They also divert large numbers of students who would probably enroll in public institutions. Governance, functions and admissions differ widely among private institutions. The AICCU reports that among all four-year and graduate institutions in California, private universities and colleges enroll 25 percent of total students and award 20 percent of bachelor's degrees, 38 percent of master's degrees, 49 percent of doctoral degrees, and 63 percent of professional degrees.

Admissions

Although the regents have the power to establish their own admission standards, the standards which are utilized are in conformity with guidelines established in the original Master Plan. UC admission standards are

intended to limit freshmen to the top one-eighth of California's high school graduates and to qualified transfer students from other institutions. Nonresident students must be in the upper one-sixteenth of their state's high school graduates. For admission to advance standing, California transfer students who were not eligible for admission as freshmen are required to have a grade-point average of 2.0 (C). Original Master Plan guidelines provided for a 2-percent waiver of admission standards for selected students with academic promise. This flexibility has been subsequently increased to 12½ percent to accommodate disadvantaged students and other nontraditional admissions criteria.

The original Master Plan anticipated that all qualified students might not be accommodated 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 UC and CSUC. 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.

Nevertheless, UC reports that all qualified students will continue to be accommodated within its statewide system. Applications accepted at any campus entitles the student to attend the campus of his choice where facilities are available or attend any other campus with enrollment openings.

In conformity with recommendations of the original Master Plan, CSUC admission standards are intended to limit entering freshmen to the top one-third of California's high school graduates and to qualified transfer students from other institutions. As with UC, the CSUC system requires transfer students to have a grade-point average of 2.0 (C). A 12½-percent waiver in admissions standards is also allowed for nontraditional admissions procedures. Students who qualify for acceptance at a campus without openings are redirected to another campus with enrollment openings.

Admission to the community colleges is open to any high school graduate. Other students over 18 who have not graduated from high school may be admitted under special circumstances.

Enrollments

Enrollment data are a major factor in evaluating higher education's budgetary support and capital outlay needs. However, comparisons are difficult since the segments presently use different methods to derive their enrollment workload statistics. Segmental enrollment totals may be reported as head count, full-time equivalent (FTE) students, or average daily attendance (ADA). Both UC and CSUC systems utilize FTE statistics for budgetary purposes. In contrast state apportionments to community colleges follow traditional elementary and secondary school accounting procedures and are based on ADA statistics.

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

Table 1
Enrollment in California Public Higher Education

	<i>Actual</i> <i>1973-74</i>	<i>Revised</i> <i>1974-75</i>	<i>Projected</i> <i>1975-76</i>
University of California FTE ^a			
Undergraduate	80,199	83,257	83,672
Graduates	32,044	33,234	33,642
Totals	112,243	116,491	117,314
California State University and Colleges FTE ^b			
Undergraduate	209,874	216,260	214,704
Graduates	14,583	15,035	14,926
Totals	224,457	231,295	229,630
Community Colleges ADA			
Other than defined adults	491,293	521,360	542,736
Defined adults	118,166	125,398	130,539
Totals	609,459	646,758	673,275
Grand Totals	946,159	994,544	1,020,219

^a Total includes 478 FTE in 1973-74 and 772 FTE in 1974-75 for Extended University pilot programs.

^b Excludes summer FTE.

Several state programs acknowledge, encourage and in some instances financially support a cooperative role for private institutions in meeting higher education needs. Table 2 combines the totals of public enrollment shown in Table 1 with statistics reported for independent colleges and universities in order to portray total higher education enrollment in California.

Table 2
Total Enrollment in California Public and Private Higher Education

	<i>1973-74</i>	<i>1974-75</i>	<i>1975-76</i>
Public ^a	946,159	994,544	1,020,219
Private ^b	123,178	127,122	129,028
Totals	1,069,337	1,121,666	1,149,247

^a Combination of FTE and ADA from Table 1

^b Based on data provided by the Association of Independent California Colleges and Universities for its member institutions. AICCU represents approximately 85 percent of private enrollment in California and totals are adjusted accordingly.

Table 2 indicates private universities and colleges enroll about 13 percent of California's higher education students.

Expenditures

Proposed General Fund and total budgeted expenditures for public higher education in 1975-76 are shown in Table 3. The total support budget represents an increase of approximately \$103.3 million or 7.5 percent over the current year's estimated level of General Fund support.

Sources of Support

A summary of current expenditure funding sources for higher education in California for the last completed fiscal year, 1973-74, is shown in Table 4. Capital outlay expenditures are not included.

Table 3
Proposed 1975-76 Budget Summary for Higher Education
 (thousands)

	<i>Support</i>		<i>Capital Outlay</i>		<i>Totals</i>	
	<i>All funds</i>	<i>General Fund^a</i>	<i>All funds</i>	<i>General Fund</i>	<i>All funds</i>	<i>General Fund</i>
California Postsecondary Education Commission ..	\$1,900	\$1,023	—	—	\$1,900	\$1,023
University of California ^b	984,550	543,372	\$14,603 ^d	—	999,153	543,372
Hastings College of Law	4,874	3,068	—	—	4,874	3,068
California State University and Colleges	702,902	499,083	\$15,838 ^d	—	718,740	499,083
California Maritime Academy	2,512	1,663	—	—	2,512	1,663
Community Colleges ^c	386,180	384,811	\$20,407 ^d	—	406,587	384,811
State Scholarship and Loan Commission	55,439	52,649	—	—	55,439	52,649
Totals	\$2,138,357	\$1,485,669	\$50,848	—	\$2,189,205	\$1,485,669
General Fund Expenditures as a percent of total expenditures		69.5%		n.a.		67.9%

^a Does not include salary increase funds.

^b All expenditures included except those for special federal research projects.

^c Excludes \$439 million in projected local support funds and \$18 million in local capital outlay funds.

^d Includes General Fund and COFPE loans in anticipation of the passage of bond issues.

Table 4
Expenditures for Higher Education
Current Expense by Source of Funds 1973-74
 (thousands)

<i>Segments</i>	<i>State support</i>	<i>Local support</i>	<i>Federal support</i>	<i>Student fees</i>	<i>Other^a</i>	<i>Total expenditures</i>	<i>Percent</i>
University of California	\$474,737	—	\$550,850	\$70,895	\$288,164	\$1,384,646	50.6%
California State University and Colleges	428,919	—	43,934	65,658	75,479	613,990	22.4
Community Colleges	282,003	\$337,027	41,268	13,756	13,756 ^c	687,810	25.1
Other agencies ^b	46,939	314	2,274	1,468	168	51,163	1.9
Totals	\$1,232,598	\$337,341	\$638,326	\$151,777	\$377,567	\$2,737,609	100.0%
Percent of Total Expenditures	45.0%	12.3%	23.3%	5.6%	13.8%	n.a.	100.0%

^a Private gifts and grants, endowments, sales, etc.

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

^c Primarily county support.

Approximately \$2.7 billion was expended for higher education support in 1973-74. Of this amount \$1.2 billion (45.0 percent) was state support.

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, Chapter 1100, Statutes of 1972, standardized and placed all residency provisions under one Education Code chapter. 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 "education fee" by the regents when it was first established in 1970-71, this income also has been used like tuition. Of the total \$32.3 million budgeted from this source in 1975-76, \$25.7 million would be allocated to fund support costs and \$6.6 million is unallocated. The regent's policy for utilization of these funds has varied from year to year.

There are two basic types of fees charged both resident and nonresident students enrolled in the regular academic session of UC and CSUC. The first is the registration fee, or materials and service fee as it is called at CSUC. These mandatory fees have been used 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 purposes. In most cases these are mandatory for students and vary in amount from campus to campus.

The UC regents have the constitutional power to determine the level of tuition and fee charges. Section 23751 of the Education Code authorizes the CSUC trustees to establish the level of fees but maximum levels of resident tuition are established by statutes. Chapter 876, Statutes of 1972 authorizes local community college districts to establish their own nonresident and foreign tuition fees beginning with the 1974-75 academic year.

Table 5 illustrates the current levels of tuition and fees at the various segments. Where these vary from campus to campus, a range is indicated.

Average Cost Per Student

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

Because of the high demand for this type of data we are including it with the normal cautions as to its use. We have in the past noted that use of

Table 5
Basic Academic-Year Student Charges 1974-75

	<i>UC</i>	<i>CSUC</i>	<i>CCC</i>	<i>CMA</i>
Tuition-nonresident/foreign	\$1,500	\$1,300	\$978-\$2,067	\$780
Tuition-educational fee:				
Undergraduate	300	—	— ^c	405
Graduate	360	—	—	—
Registration Fee	300	144 ^a	1-10	—
Application Fee	20	20	—	—
Campus mandatory fees	24-87	0-20	—	45
Auxiliary services fees:				
Room and board	1,374 ^b	1,100-1,538	—	1,435
Parking	27-108	30	0-40	—
Health	—	6	0-10	75

^a Materials and service fee.

^b Average rate for residence halls. Average rate for apartments is \$1,524.

^c Defined adults (students 21 years of age or older enrolled for 10 class hours or less per week) may be charged a tuition fee which cannot exceed the cost of conducting the class less any state support received.

cost-per-student data for comparisons between programs or institutions is improper because existing data is not uniform or reliable. This nonuniformity between UC and CSUC data results from differences in (1) methods of counting students, (2) in determining levels of students, (3) in accounting and budgeting systems and (4) in missions and programs of the segments.

To correct this, Senate Concurrent Resolution 105 (1971) called on the Coordinating Council for Higher Education to develop and report uniform data on the full cost of instruction in higher education. The council's first report, published in March 1973, set forth all the related disparities in data collection and reporting and concluded that its cost figures were not comparable between segments.

The California Postsecondary Education Commission has continued the student cost collection and reporting effort with some improvements. Based on data provided by commission staff, Table 6 shows cost per student credit unit by level of instruction and Table 7 shows cost per student credit unit by level of student. The difference in the two tables reflects differences caused by a student at one level of instruction enrolled in courses at another level (e.g., a graduate student enrolled in an upper division course).

Table 6
Cost Per Student Credit Unit by Level of Instruction

	<i>1972-73</i>	<i>1973-74</i>	<i>1974-75(est)</i>	<i>1975-76(est)</i>
<i>Lower Division</i>				
UC	\$109	\$113	\$126	\$138
CSUC	99	106	116	122
<i>Upper Division</i>				
UC	152	146	163	178
CSUC	123	140	154	162
<i>Regular Graduates</i>				
UC	367	376	420	458
CSUC	191	227	250	263
<i>Independent Graduates</i>				
UC	1,015	1,054	1,178	1,284
CSUC	469	472	518	545
<i>All Levels Combined</i>				
UC	197	199	222	243
CSUC	\$121	\$136	\$150	\$158

Table 7
Cost Per Student Credit Unit By Level of Student

<i>Lower Division</i>	<i>1972-73</i>	<i>1973-74</i>	<i>1974-75 (est.)</i>	<i>1975-76 (est.)</i>
UC.....	\$125	\$121	\$136	\$148
CSUC.....	106	113	124	131
<i>Upper Division</i>				
UC.....	136	138	154	168
CSUC.....	117	132	145	152
<i>Graduate I^a</i>				
UC.....	419	440	492	536
CSUC.....	166	194	213	224
<i>Graduate II^a</i>				
UC.....	628	666	746	812
CSUC.....	592	355	528	375
<i>All Levels Combined</i>				
UC.....	197	199	222	243
CSUC.....	\$121	\$136	\$150	\$158

^a Level I includes students with BA working toward MA or certificate and Level II includes students with MA working toward doctorate or those advanced to doctoral candidacy.

Table 8 shows the budgeted state cost by campus per full-time student for 1974-75 at UC, CSUC, Hastings College of Law and the California Maritime Academy. For UC the state funds held in the university treasury are also included. The data result from a simple division of state costs by FTE student. These are displayed for each campus. Comparisons of one campus to another within the two systems points out how difficult it is to make meaningful comparisons with this type of information.

Table 8
State/FTE Costs by Campus
(1974-75)

<i>State University and Colleges</i>		<i>University of California</i>	
Long Beach	\$1,800	Santa Barbara	\$2,885
Northridge	1,828	Santa Cruz	3,101
Fullerton.....	1,833	Irvine.....	3,505
San Diego.....	1,839	Berkeley	3,868
Sacramento.....	1,888	Los Angeles.....	4,484
San Jose.....	1,893	Riverside.....	4,975
Los Angeles	1,917	Davis	4,990
San Francisco.....	1,980	San Diego.....	5,191
San Luis Obispo	2,006	San Francisco	13,679
Chico	2,067	Systemwide	\$4,827
Fresno	2,136		
Pomona.....	2,174		
Hayward.....	2,228	Hastings College of Law	\$1,834
Sonoma.....	2,387		
Dominguez Hills.....	2,409	California Maritime Academy.....	\$4,835
Humboldt	2,417		
Bakersfield	2,720		
San Bernardino	2,829		
Stanislaus.....	2,897		
Systemwide	\$2,111		

Student Aid

The institutional student financial aid resources survey for 1972-73 and 1973-74 prepared by the State Scholarship and Loan Commission was transmitted in January, 1975. Although received too late for detailed analysis, we believe the commission's narrative summary for each segment warrants quoting here.

University of California. The overall number of financial aid awards for institutionally administered or monitored student aid funds increased from 137,194 in 1972-73 to 140,824 in 1973-74. Total institutionally administered or monitored student aid funds, however, remained virtually the same (\$139,078,974 in 1972-73 and \$139,503,228 in 1973-74). While scholarship, fellowship and grant funds as well as employment aid funds increased, total loan funds actually decreased from \$32,504,141 to \$29,861,173 during this period. The number of students receiving financial aid actually decreased somewhat from 53,068 in 1972-73 to 52,421 during the following year.

California State University and Colleges. The total number of financial aid awards for institutionally administered or monitored student aid funds increased from 105,039 in 1972-73 to 108,955 in 1973-74. As in the case of the University of California, however, total institutionally administered or monitored student aid funds remained virtually unchanged (\$76,067,909 in 1972-73 and \$77,670,109 in 1973-74). While scholarship, fellowship and grant funds as well as employment aid funds increased, loan funds decreased from \$41,704,443 to \$39,548,880 during this period. The number of students receiving institutionally administered or monitored financial aid actually decreased from 78,860 in 1972-73 to 75,053 during the following year.

California Community Colleges. The total number of awards for institutionally administered or monitored student aid funds increased from 105,451 in 1972-73 to 120,407 in 1973-74 as did the total number of awards for "other financial assistance" such as G.I. Bill benefits, etc., which rose from 118,348 in 1972-73 to 132,093 during the following year. Total institutionally administered or monitored aid funds increased from \$39,687,443 in 1972-73 to \$47,108,015 in 1973-74. The only aid funds to decrease slightly were loan funds; scholarship and grant funds as well as employment aid funds, on the other hand, increased (especially scholarship and grant funds which rose from \$11,734,746 in 1972-73 to \$17,053,048 in 1973-74). The increase in the number of awards was reflected in a large increase in the number of students receiving institutionally administered or monitored financial aid funds; 85,060 students received such aid in 1972-73, while their number rose to 93,126 during the following year.

Independent Universities and Colleges. The total number of awards for institutionally administered or monitored aid funds increased slightly from 113,495 in 1972-73 to 115,266 in 1973-74. The slight rise in the number of awards was accompanied by a slight rise in total institutionally administered or monitored financial aid resources from \$129,343,593 to \$135,039,241 during this time period. The increase in such funds took place within all three major award categories. The number of students receiving some form of institutionally administered or monitored financial assistance rose from 60,705 in 1972-73 to 62,908 during the following year.

Aggregate Financial Aid Resources in All Segments. While the total of institutionally administered or monitored student financial aid funds rose moderately from \$384,177,919 in 1972-73 to \$399,320,593 in 1973-74, the total of "other financial assistance" funds rose much more markedly from \$289,151,375 to \$342,271,041 during the same period, bringing the grand total of all student financial aid resources in California from \$673,329,294 in 1972-73 to \$741,591,634 in 1973-74. The number of institutionally administered or monitored awards rose from 461,179 in 1972-73 to 485,452 during the following year, that of "other financial assistance" awards from 188,252 to 209,857 during the same period. Overall, the number of all awards rose from 649,431 in 1972-73 to 695,309 in 1973-74. The total number of students receiving institutionally administered or monitored awards rose from 277,693 to 283,508 during that period.

Excess Teachers Still Being Trained

A report published by our office on November 1, 1974 indicates 20,000 teachers are graduating each year from California postsecondary education institutions into a job market that exhibits a turnover rate of less than 10,000 positions annually. In addition, we note that enrollment of minorities in teacher training is low in comparison with percentages of minority students in public elementary and secondary schools. Recommendations relating to reducing teacher output, increasing the quality of teacher training and for upgrading in-service teacher training programs are set forth in the report.

CALIFORNIA POSTSECONDARY EDUCATION COMMISSIONItem 330 from the General
Fund

Budget p. 883

Requested 1975-76	\$1,022,533
Estimated 1974-75.....	1,050,349
Actual 1973-74 ^a	199,174
Requested decrease \$27,816 (2.6 percent)	
Total recommended reduction	Pending

^a Funding from April 1, 1974 through June 30, 1974.**1975-76 FUNDING BY ITEM AND SOURCE**

Item	Description	Fund	Amount	Analysis page
330	California Postsecondary Education Commission	General	\$990,692	678
	Ch. 1376/72 Student Flow Study.	General	31,841	678
			<u>\$1,022,533</u>	

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONSAnalysis
page

1. Work Plan. Recommend submission of revised 1974-75 work plan before the budget is considered by the fiscal committees. 680

GENERAL PROGRAM STATEMENT

Chapter 1187, Statutes of 1973, abolished the Coordinating Council for Higher Education (CCHE) on March 31, 1974 and transferred its powers, duties and functions to the California Postsecondary Education Commission (CPEC).

The commission is comprised of 23 members as follows: two representatives each from the private and three public segments of higher education; one representative each from the California Advisory Council on Vocational Education and Technical Training, the Council for Private Postsecondary Educational Institutions and the State Board of Education; 12 representatives of the general public of which four each are appointed by the Governor, Senate Rules Committee and Speaker of the Assembly. No person who is regularly employed in any administrative, faculty or professional position by any institution of public or private postsecondary education may be appointed to the CPEC. Terms are normally for six years, with the exception of representatives of the private segment whose terms are three years. The implementing legislation also provided for an advisory committee to the commission consisting of designees or the chief executive officers of each of the public segments, the Superintendent of Public Instruction, the association or associations for private universities and colleges, the California Advisory Council on Vocational Education and Technical Training and the Council for Private Postsecondary Education Institutions.

CALIFORNIA POSTSECONDARY EDUCATION COMMISSION—Continued

ANALYSIS AND RECOMMENDATIONS

The commission's total proposed budget for 1975-76 is \$1,899,724. Of this amount, \$1,022,533 is from General Fund sources. These sources include (1) a budget appropriation of \$990,692 (Item 330) and (2) \$31,841 from a continuing appropriation for a community college persistence study (Chapter 1376, Statutes of 1972). This total General Fund request is \$27,816 or 2.6 percent below estimates General Fund expenditures for 1974-75.

Table 1 sets forth program expenditures, funding sources, positions and proposed changes.

Table 1
Budget Summary

Programs	Actual	Estimated	Proposed	Change	
	1973-74 ^a	1974-75	1975-76	Amount	Percent
1. Planning	\$32,354	\$180,448	\$190,898	\$10,450	5.8%
2. Coordination.....	37,729	226,458	236,684	10,226	4.5
3. Data development	18,067	162,335	223,867	61,532	37.9
4. Education and special projects ..	11,697	130,170	57,246	-72,924	-56.0
5. Federal programs	345,740	822,096	866,646	44,550	5.4
6. Staff services.....	13,947	113,407	95,483	-17,924	-15.8
7. Commission	52,748	67,656	57,504	-10,152	-15.0
8. Executive	28,354	158,875	171,396	12,521	7.9
Totals.....	\$540,636	\$1,861,445	\$1,899,724	\$38,279	2.1%
<i>Funding Sources</i>					
General Fund	\$199,174	\$1,050,349	\$1,022,533	\$-27,816	-2.6%
Federal funds	341,462	811,096	877,191	66,095	8.2
Totals.....	\$540,636	\$1,861,445	\$1,899,724	\$38,279	2.1%
Personnel	10.1	43.0	42.0	-1.0	-2.3%

^a April 1, 1974 through June 30, 1974

Expenditures shown in Table 1 for the CPEC between April 1 and June 30, 1974 can be combined with expenditures of its predecessor, the CCHE, to provide full fiscal year comparisons. That is, 1973-74 expenditures for both the CPEC and CCHE equal \$1,570,993 of which \$634,348 came from General Fund sources and \$936,645 was federal funds.

Table 1 indicates normal cost increases for all programs except data development, education and special projects, staff services, and commission. Last year, program and expenditure detail was not developed for the commission in order to provide maximum flexibility in its initial organization. However, some reductions in the budget base could be anticipated (e.g., expenditures connected with the nationwide search for a new director, and approximately \$40,000 in appropriations for special studies). These reductions are reflected in the education and special projects, staff services, and commission programs.

Proposed increases in the data-development program include the addition of two new General Fund positions to assist in the expansion and refinement of information collected from California postsecondary education institutions.

Federal Programs Revived

The budget also proposes to continue five federally funded positions that were administratively established during the current year. Because there was no certainty of federal funding, provisions for a federal program were not made in the 1974-75 budget. Positions formerly assigned to administer federal programs under the CCHE were added to the General Fund base of the new CPEC. As a result, it was necessary to reestablish an administering unit when \$800,000 of Title I funds and \$915,000 of Title VI-A funds became available for distribution during 1974-75. The Governor's Budget indicates \$877,191 in federal funds will be available in 1975-76.

Slow Start for Commission

The commission has a primary responsibility for advising the Governor and the Legislature concerning budget requests, the need for and location of new institutions and campuses, new programs, and to act as a clearing-house for postsecondary education information. Additional specific responsibilities are set forth in the enabling legislation together with the charge to submit reports to the Governor and Legislature on all matters so requested which are compatible with the commission's role as a state-wide planning and coordinating agency.

Although possessing continuity through retention of former CCHE staff, and with increased financial support, the commission has nevertheless had difficulty focusing its attention on immediate problems affecting postsecondary education and offering critically needed information to the Legislature in a usable form. The commission has expended a great deal of effort searching for a permanent director and trying to articulate policies and problems as perceived by the individuals which compose its diverse membership.

It should be noted that the commission was influential in its opposition to a proposed community college construction bond issue and that it has published several periodic informational reports. However, the commission has offered little useful policy guidance in areas of segmental budgetary review; state policies toward private postsecondary institutions; alternative funding procedures for community colleges where numerous problems persist; collection and dissemination of manpower information for occupational training and planning purposes; or in the potential adaptation of nationally developed and tested data collection and assessment techniques.

Output has been minimal even where the Legislature specifically directed commission activity during the 1974-75 budgetary process of through subsequent legislation. For example, the commission was to be involved in developing a master plan for the administration and coordination of all publicly funded student aid and in providing manpower need information for the Scholarship and Loan Commission. It has not contributed to this effort. The CPEC was also instructed to review and make recommendations on the California Maritime Academy (CMA) five-year academic and facilities plans. Although the Governor's Budget and our Analysis raise major CMA policy considerations for the Legislature, no input from the CPEC has been received. Further, response has not been

CALIFORNIA POSTSECONDARY EDUCATION COMMISSION—Continued

received in answer to House Resolution 219 (Lanterman) requesting information relative to the University of California budget.

Nor has the CPEC been influential in activities carried forward from the CCHE. For example, net growth of new and approved academic programs continue to exceed the rate of increase in student enrollments. However, the CPEC in its mandated quarterly reports to the Legislature on program review has not recommended or implemented procedures to strengthen its ability to control the continuing proliferation and duplication of programs. While most reports are received on time, it should be noted that the mandated facilities inventory and space utilization study is almost a year behind schedule.

Revised Work Plan

We recommend approval of the proposed expenditure and staffing level for the California Postsecondary Education Commission. However, we recommend a revised work plan for 1975-76 be submitted before the budget is considered by the fiscal committees.

With the appointment of a permanent director (beginning February 1, 1975 at an annual salary of \$50,000) we believe the commission will now be able to concentrate on developing priorities and accomplishing a work plan that will be more responsive to the Legislature's needs and expectations. In addition, we have included discussions of problem areas in our segmental analyses that warrant the attention of the commission. Recommendations which would directly affect the commission's 1975-76 work plan also are contained in our analysis of Item 173, Department of Veterans Affairs and Item 349, Board of Governors of the California Community Colleges. For these reasons we believe the commission and its new director should be allowed maximum flexibility to reorganize its staff and their activities to meet expressions of priority by the Legislature and Governor. Consequently, we are recommending approval of the proposed staffing and expenditure levels without reference to the detailed work plan as originally submitted. However, we believe that a revised plan should be provided to the Legislature for review before the budget is considered by the fiscal committees.

WESTERN INTERSTATE COMMISSION FOR HIGHER EDUCATION

Item 331 from the General
Fund

Budget p. 888

Requested 1975-76	\$28,000
Estimated 1974-75	28,000
Actual 1973-74	28,000
Requested increase None	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

The Western Interstate Commission for Higher Education (WICHE) is a nonprofit, public agency created by 13 western states including Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming to administer the Western Regional Education Compact. This compact was ratified by the legislatures of the participating states in 1953 with the objective of encouraging greater cooperation, particularly in training health science personnel. The commission's 39 members includes three members from each of the participating states. California's three members are appointed by the Governor to serve four-year terms. The WICHE offices are located at Boulder, Colorado.

The staff of WICHE consists of 170 full-time equivalent positions organized into three operations divisions and one administrative service office.

ANALYSIS AND RECOMMENDATIONS

We recommend approval.

Beginning with 1973-74, individual state membership assessments were increased from \$15,000 to \$28,000. The increased rate is continued and budgeted for 1975-76. In addition to the \$28,000 basic assessment, California also pays mental health program dues of \$7,500. These optional participation dues are budgeted through the Department of Health.

UNIVERSITY OF CALIFORNIA

Items 332-341 ^a from the General Fund; Item 342 from the California Water Fund; Item 343 from the Real Estate Education, Research and Recovery Fund.

Budget p. 890

^a Item 341 providing for salary increases is discussed on page 149 of the Analysis. The amount is not included in the totals.

Requested 1975-76 ^b	\$543,664,496
Estimated 1974-75.....	512,176,720
Actual 1973-74	446,239,896
Requested increase \$31,487,776 (6.1 percent)	
Total recommended reduction	\$4,855,274 ^c

^b All items (332-343) from the General Fund, California Water Fund, and Real Estate Education, Research and Recovery Fund.

^c Includes \$3,855,274 reduction from Item 332 and deletion of Item 334 in the amount of \$1 million.

1975-76 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount	Analysis page
332	Support	General	\$538,360,496	684
333	Educational Opportunity Program	General	1,100,000	738
334	Undergraduate Teaching Excellence	General	1,000,000	732
335	Fresno-San Joaquin Medical Education Program	General	70,000	697
336	Berkeley Medical Education Program	General	267,000	700
337	Deferred maintenance	General	500,000	722
338	Aquaculture research	General	334,000	711
339	Charles R. Drew	General	1,200,000	715
340	California College of Podiatric Medicine	General	541,000	717
341	Salary increases	General	(40,155,000)	149
	Totals—General Fund		\$543,372,496	
342	Mosquito control research	California Water	100,000	708
343	Real estate research	Real Estate Education, Research and Recovery	192,000	
			\$543,664,496	712

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

	Analysis page
1. <i>Health Sciences Tuition. Reduce \$182,000.</i> Recommend that Educational Fee income be deposited in the General Fund to replace the loss of medical school tuition.	690
2. <i>Subject A. Reduce \$431,815.</i> Recommend University seek	690

- alternate solutions to state support for the Subject A course.
3. *Teaching Assistants. Augment \$252,617.* Recommend full workload growth funding. 693
 4. *Health Science Faculty. Reduce \$258,979.* Recommend elimination of the faculty excess budgeted for the School of Public Health at Los Angeles. 697
 5. Item 335. Fresno-San Joaquin Medical Education Program. Recommend special review pending a report by the University on contingent planning for this program. 697
 6. *Interns and Residents. Augment \$716,428.* Recommend sharing stipend costs for the additional interns and residents planned for the budget year. 702
 7. *Desalination Research. Reduce \$308,100.* Recommend elimination of special state support. 709
 8. *ITTE. General Fund reduction of \$510,000.* Recommend shifting support responsibility to the Transportation Planning and Research Account. 711
 9. *Library Reference-Circulation. Augment \$196,951.* Recommend full workload funding. 713
 10. Charles R. Drew. Recommend special review pending clarification of state responsibility. 715
 11. California College of Podiatric Medicine. Recommend special review pending receipt of additional information. 717
 12. *University Press Subsidy. Reduce \$404,247.* Recommend reduction to offset two years of excess subsidy. 718
 13. *Operations and Maintenance. Reduce \$402,803.* Recommend reduction to reflect a more accurate estimate of workload growth. 721
 14. Maintenance Recharge Policy. Recommend preparation of a report identifying all space constructed by nonstate sources and/or occupied by nonstate funded activities. 722
 15. *Price Increase. Reduce \$1,459,000.* Recommend a reduction in the price increase provision to reflect a consistent policy. 728
 16. *Malpractice Insurance. Reduce \$55,714.* Recommend a reduction consistent with the University's request. 729
 17. Excess Savings. Recommend that excess savings expenditures of a continuing nature be budgeted. 731
 18. *Excess Savings Transfer. Reduce \$614,710.* Recommend that budgetary savings be increased to recover inappropriate expenditures. 731
 19. *Undergraduate Teaching Excellence. Reduce \$1,000,000.* Recommend deletion of special appropriation because of questionable benefits. 735
 20. EOP Augmentation. Recommend special review pending receipt of additional documentation. 738

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 constitu-

UNIVERSITY OF CALIFORNIA—Continued

tional status as a public trust to be administered under the authority of an independent governing board—the Regents of the University of California. In November 1974 the voters passed a constitutional amendment which made the following changes in the membership of the regents: (1) increased the total number of Regents from 24 to 25 and authorized a potential of 27, (2) increased the total number of Governor-appointed members from 16 to 18, (3) reduced the total number of ex officio members from eight to seven, (4) authorized the Regents to appoint a faculty member and/or a student enrolled at a University campus, (5) shortened the term of the 18 Governor-appointed members from 16 years to 12 years and (6) required the Governor to consult with a 12-member advisory committee in selecting his appointees to the Regents.

The University 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. Emphasis is placed on instruction in professional fields and graduate programs leading to master's and doctoral 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.

The public service function of the University is provided by Agricultural Extension, University Extension and other programs. Examples of other public service programs offered are lectures, programs in art and special conferences. A portion of the activities of the teaching hospitals and the library system are examples of educational programs that provide services to the public as a byproduct.

ANALYSIS AND RECOMMENDATIONS

Table 1 shows the University of California budget for the 1974-75 and 1975-76 fiscal years. It is divided into cumulative totals showing: (1) total education and general, (2) total support budget, and (3) grand total of all University funds. The first total includes the basic funds necessary to operate the University's current instructional, research and public service programs. The second total adds self-supporting auxiliary services such as residence halls, parking facilities, intercollegiate athletics, campus cafeterias, bookstores, etc., plus student aid programs. The grand total includes those funds designated as extramural by the University and is comprised of the total support budget plus special research contracts (Atomic Energy Commission) and other grants, contracts, gifts and appropriations received from various public and private sources which are used to supplement the University's program.

In 1975-76 the total University support budget is \$984,549,976 which is an increase of \$59,732,230 or 6.5 percent over 1974-75. Of this increase state appropriations added \$31,467,776, University general funds were increased by \$3,856,263, special restricted state appropriations were increased by \$20,000 and other University revenue sources added \$24,688,190. These revenues are shown in Table 2.

Table 1
Proposed Budget for 1975-76

	1974-75	1975-76	Increase
1. Instruction and departmental research	\$312,209,233	\$318,817,472	\$6,608,239
2. Summer session	4,328,685	4,759,448	430,763
3. Teaching hospitals and clinics	169,254,212	181,498,212	12,244,000
4. Organized Activities—Other	31,341,743	32,211,749	870,006
5. Organized Research	55,781,734	55,645,582	-136,152
6. Libraries	38,852,091	38,996,831	144,740
7. Extension and public service	48,984,711	51,634,337	2,649,626
8. General administration and services	67,087,571	67,371,950	284,379
9. Maintenance and operation of plant	47,380,597	49,199,181	1,818,584
10. Student services	40,303,843	40,674,459	370,616
11. Provisions for allocation	19,737,581	47,696,557	27,958,976
12. Special Regents Programs	20,743,613	22,492,613	1,749,000
Totals education and general	\$856,005,614	\$910,998,391	\$54,992,777
13. Auxiliary enterprises	54,353,356	55,871,333	1,517,977
14. Student aid	14,458,776	17,680,252	3,221,476
Totals support budget (continuing operations)	\$924,817,746	\$984,549,976	\$59,732,230
Sponsored research and activities	292,311,000	304,222,000	11,871,000
Major AEC-supported laboratories	295,000,000	295,000,000	—
Grand Total	\$1,512,168,746	\$1,583,771,976	\$71,603,230

Table 2
Revenues—Total Support Budget
1974-75 and 1975-76

	1974-75	1975-76	Increase
General funds:			
State appropriation	\$511,904,720	\$543,372,496	\$31,467,776
University general funds:			
Nonresident tuition	9,447,070	10,183,470	736,400
Other student fees	3,791,700	3,587,548	-204,152
Other current funds	1,202,404	1,304,314	101,910
Funds used as income:			
Federal overhead	19,043,000	20,217,848	1,174,848
Prior year balances	3,743,804	5,760,575	2,016,771
Other	1,796,074	1,826,561	30,487
Total general funds	\$550,928,772	\$586,252,812	\$35,324,040
Restricted funds:			
State appropriations:			
Mosquito research	\$100,000	\$100,000	—
Real estate program	172,000	192,000	\$20,000
Federal appropriations	7,362,411	7,362,411	—
United States Grants	7,668,711	7,668,711	—
University sources:			
Students fees	86,678,078	93,970,463	7,292,385
Balances	26,086,398	28,135,398	2,049,000
Other	245,821,376	260,868,181	15,046,805
Total restricted funds	\$378,888,974	\$398,597,164	\$24,708,190
Total revenue	\$924,817,746	\$984,549,976	\$59,732,230

UNIVERSITY OF CALIFORNIA—Continued

The state General Fund appropriation increase of \$31,467,776 (6.1 percent) is detailed in Table 3. The budget changes are categorized (1) to maintain existing budget, \$27,011,775, (2) workload and other changes to existing programs, \$8,312,265, and (3) funding changes and offsets to state appropriations, \$-3,856,264.

Summation of categories (1) and (2) indicates the net increase in state supported programs is \$35,324,040.

Table 3
Summary of Changes from 1974-75 Budget

I. To maintain existing budget		\$27,011,775
a. Price increases	\$15,055,775	
b. Merit increases and promotions	8,773,000	
c. Malpractice insurance	2,483,000	
d. Unemployment insurance	700,000	
II. Workload and other changes to existing programs		8,312,265
a. General campus instruction	3,982,447	
b. Health science instruction	4,447,892	
c. Extended University	-1,353,934	
d. Riverside biomedical program	-65,758	
e. Federal funds replacement	-585,000	
f. Libraries	146,416	
g. Maintenance and janitorial	575,434	
h. New buildings	1,243,000	
i. EOP	1,100,000	
j. Prior year balances not available	-1,300,000	
k. Other	121,768	
Subtotal—net program changes		\$35,324,040
III. Funding changes and offsets to state appropriations		-3,856,264
a. Nonresident tuition	-736,400	
b. Overhead receipts	-1,806,349	
c. Unemployment insurance reserve	+900,000	
d. Prior year balances	-2,213,515	
Total change—state General Fund		\$31,467,776
Total change—Real Estate Education, Research and Recovery Fund		20,000 ^a
Total increase		\$31,487,776

^a See analysis page 712 for discussion of this item.

Educational Fee

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 University estimates that \$36,532,610 will be realized from this fee. Of this total \$4,250,361 (11.6 percent) is estimated to be deferred. Table 4 shows the estimated income and expenditures from the educational fee for 1974-75 and 1975-76. One important aspect of the table should be pointed out. That is the bottom line which shows an unallocated balance for the budget year estimated to be \$6,608,624. A portion of this amount (\$6,048,000) was allocated in the Regents Budget proposal for capital improvements in 1975-76. However, the Governor's Budget elected to borrow from the Capital Outlay Fund for Public Higher Education instead of appropriating the Educational Fee income. Repayment of this loan is anticipated from the first proceeds of a higher education bond issue to be presented to the electorate in June, 1976. This switch in policy from pay-as-you-go to borrowing is discussed in the capital outlay section of this Analysis.

Table 4
Educational Fee Income and Expenditures

	1974-75	1975-76	Difference
Income			
Educational fee.....	\$35,878,319	\$36,532,610	\$654,291
Less amount deferred.....	4,000,393	4,250,361	249,968
Net income	\$31,878,926	\$32,282,249	\$403,323
Expenditures			
Operating budget.....	22,058,926	25,673,625	3,614,699
Capital Outlay.....	9,819,000	—	-9,819,000
Unallocated	—	6,608,624	+6,608,624

Fee Reduced for Part-time Students

In May 1974, the Regents approved a reduction in the Educational Fee for part-time undergraduate students. Commencing with the fall quarter, 1974 and thereafter, undergraduate students enrolled for less than nine units of academic credit per quarter will only be required to pay \$50 per quarter. This is equal to one-half of the standard Educational Fee and is described in the Regents agenda as "an interim step in the establishment of a reduced fee schedule for part-time students which will be under study . . ." Various educational policy issues will be considered in the study including the development of a fee schedule applicable to the graduate level.

Currently, most public universities that the University of California considers comparable have already reduced fee schedules for part-time students.

The University estimates that only 2.7 percent (2,300 students) of the undergraduates currently enrolled are carrying less than nine units.

UNIVERSITY OF CALIFORNIA—Continued

Enrollment Estimates

Enrollment growth is the primary indicator of workload needs. The 1975-76 workload needs are based on an estimated enrollment increase of 2,469 or 2.1 percent. Table 5 compares 1974-75 budgeted, 1974-75 budgeted enrollments as revised, and 1975-76 proposed and indicates the percentage increase, by level, from the revised 1974-75 estimates. For 1974-75, the University started to use a two-year historical average in calculating undergraduates and graduate FTE conversion factors "to remove spurious fluctuations." The increase in 1974-75 resulted from including the winter and spring quarters in calculating the conversion factor for undergraduate students. These quarters usually have much higher FTE conversion factors than the fall quarter. In the future, the University plans to use an average derived from two complete years of data. These FTE conversion factors are used only for operating budget purposes and are applied to planned headcount students by level of student.

Nonresident Tuition Waivers

Nonresident students attending the University are required to pay tuition of \$1,500 per academic year in addition to regular fees. It is estimated that nonresident tuition will generate revenue of \$10,183,470 in 1975-76 to replace state General Fund costs. This represents an increase of \$736,400 (7.8 percent) over the amount estimated to be collected in 1974-75.

Historically, the University has been authorized to waive tuition for 15 percent of the nonresident enrollment which amounted to an estimated subsidy of \$1.7 million in 1972-73. The Legislature became concerned over resident students being denied admission while the state subsidized 15 percent of the nonresidents. Action was taken in 1972-73 reducing state support by \$946,000 and in effect establishing a lower state-supported waiver percentage of approximately 6.5 percent.

Subsequent to budget approval, the Assembly expressed concern for this reduction and, by resolution, indicated that special consideration would be given to restoration of the 15 percent level in 1973-74 and requested the Regents to continue to provide the normal percentage in 1973-74 and thereafter.

As indicated in Table 6 the level of state funding has been maintained at the 6.5 percent level and is proposed to continue in 1975-76. Regent policy, until 1974-75, had been to replace the lost state support with regents controlled funds to maintain the 15 percent level. However, in 1974-75, the budget proposed to provide \$695,000 on a continuing basis for nonresident tuition grants from opportunity funds. This approach was taken to stabilize what is predominantly a form of graduate assistance in the face of declining graduate student aid. As shown in Table 6 the \$695,000 was inadequate and the 1974-75 level fell to 13.3 percent. Consequently, the 1975-76 budget proposes to increase the opportunity fund contribution to \$1,000,000 in an effort to return to the 15 percent level.

Table 5
University of California Average of
Fall, Winter and Spring Quarter
Full-Time Equivalent Students

	<i>Actual 1973-74</i>	<i>Budgeted 1974-75</i>	<i>Revised 1974-75^a</i>	<i>Proposed 1975-76</i>	<i>Change from revised 1974-75</i>	<i>Percent change</i>
General Campuses						
Lower division	32,050	31,685	32,099	33,330	1,231	3.8%
Upper division	47,314	48,758	48,699	49,493	794	1.6
Graduates:						
1st stage	14,239	14,515	14,677	14,617	-60	-.4
2nd stage	9,033	8,824	8,728	9,232	504	5.8
Subtotals	102,636	103,782	104,203	106,672	2,469	2.4
Health Sciences						
Upper division	654	702	702	849	147	2.1
Graduates:						
1st stage	7,860	8,409	8,646	9,191	545	6.3
2nd stage	615	519	522	602	80	15.3
Subtotals	9,129	9,630	9,870	10,642	772	10.5
Extended University						
Upper division	181	303	303	—	-303	-100.0
Graduates:						
1st stage	297	469	469	—	-469	-100.0
Subtotals	478	772	772	—	-772	-100.0
Lower division	48,149	49,763	49,704	50,342	638	1.3
Upper division	32,050	31,685	32,099	33,330	1,231	3.8
Graduates:						
1st stage	22,396	23,393	23,323	23,808	485	2.1
2nd stage	9,648	9,343	9,250	9,834	584	6.3
University totals	122,243	114,184	114,845	117,314	2,469	2.1%

^a Budgeted enrollments recalculated by the University using 1975-76 conversion factors based on two year average.

UNIVERSITY OF CALIFORNIA—Continued

Table 6
Nonresident Tuition Waivers

	<i>Actual</i> 1973-74	<i>Budgeted</i> 1974-75	<i>Budgeted</i> 1975-76
Nonresident enrollment subject to fee.....	\$7,114	\$6,842	\$7,376
Waivers			
State supported.....	429	445	483
(percent of enrollment)	(6.0%)	(6.5%)	(6.5%)
State funding	\$643,500	\$667,500	\$724,500
U.C. supported	598	463	667
Regents funding	\$897,432	\$695,000	\$1,000,000
Total waiver ratio.....	14.4%	13.3%	15.6%

Health Science Tuition Offset

We recommend that \$182,000 of Educational Fee income be deposited in the General Fund to replace the loss of medical school tuition and that as a matter of course future budgets be adjusted to reflect current enrollments.

Prior to 1971-72 students in medicine, dentistry and pharmacy were charged a resident tuition. Income received from this fee was deposited in the University general fund and served to offset the state General Fund cost for instruction. After the Regents imposed the Educational Fee in 1970-71 they terminated the health sciences tuition charge effective with the 1971-72 academic year so that these students would not have to pay fees in excess of those paid by other graduate students.

Prompted by our recommendation as approved by the Legislature and commencing with the 1971-72 fiscal year, the Regents have allocated \$550,000 annually from the Educational Fee to offset the loss of General Fund income resulting from the fee change. This allocation was based on 1970-71 enrollment experience with approximately 89 percent of all students enrolled in the MD, DDS and Pharm D curricula paying resident tuition. This allocation has not been recalculated to reflect the increased enrollments in the medical schools. Consequently, applying the 1970-71 distribution of resident students and tuition rates to projected 1975-76 enrollments in these affected health sciences curricula would generate income totaling \$732,000, or \$182,000 greater than the current \$550,000 offset. We believe that in keeping with the initially established policy the \$550,000 allocation should be adjusted to reflect currently budgeted enrollments. Thus, the Educational Fee allocation would more accurately reflect the current loss of offsetting income to the state General Fund. For 1975-76 this would mean a savings to the state General Fund of \$182,000. To obviate the necessity to recommend similar adjustments in the future we suggest that such adjustments be made as a matter of course during normal budget preparation processes.

Subject A Cost Shift

We recommend that the budget be reduced \$431,815 and the University seek alternate solutions to continued or full state support for the Subject A course.

The budget narrative indicates that "state funding is included to reflect

the elimination of student fees for the Subject A English course". The effect of this shift would be to eliminate the necessity to charge a special fee to approximately 38 percent of the new freshmen admittees required to enroll in the course. It also requires a state General Fund budget increase of \$208,000.

All applicants for undergraduate admission must submit a certified score in the English Composition Test (ECT) of the College Entrance Examination. For the period fall 1971-73 a passing score of 550 was required. However, this was raised to 600, effective fall 1974. Those with unsatisfactory scores must enroll in Subject A, a noncredit remedial course, or an approved equivalent, and in most instances, pay a special fee.

Inconsistent Policy

On 5 of the 8 campuses with lower division undergraduate programs, (Berkeley, Davis, Irvine, Los Angeles and Santa Barbara) students enrolled in Subject A are assessed a special \$45 fee. This fee revenue is used to partially offset state General Fund expenditures for the program. In 1974-75 these revenues covered 48 percent (\$208,000) of the budgeted instructional cost of the course. The state General Fund covered the balance (\$223,815) of that cost.

On each of the other 3 campuses, (Riverside, San Diego and Santa Cruz) the Subject A course is administered differently. Riverside offers it through University Extension; which is funded solely from student fees. San Diego incorporates the content of Subject A into its Literature 10 and Communication 10 courses which are incorporated into its regular program and may be repeated for credit. Santa Cruz, on the other hand, collects the \$45 Subject A fee through University Extension and reimburses the department on a nonbudgeted basis. The budget proposal would not replace any Subject A fee revenue collected on these three campuses.

Table 7
Subject A Enrollments, 1972-1974*

Campus	FALL 1972			FALL 1973			FALL 1974		
	Subj. A required	Total Admits	Percent required	Subj. A required	Total Admits	Percent required	Subj. A required	Total Admits	Percent required
Berkeley.....	1726	4318	40.0%	2023	4564	44.3%	1689	3913	43.2%
Davis.....	1000	2880	34.7	1016	3305	30.7	1122	2846	39.4
Irvine.....	1193	2347	50.8	1240	2316	53.5	1299	2181	59.6
Los Angeles.....	2489	5371	46.3	2641	5470	48.3	3049	5687	53.6
Riverside.....	512	962	53.2	529	981	53.9	547	816	67.0
San Diego.....	982	2188	44.9	1150	2407	47.8	1498	2865	52.3
Santa Barbara.....	N/A	N/A	N/A	1397	2479	56.4	1912	2955	64.7
Santa Cruz.....	N/A	N/A	N/A	499	1562	31.9	730	1720	42.4
TOTAL.....	N/A	N/A	N/A	10,495	23,084	45.5	11,846	22,983	51.5

* Reliable data prior to fall 1972 is not available.

Increasing Deficiency

As indicated in Table 7 from 40 to 67 percent of new admittees to the University were required to take Subject A or its equivalent. Because of this large percentage of entering students who are deficient in English fundamentals, the University notes that, by necessity, such a course has

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become an integral part of the University's instructional program and therefore should be fully funded by the state. It should be pointed out again that the University raised the entrance exam standards for fall 1974. The passing score on the ECT required to be exempt from Subject A was raised 9 percent, from 550 to 600.

Alternatives Not Considered

We believe there are least cost alternate solutions that the University should consider rather than simply increasing the burden on the state General Fund. Riverside's use of University Extension is an example of how such non credit remedial instruction can be provided with no direct cost to the state. Another alternative would be to consider making admission to the University contingent on passage of the ECT. On the other hand, if Subject A is to be considered an integral part of the instructional program it should be given for credit in replacement of some elective units or the course material should be incorporated in English 1A and/or 1B as part of the required curriculum. The latter approach would result in state funding, could permit elimination of the special fee on all campuses and would not result in an increased cost to the state. In fact, such an approach could save the state at least the \$223,815 annually that is currently spent and would permit a 1975-76 budget reduction of \$431,815. We believe the University should adopt the least costly approach rather than the most expedient. Since there are viable alternates to state support we are recommending the budget reduction.

1. INSTRUCTION AND DEPARTMENTAL RESEARCH**Functional Description**

One of the major missions of the University centers in this budget function for instruction and departmental research. Included are the costs of faculty, teaching assistants and related instructional support for the eight general campuses and health sciences centers. In addition to teaching, the faculty performs research within the organizational structure of the academic departments. Other activities of the instructional faculty include advising and informal contact with students, supervision of undergraduate independent studies, guidance of graduate student research and supervision of doctoral dissertations.

Proposed Budget

	1974-75	1975-76	Change	
			Amount	Percent
Total	\$312,209,233	\$318,817,412	\$6,608,239	2.1%
General Funds				
General campuses.....	214,696,523	218,678,970	3,982,447	1.9
Health Sciences	69,193,417	73,641,309	4,447,892	6.4
Extended University	1,353,934	-	(-1,353,934)	-
General Funds Total	\$285,243,874	\$292,320,279	\$7,076,405	2.5%

The proposed budget for the instruction and departmental research function increases by a net \$6.6 million or 2.1 percent. As indicated, this

is less than the \$7.1 million (2.5 percent) net increase in General Funds. This discrepancy is because the budget decision to discontinue the Extended University pilot program included the loss of \$.5 million of Regent's funds support. It should also be noted that the proposed budget is in marked contrast to the \$11.3 million or 4.1 percent increase budgeted for this function in 1974-75. This is because the 1975-76 Budget is based on a smaller estimated enrollment increase and because termination of the pilot program released resources in the budget base.

General Campus Instruction

The proposed general campuses' budget increase of \$3,982,447 has three components. It includes \$2,292,203 in salary costs for 139 new faculty positions, \$1,559,094 in related academic support costs and \$131,150 for an additional 14.9 FTE teaching assistants.

The additional faculty will result in a total of 6,098.50 maintaining the existing level of support, but at a revised 1974-75 student faculty ratio of 17.49 to 1. This revision relates to the method used to calculate average enrollments. The University revised the undergraduate conversion factors to utilize an average of fall, winter and spring quarter experience instead of fall quarter experience only. Table 8 indicates the distribution of student faculty ratios. The additional 14.9 FTE teaching assistants will provide a total of 1,753.62 FTE which, according to the budget, maintains the 1974-75 level of state support.

Workload Growth Funding Inadequate

We recommend an augmentation of \$252,617 to add 28.7 FTE teaching assistants for workload growth.

Determination of the number of teaching assistants required to support enrollment growth has historically been to relate the number of positions to undergraduate students. The budget purports to continue that policy and proposes to maintain the 1974-75 ratio in 1975-76. However, our calculations indicate that the 1975-76 budgeted undergraduate student/teaching assistant ratio is 47.23:1. This is considerably greater than the 1974-75 ratio of 46.47:1 as reflected by the revised enrollment calculations. Application of the latter ratio to proposed 1975-76 undergraduate enrollments justifies a workload increase of 43.6 FTE teaching assistants instead of the 14.9 FTE budgeted.

Table 8
General Campus Student Faculty/Ratios
1973-74 through 1975-76

	1973-74	1974-75	1975-76
Berkeley.....	16.72	16.84	16.85
Davis.....	18.68	18.35	18.36
Irvine.....	18.16	18.32	18.34
Los Angeles.....	17.51	17.34	17.35
Riverside.....	14.30	15.54	14.78
San Diego			
General Campus.....	18.32	18.39	18.39
Marine Sciences.....	9.77	9.14	9.14
Santa Barbara.....	17.71	18.17	18.36
Santa Cruz.....	18.33	18.02	18.02
Eight campus average.....	17.41	17.49	17.49
Total FTE positions.....	5,721.75	5,959.50	6,098.50

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Consequently, a budget augmentation of \$252,617 is required to fund the additional 28.7 FTE and to support the stated budget policy of maintaining the 1974-75 level of state support.

Instructional Support

Historically, the budgeted level of instructional support represented a lump-sum allocation developed by applying a predetermined rate to the number of new faculty positions to determine workload needs. This lump-sum provides for numerous instructional supporting costs such as administrative, technical and clerical positions along with office, classroom and laboratory supplies, instructional equipment and instructional computing. Further, the following academic positions are funded within this lump-sum: demonstration teacher, supervisor of teacher education, social welfare field staff, supervisor of teaching, physical activities assistant, apprentice teacher, academic dean and director, remedial tutor, military science assistant bandmaster, and certain student assistants (reader, tutor and language examiner).

The University has retained the flexibility to allocate the funds provided by this lump-sum approach in response to its own internal priorities, needs, and administrative decisions. It should be pointed out that salary adjustments, price increases and other inflationary items associated with instructional support are carried elsewhere in the budget.

For 1975-76, the Governor's Budget continues the lump-sum approach and proposes a \$1,409,182 increase to maintain the 1974-75 rate of \$10,138 per faculty. Because of a \$29,000 increase in nonstate, restricted fund income, the budget shows a 1975-75 rate that is actually \$10,143, or \$5 per FTE faculty greater than the 1974-75 rate.

Alternative Method for Budgeting Faculty

In the 1971-72 Budget the Department of Finance departed from using the student/faculty ratio as the traditional method of measuring workload growth and prepared a method relating to class-contact hours. As a result of legislative hearings the Department of finance was directed to study "alternative methods of budgeting for faculty positions based on the concept of faculty productivity."

The budget narrative indicates that, after three years, this project is still underway. In fact, its scope has been expanded to consider improving budgetary procedures, for all instructional resources without a workable solution to the faculty budgeting problem. Data printed in the budget merely gives historical information for 1973-74 and 1974-75 with no indication of the impact of budget decisions on the instructional unit cost, faculty workload and degree output measures for 1975-76.

Consequently, as previously noted, the Department of Finance continues to use and report the student/faculty ratios as primary performance criteria.

Extended University Pilot Program

In 1971 the University allocated \$500,000 in special Regent's funds for planning and implementation of pilot degree programs for part-time students. Subsequently, a special task force presented a report to the Regents which proposed, as a three-year experiment, a new program to offer degrees to adult part-time students. The concept included building on the strength of existing programs while testing and experimenting with the educational problems of nontraditional forms of higher education. Consequently, the pilot program included extensive research and evaluation of potential student demand and the effectiveness of the programs initiated.

In addition to experimenting with degree programs for part-time students, other objectives of the pilot program were:

1. To experiment with off-campus programs, new approaches to instruction, alternate admission and residency requirements, multi-campus programs and intersegmental cooperation.
2. To design new curricula for part-time students.
3. To develop the ability to provide this type of program on a cost-effective basis.

The University initiated the pilot program in 1972-73 with an allocation of \$500,000 in special Regent's funds and approximately \$375,000 of budgeted state funds reallocated from regular student programs. During its first year the program enrolled 120.9 FTE students in seven programs offered by six of the nine campuses.

For the 1973-74 academic year, one of the original 7 programs was dropped and 13 were added. These 19 programs enrolled 478 FTE students on eight campuses and were supported by \$806,949 from the State General Fund and \$202,135 from educational and registration fees.

For 1974-75, two of the 19 programs were dropped and seven were added. It is currently anticipated that these 23 programs will enroll a three quarter average of 772 FTE students on eight campuses. It is anticipated that 1974-75 expenditures will total \$1,851,934, including \$1,312,434 of state General Funds, \$41,500 of University general funds and \$498,000 from educational and registration fees.

The various experimental programs and enrollments for the three pilot years are shown in Table 9. It should be noted that all programs were limited to upper division and graduate students.

State Support Discontinues

No state funds are proposed to continue the Extended University experiment beyond its pilot phase. However, the budget narrative indicates that funds for the program "have been deleted pending evaluation of this three-year pilot program." This implies a future funding potential. While the University has submitted periodic progress reports pursuant to legislative requests, completion of a formal evaluation is not projected until fall 1975. It is anticipated that the following components will be included in that evaluation.

1. An evaluation of the programs, including an evaluation of the experiments in alternate modes of instruction, admission and registration requirements and student services provisions.
2. An analysis of program costs.

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Table 9
Extended University Pilot Programs
1972-73 through 1974-75

Campus	Program	Degree	Enrollment (FTE)		
			1972-73	1973-74	1974-75
Berkeley	Business Administration	MBA	49	78	105
	Public Health	MPH		3	12
	Transportation Engineering	MS		1	
	Engineering	MS			10
Davis	Experimental ^a	Various	33.5	125	176
Irvine	Social Ecology	BA, MA		59	60
	Spanish teaching	MA		8	9
Los Angeles	Educational Administration	MS		4	12
	Human Service	BA		22	40
	Liberal Studies	BA		7	30
	Business Administration	MBA	12.3	43	50
	Public Health	MPH		17	21
	Education	ME		20	24
	Architecture	M. Architecture		2	3
	Administration	M. Admin.	9.2	16	50
Riverside	Experimental ^b	Various	9.1	9	-
	Urban Studies	BA			20
San Francisco	Nursing	BS ^c , MS	4.5	7	13
Santa Barbara	Law and Society	BA	3.3	16	35
	Economics	MA		-	25
	Electrical Engineering	MS		-	30
	Liberal Studies	BA		30	45
	Computer Science	BA		5	13
	Speech and Hearing	MA		-	10
	Community Studies	BA		8	30
Santa Cruz	Environmental Studies	BA		-	15
Total			120.9	480	838

^a Part time students in established programs on an experimental basis.

^b Upper division and graduate degrees in various selected programs.

^c Offered in cooperation with the San Francisco Consortium.

3. An analysis of ongoing market research and information about Extended University students' accomplishments during the three years.

In spite of the lack of a comprehensive evaluation, the Regent's Budget proposed continuation as well as expansion of the Extended University program. This position is supported by contentions that:

1. The students being served are substantially those for whom the program is intended (those who could not otherwise attend the University on a full-time basis).
2. The operation is fiscally comparable to regular campus programs and as such is a highly cost-effective new approach.
3. The programs offered are socially and professionally useful to the state's citizens by enhancing opportunity and improving skills through educational opportunity.
4. The program is far less costly to the student in terms of foregone earnings.

However, even if these contentions are substantiated conclusively by the impending evaluation, we do not believe that would be sufficient justification to continue a specially funded, action research oriented, experimental program, benefiting only a few students. Many of the Extended University programs are service oriented to specific professional groups and as such could and should be handled under University Extension on a self-supporting basis. Proven innovations should be incorporated into regular campus programs and any additional experimentation could take place within the same context utilizing resources that are already available for that purpose. Further, the University could also accommodate the needs of part-time students and offer external degree programs within the context of its regular programs and budgeted at the same levels. Consequently, we concur with the budget proposal to conclude the Extended University pilot program. However, we do not believe it merits future state funding under any circumstance.

Health Sciences Instruction

The budget provides a General Fund increase of \$4,447,892 or 6.4 percent for the health science schools. This includes an increase of 126.3 faculty positions or 3.4 percent at a cost of \$2,710,268, and an increase of \$1,737,624 in related departmental support costs including the addition of 118.3 FTE staff.

Proposed enrollment in 1975-76 is 10,642 FTE students, for an increase of 772 FTE or 7.3 percent over the level budgeted in 1974-75.

Student/Faculty Ratios

The proposed budget increase is based on maintaining the current year level of state support for the anticipated 1975-76 enrollments. Consequently, the number of additional faculty was determined by applying University approved student/faculty ratios for each health science school to a breakdown of the planned total enrollment. These approved ratios are shown in Table 10. Table 11 displays overall student/faculty ratios budgeted for each school and Table 12 indicates the allocation of the proposed increase by campus and school.

Faculty Overbudgeted

We recommend a reduction of \$258,979 to eliminate the faculty excess budgeted for the School of Public Health at Los Angeles.

Our review of the calculations supporting the increases proposed for the various individual campus health sciences schools revealed that the increase proposed for the School of Public Health at UCLA is overbudgeted by 10 FTE faculty positions. Application of the approved 9.6:1 ratio shown in Table 10 to the 1975-76 enrollment anticipated for the UCLA, School of Public Health (450) generates a total of 46.90 FTE faculty positions. As indicated in Table 12 the 1974-75 Budget funded a total of 45.83 FTE faculty positions for this school. Consequently, the 1975-76 increase required to accommodate enrollment growth is 1.10 FTE faculty positions rather than the 11.10 budgeted. Our recommendation would eliminate the 10 FTE faculty overage and related staff (4.6 FTE) and support costs.

Fresno—San Joaquin Medical Education Program (Item 335)

We recommend special review. We further recommend that the University submit a report to the Legislature during 1975-76 budget hearings

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Table 12
FTE Faculty Medical and Health Sciences

	1973-74	1974-75	1975-76 <i>Governor's Budget</i>	
			<i>Total</i>	<i>Increase</i>
Berkeley				
Optometry	18.09	19.20	20.40	1.20
Public Health	32.22	36.67	40.07	3.40
Total Berkeley.....	50.31	55.87	60.47	4.60
Davis				
Medicine.....	154.55	183.83	189.13	5.30
Veterinary Medicine	83.07	87.78	91.28	3.50
Total Davis.....	237.62	271.61	286.41	8.80
Irvine				
Medicine.....	126.23	135.18	159.18	24.00
Los Angeles				
Dentistry.....	88.80	96.00	117.10	21.10
Medicine ^a	338.00	358.81	374.31	15.50
Nursing	28.26	33.25	33.25	0
Public Health	30.50	45.83	56.93	11.10
Total Los Angeles.....	485.56	533.89	581.59	47.70
Riverside ^b	—	(1)	—	(-1.0)
San Diego				
Medicine.....	138.00	135.11	152.31	17.20
San Francisco				
Dentistry.....	99.65	100.87	104.07	3.20
Medicine.....	273.60	295.75	317.45	21.70
Nursing	64.30	73.48	70.38	-3.1
Pharmacy	43.56	44.31	46.51	2.2
Unallocated	5.00	—	—	—
Total San Francisco	486.11	514.41	538.41	24.00
Total Health Sciences	1,523.83	1,646.07	1,771.37	126.30

^a Includes 19 I&R basic sciences faculty teaching dentistry.^b Excluded from totals.

on its plans for this program in the event federal funding is not forthcoming.

A special General Fund appropriation of \$70,000 is included in the Budget Bill to provide continued state support for planning a medical education program in the Fresno-San Joaquin Valley regions. This program was prompted by a March 1974 report and recommendation of the Joint Committee on the Siting of Teaching Hospitals that the Legislature support and authorize the establishment of such a program under the sponsorship of the University. Subsequently, \$70,000 was appropriated in

Table 10
University Approved Student/Faculty Ratios
Medical and Health Sciences

<i>Schools of Medicine</i>	
M.D. curriculum	3.5:1
Interns and residents	
Campus and county hospitals	7:1
Other affiliated hospitals	10:1
Allied health programs	20:1
Graduate academic	8:1
<i>Schools of Dentistry</i>	
D.D.S. curriculum	4:1
Graduate professional	4:1
Interns	
Campus and county hospitals	7:1
Other affiliated hospitals	10:1
Dental hygienists	8:1
Graduate academic	8:1
<i>Schools of Nursing</i>	
B.S. curriculum	7.5:1
Graduate academic	8:1
<i>Schools of Public Health</i>	
Graduate academic	9.6:1
<i>School of Veterinary Medicine</i>	
D.V.M. curriculum	5.4:1
Interns	7:1
Graduate academic	8:1
<i>School of Pharmacy</i>	
Pharm.D. curriculum	11:1
Graduate academic	8:1
<i>School of Optometry</i>	
O.D. curriculum	12.5:1 overall
Graduate academic	
<i>School of Human Biology</i>	
Graduate academic	8:1

Table 11
Overall Student/Faculty Ratios
Medical and Health Sciences Schools

	<i>1973-74</i> <i>Budget</i>	<i>1974-75</i> <i>Budget</i>	<i>1975-76</i> <i>Budget</i>
Medicine	5.27	5.43	5.73
Dentistry	4.65	4.63	4.20
Nursing	8.65	7.74	7.76
Optometry	13.64	12.50	12.60
Pharmacy	10.17	10.38	10.36
Public Health	11.77	9.60	8.61
Veterinary Medicine	5.85	5.94	5.97
Overall	5.93	5.95	6.06

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the Budget Act of 1974 to plan the program. In conjunction with this support the Legislature specified areas to be emphasized by the program. These included:

- a. The training of family physicians and other primary care physicians,
- b. The training of medical students and residents with other health personnel to develop appropriate health care delivery models,
- c. Research into methods of improving the delivery of primary health services, and
- d. The decentralization of the clinical training program into existing public and community hospitals and clinics in order to maximize the beneficial impact of the health care services provided pursuant to the teaching program.

In addition to contributing to the expanded output of primary care physicians in California, this program represents a legislative effort to direct resources toward meeting the problems of specialty and geographic maldistribution of medical services. However, this particular program was especially attractive because of the potential for a \$5.2 million Veterans Administration Grant to underwrite an estimated 15-20 percent of the program costs during its first seven years. A special consultant reported in November 1973 that the annual operating costs could exceed \$5 million when the program is in full operation.

Federal Funding Uncertain

At the time the Regent's Budget was prepared, the initial grant application for the Fresno-San Joaquin program had been rejected and a new proposal was being developed for resubmittal. Our tentative understanding is that the second proposal has also been rejected. Resolution of this problem is crucial because of the importance of the Veterans Administration hospital as a major clinical resource for this program. Because of the uncertainties surrounding the level of federal participation in this program and as a result the uncertainties as to what the state is buying and what is its ultimate fiscal responsibility, we are withholding recommendation. We believe future appropriations for planning should be contingent upon adoption of viable alternatives and identification of the immediate and long range fiscal implications to the state.

Berkeley San Francisco Medical Education Program (Item 336)

This special item reflects the continuation of \$267,000 of state support for a portion of an experimental effort by the Berkeley campus (1) to train more health care professionals without requiring a traditional medical school organizational structure or facilities, (2) to explore alternate health careers, and (3) to integrate the education of health professionals. This item supports the career option in medicine, a program in which the Legislature was particularly interested.

The Berkeley medical education experiment actually began in 1972-73 with extramural funding. A "medical option" program paralleling the first two years of medical school (basic medical sciences) was built around existing campus offerings. Collaboration with the San Francisco campus

gave assurance that upon completion of the first two years students were qualified to transfer to advanced standing in any accredited four-year medical school. State support for this program began in 1974-75 with the provision of \$237,000 for faculty and support and \$30,000 to plan the clinical years of the program. Currently 24 students (12 in each of the first two years) are coregistered at Berkeley and in the School of Medicine at San Francisco.

Riverside—UCLA Biomedical Program Terminated

This program was funded for the first time in the Budget Act of 1974 with a special \$86,200 appropriation. It is a joint effort between the Riverside campus, the School of Medicine at Los Angeles and the San Bernardino County General Hospital. The Riverside campus provides the first five years of instruction including courses in the basic medical sciences, as well as an introduction to clinical medicine through its association with San Bernardino County. In the sixth and seventh years a select number of students will complete the requirements for the MD degree at Los Angeles. This represents the elimination of one year from the typical eight-year period required to obtain an MD degree. There are no restrictions on enrollment in this program through the first three years. However, at the end of the third year, only 24 students will be selected for continuation in the program and at that time will be coregistered in the School of Medicine at the Los Angeles campus. It is anticipated that only 21 of these students will eventually transfer into the third and fourth years of the MD curriculum.

Program Not Cost-Effective

The Governor's Budget narrative indicates that the program is being terminated because it can not be supported on a cost effective basis.

This preliminary conclusion may have been influenced by the fact that Los Angeles' annual output of MD degrees will only increase by 10 yet the educational costs will be for 24 students at Riverside. Further, the increased output at Los Angeles could occur without the Riverside program because the number of third year transfer applicants to the School of Medicine has been increasing. In 1974, a total of 304 applications were received for 10 openings. As indicated in the previous discussion about the Berkeley-San Francisco program, Berkeley is currently preparing 12 students a year for transfer to the third year of an accredited four-year medical school.

Thus, the increased output of physicians at Los Angeles could be accommodated without starting another medical school (of even modest size) and incurring additional capital and operating costs.

In addition, if acceptable to the profession and cost effective, the concept of streamlining the curriculum to reduce instruction time from eight to seven years should be adopted on existing medical school campuses where the specialized capital and operating resources are already available. Because the marginal benefits of establishing a new medical program at Riverside do not appear to support the potential excess costs, we concur with the Governor's Budget decision to terminate the program.

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Interns and Resident Stipends

Stipends for approximately 70 percent of the 3,680 medical interns and residents planned for 1975-76 are funded from such sources as U.S. government-affiliated hospitals, the neuropsychiatric institutes and student aid funds such as Public Health Service Trainees. Stipends for the remaining 30 percent are funded from a combination of state funds, hospital income and, in certain cases, professional fee income and federal capitation funds.

Currently, \$4.8 million in state funds is provided for 40 percent of stipend costs for 962 medical interns and residents at Davis, Los Angeles, San Diego and San Francisco, and for the total stipend costs for 23 residents at Irvine.

To relieve the teaching hospitals of paying for costs which are related more to the education of interns and residents than to patient care, the Budget Act of 1974 provided a \$1.2 million General Fund increase for stipend costs. This included \$1 million for medical interns and residents to accommodate planned enrollment growth and insure an overall stipend subsidy of 40 percent of costs. The remaining \$.2 million was to support the educational component of interns and residents stipends in Dentistry and Veterinary Medicine and pay the full cost for eight additional interns at Orange County Medical Center.

Unsupportable Policy Change

We recommend an augmentation of \$716,428 to pay a portion of the stipend cost for the additional interns and residents planned for the budget year.

The Governor's Budget provides continued funding for interns and residents stipends at the current \$4.8 million level. However, the budget fails to fund a similar portion of the stipend costs associated with the planned increase of interns and residents in the budget year. The net effect of this oversight is to promulgate a new state policy by indirectly establishing a reduced level of state stipend support. At best, this would be an arbitrary reduction inasmuch as the validity of the current 40 percent level is difficult to justify quantitatively. There is no narrative in the Governor's Budget reporting this change in policy. Therefore, we suspect that the budget deficiency merely represents a failure to fund rather than a conscious policy decision.

Consequently, we are recommending a budget augmentation of \$716,428 to maintain the current 40 percent level of stipend support in the budget year by providing for the additional interns and residents planned. This includes (1) \$631,578 for medical interns and residents, (2) \$23,377 for dental interns and residents and (3) \$61,473 for veterinary interns and residents.

Hill-Rhodes Replacement Funds Not Provided

The Budget Act of 1974 appropriated \$294,000 in a special item as a contingency in the event federal support of Hill-Rhodes Act programs was reduced. For 1975-76, the budget makes no provision for General Fund financing of the Hill-Rhodes program because of the uncertainty sur-

rounding continued federal funding.

It is our understanding that the program is funded through September, 1975. At this writing it is unclear what the funding source will be for the balance of the fiscal year. One solution that is currently being explored by the University is the possibility of receiving federal capitation funding for public health students.

2. SUMMER SESSION

Functional Description

The master plan for higher education recommended that every public higher education institution 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 1975-76. This budget category contains the incremental costs associated with these summer programs which are offset by student fees.

Proposed Budget

	1974-75	1975-76	Change	
			Amount	Percent
Total	\$4,328,685	\$4,759,448	\$430,763	9.9%
General Funds	—	—	—	—

Enrollments for summer session programs decreased by 1,036 students (4.1 percent) in 1974. However, an increase of 2,814 students (12.1 percent) is estimated in 1975. As a result, the budget is increased by \$430,763 or 9.9 percent in 1975-76. Table 13 shows actual summer headcount enrollments for 1971 through 1974.

Table 13
Summer Session Enrollments

	71-72	72-73	73-74	74-75
	Actual	Actual	Actual	Actual
Berkeley	8,688	9,988	9,442	5,749
Davis	1,836	2,145	2,141	2,274
Irvine	883	1,084	1,334	2,262
Los Angeles	7,061	7,699	7,465	8,325
Riverside	1,135	911	837	953
San Diego	766	786	719	637
San Francisco	1,273	658	771	1,055
Santa Barbara	1,915	1,879	1,994	2,285
Santa Cruz	741	1,110	780	907
Total	24,298	26,260	25,483	24,447
Percent	+7.9%	+8.1%	-3.0%	-4.1%

Operating Policy Changes

During 1973-74 two changes were made impacting both future enrollments and income. The first change permitted all campuses to initiate fee structures based on fees per credit unit. Only Irvine, Los Angeles, Riverside and San Diego elected to exercise this option. Consequently, data from these four campuses indicate that more headcount students attended 1974 summer sessions than predicted. However, these enrollments also

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produced fewer total fees than was projected.

The second change was the Berkeley campus' adoption of one eight-week session in place of two six-week sessions. The preliminary results of this change show that enrollments for 1974-75 are less than earlier projections.

3. TEACHING HOSPITALS AND CLINICS

Functional Description

Included within this function is funding of the human medicine teaching hospitals for which the University has major operational responsibilities. This includes hospitals at the Los Angeles Center for Health Sciences, the San Francisco campus, the San Diego County University Hospital and the Sacramento Medical Center. In addition, the medical school at Irvine subsidizes hospital patients at the Orange County Medical Center. In addition to their role in the University's clinical instruction program, the University teaching hospitals serve as a community resource for highly specialized (tertiary) care through major research efforts. The teaching hospitals also engage in cooperative educational programs with local community colleges by providing the clinical setting for students in allied health science areas.

Proposed Budget

	1974-75	1975-76	Change	
			Amount	Percent
Total	\$169,254,212	\$181,498,212	\$12,244,000	7.2%
General Funds	20,655,212	20,655,212	—	—

There is no proposed program increase from General Funds. However, the budget does include a \$604,000 provision for general price increases in the provisions for allocation section. The increase shown above of \$12,244,000 is from University restricted funds primarily for patient-care costs funded from charges for services. The General Fund allocations for both 1974-75 and 1975-76 are shown in Table 14.

Table 14
Clinical Teaching Support Allocations^a
1974-75 and 1975-76

University Hospitals	
Los Angeles.....	\$6,131,000
Sacramento Medical Center.....	4,388,000
San Diego	3,606,000
San Francisco	6,030,000
County Medical Center	
Irvine	500,000
Total	\$20,655,000

^a For 1975-76 Clinical Teaching Support for Veterinary Medicine at Davis (\$787,399) is included in the Budget under Academic Support and under the Organized Activities function in this analysis.

Teaching Hospital Subsidy

The purpose of the clinical teaching subsidy (CTS) is to secure patients for teaching at UC teaching hospitals. This objective is achieved at the present time by passing on the entire amount of the CTS in the form of discounts to patients considered useful for teaching purposes, but adjudged unable to pay the going rate for hospital services.

For the four University hospitals two simplistic measurements have been used in the past as indicators of workload needs. These are (1) the percentage of the subsidy in relation to the total budget, and (2) the number of departmental patient days per clinical student. Table 15 shows the five-year trend in subsidy usage.

Table 15
Human Medicine Teaching Hospitals
(Los Angeles, Sacramento, San Francisco 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>
1971-72.....	\$93,482,000	\$12,353,000	13.3%	224
1972-73.....	103,778,000	13,702,000	13.2	171
1973-74.....	140,953,358	20,147,000	14.3	87
1974-75 (Est.)	169,254,212	20,155,000	11.9	89
1975-76 (proposed)	181,498,212	20,155,000	11.1	89

In addition to the declining trend illustrated in Table 15, workload data in the Governor's Budget shows reductions in both inpatient days (-1.7%) and outpatient visits (-1.5%) per clinical student.

The University indicates that the reduced level of CTS support is made possible by expansion of services and related income, the adoption of rate increases following removal of federal controls, a greater use of full pay patients for educational purposes, tighter financial screening, and greater efficiency in developing third-party reimbursement support.

4. ORGANIZED ACTIVITIES—OTHER**Functional Description**

This function includes partially self-supporting activities organized and operated in connection with educational departments and conducted primarily as necessary adjuncts to the work of these departments. General funds are primarily used in seven 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, (5) the dental clinic subsidy, (6) support for the two neuropsychiatric institutes which provide mental health care and training and account for a major portion of the funds and (7) clinical teaching support for the veterinary medical teaching facility at Davis.

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Proposed Budget

	1974-75	1975-76	Change	
			Amount	Percent
Total	\$31,341,743	\$32,211,749	\$870,006	2.8%
General funds	19,593,555	19,593,555	—	—

The neuropsychiatric institutes were transferred to the University July 1, 1973 and account for \$19,725,798 (61 percent) of the total \$32,211,749 organized activities function. General Fund supported activities are shown in Table 16.

Table 16
Organized Activities Supported from General Funds
1975-76

General Campuses	
Demonstration schools	\$594,529
Art galleries and collections	374,776
Vivarium, life sciences	250,999
Health sciences	
Dental clinic subsidy	821,472
Medical support labs and vivaria	515,901
Neuropsychiatric institutes	16,248,479
Veterinary Medical Teaching Facility	787,399
Total state funds	19,593,555

Uniform Accounting

In past analyses we have commented on the lack of a uniform method for charging costs at both dental clinics. In our 1973-74 Analysis we suggested that the University consider establishing uniform accounting procedures so that financial reports will have more meaning. The University acknowledged that there was a need for establishing uniform accounting practices at the two dental clinics and indicated in 1974-75 that discussions were underway to resolve the problem.

However, because we had encountered several other examples of non-uniformity while reviewing other University data, we sought to accelerate a resolution to this problem. Consequently, the Legislature adopted our 1974-75 Analysis recommendation that the University submit a progress report by September 1, 1974 on its efforts to achieve uniformity.

The report that the University submitted in response indicated progress on several fronts. In attempting to establish a uniform account structure for the reporting and display of budgetary and financial information, the University indicated it was implementing a new expenditure category reporting structure which has been recommended for all colleges and universities by national accounting and business organizations and the National Center for Higher Educational Management Systems (NCHEMS). To achieve uniformity in the recording of costs the University has developed and issued direct and indirect costing policies. The University is also implementing California Hospital Commission uniform hospital accounting regulations. In terms of the dental clinics, effective

July 1, 1974, a uniform accounting policy went into effect to insure that in the future both clinics will uniformly report all direct and indirect costs. In order to effectuate a uniform departmental accounting and reporting system, the University indicated a project was being undertaken to review the needs of various University departments and to design procedures and reports to assist these units in their internal management.

Of course, it is still too early to report on the success of these efforts inasmuch as their impact will not begin to be noticeable until the 1976-77 budgeting cycle.

5. ORGANIZED RESEARCH

Functional Description

State-supported activities included in the Governor's Budget under this function consist 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 (\$304 million) which is received from private individuals, agencies, and the federal government is excluded from the support budget. State support is used primarily to meet the matching requirements of the federal government and provide for the administrative functions of organized research units.

Proposed Budget

	1974-75	1975-76	Change	
			Amount	Percent
Total.....	\$55,781,734	\$55,645,582	(\$-136,152)	(-.2%)
General funds	49,818,495	49,618,495	(-200,000)	(-.4%)

The amount of general funds budgeted for organized research is reduced by \$200,000 in 1975-76 because of uncertainties surrounding the availability of federal funds. These funds were included in the 1974-75 budget as a contingency in the event the anticipated level of federal funds were not forthcoming to support research ship operations at Scripps Institute of Oceanography. The deletion of this item, pending further information, is consistent with a similar budget action involving a contingency appropriation for replacement of Hill-Rhodes Act federal funds which affect health sciences programs. We believe it would be prudent budget-

Table 17
Organized Research Program Elements
and Funding Source
1975-76

	General funds
Organized research units	
General campus.....	\$13,915,000
Health sciences	1,970,000
Agricultural sciences	23,212,000
Scripps Institute of Oceanography.....	2,965,000
Individual faculty grants and travel.....	2,671,000
Employee benefits	4,886,000
Total	\$49,619,000

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ing to await clarification of federal policies before assuming continued responsibility for funding former federal programs.

Table 17 indicates the basic program elements receiving funds under the organized research budget function. As shown in the table, most of the general funds are allocated to support general campus organized research units and for agricultural sciences research. The University retains the flexibility to reallocate funds between program elements, as well as within them.

The bulk of organized research expenditures are not shown in the budget detail but are included in the totals as extramural funds. Total expenditure for organized research from this source in 1973-74 was \$277,201,704. This is \$46,463,704 (20.1 percent) greater than spent in 1972-73. Of course, that amount is separate from the \$323.6 million expended by the major Atomic Energy Commission Laboratories.

Mosquito Control Research (Item 342)

The budget bill continues a special appropriation of \$100,000 from the California Water Fund for research in mosquito control. This appropriation was initiated in 1966-67 as a \$200,000 program of which \$100,000 was appropriated from the California Water Fund and \$100,000 was anticipated from other sources. State-supported mosquito research was also included in the lump-sum support appropriation to the University but is not readily identifiable.

In 1972-73 the Legislature added \$200,000 to this program with a special General Fund appropriation. In the Budget Act of 1973 an additional \$100,000 was included in a special item but was vetoed by the Governor. However, the accompanying veto message approved a comparable increase to the amount provided in the University's main support item. Table 18 summarizes the various sources of funding for this program.

The 1975-76 budget continues last year's practice of including General Fund support for this program within the main lump-sum support appropriation.

Table 18
Mosquito Research Funding

<i>Source</i>	<i>1972-73</i>	<i>1973-74</i>	<i>1974-75</i>
State			
Water Fund	\$100,000	\$100,000	\$100,000
General Fund	200,000	300,000	300,000
Other	410,000	413,000	436,000
Federal	231,000	397,000	467,000
Mosquito abatement districts	8,000	10,000	10,000
Other sources (including industry)	10,000	21,000	17,000
Total	\$959,000	\$1,241,000	\$1,340,000

Special Interest Programs Continued in Lump Sum

The Governor's Budget continues the practice which began in 1974-75 of including funds for three research programs previously funded from special line item appropriations. These three programs with the 1973-74 General Fund appropriation are as follows:

1. Research in sea water conversion \$308,100
2. Research in dermatology 92,000
3. Institute of Traffic and Transportation Engineering 460,871

From a technical budget administration standpoint it is easier to administer one appropriation than several. This also gives the University the flexibility to reallocate research funds in response to policy and program changes. However, the Legislature usually establishes separate appropriation items to facilitate annual review and restrict expenditures to specific purposes.

In our 1973-74 Analysis, we responded to this situation by recommending that the University provide annual reports on research activities the Legislature was specifically interested in so as to continue monitoring their progress. Those programs for which annual reports are submitted are discussed below.

Desalination Research

We recommend eliminating special state support for this program for a budget reduction of \$308,100.

This program commenced in 1950 at the request of the Legislature. For several years the program has been supported primarily by state and federal funding of about equal amounts. However, in recent years support from federal sources has diminished. This was partially offset by the University increasing its level of supplemental support utilizing state general funds allocated by the University to various organized research activities. These funding changes are summarized in Table 19.

Table 19
Desalination Research Funding

State	Source	1971-72	1972-73	1973-74	1974-75
	Special appropriation.....	\$334,900	\$308,100	\$308,100	—
	UC general funds	57,700	108,800	114,700	\$437,400
	Department of Water Resources	18,200	9,200	40,700	5,100
	Subtotal	\$410,800	\$426,100	\$463,500	\$442,500
Federal	.....	450,900	336,100	230,800	220,800
Industry	.....	—	—	4,600	5,400
	Total	\$861,700	\$762,200	\$698,900	\$668,700

Commercially Viable Results

The special report to the Legislature summarizing the research accomplishments of this program states that "desalination has been developed to the stage where it is economically competitive with imported water in large areas of the state." It was further indicated that "a demonstration/education program would do much to accelerate the assimilation of these assets into commercial practice."

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In light of the University's observations as to the commercial viability of this program and the declining federal interest as illustrated in Table 19, we believe the special level of state support initiated by the Legislature is no longer necessary or appropriate. Sponsorship of research efforts that have reached the state of commercial marketability should be assumed by private enterprise.

We are not proposing elimination of the state support provided under the aegis of the Department of Resources. As indicated in Table 19, program support from this source varies and, no doubt, is indicative of the department's interest in and value assessment of those research activities it sponsors.

Dermatology Research

State appropriations for psoriasis research partially support the salaries of 10 personnel in the Department of Dermatology at San Francisco. The group's activities include laboratory and clinical research along with treating patients in a newly established Psoriasis Day Care Center. Table 20 shows the funding for this research. The report submitted indicates that while program expenditures have increased, the number of personnel supported has decreased.

Table 20
Psoriasis Research Funding

	1973-74	1974-75
State.....	\$92,000	\$100,000
Federal grants and contracts.....	131,000	215,000
Total.....	\$223,000	\$315,000

Institute of Transportation and Traffic Engineering

The Institute of Transportation and Traffic Engineering (ITTE) was established by the Regents in 1947 in response to a legislative request. It was established to provide instruction and research related to the design, construction, operation, and maintenance of highways, airports and related public transportation facilities. In 1971 the Legislature recommended that the scope and responsibilities of the institute be expanded and enlarged to enable it to cooperate in research and training with the State Business and Transportation Agency and other agencies with public transportation responsibilities. It was also recommended that the institute give attention to some specific planning, development and operational problems of particular concern to the Legislature.

From 1947 through mid-1973, the ITTE operated two branches, one at UCLA and another at Berkeley. The branch at UCLA was phased-out in 1972-73 at the request of the campus. However, as this was occurring, an interdisciplinary group of faculty on the Irvine campus formulated plans for a new branch of the ITTE on that campus. In July, 1974 the Regents endorsed the establishment of such a branch, effective August, 1974. Initial funding support was provided through the use of temporary funds.

Historically the institute has received its core support from the state

General Fund. Additional support has also come from extramural resources provided by such sponsors as the California Business and Transportation Agency, the Department of Motor Vehicles and the U.S. Department of Transportation. Table 21 summarizes the institute's resources for 1972-73 and 1973-74.

Table 21
Institute of Transportation and
Traffic Engineering Funding
1972-73 and 1973-74

<i>Source of Funds</i>	<i>1972-73</i>	<i>1973-74</i>
State		
Special appropriation	\$460,871	\$460,871
General support	14,139	53,116
Sale of publications	14,011	18,970
Extramural grants	15,003	1,785
Extramural grants and contracts administered through Engineering		
Office of Research Services	560,331	240,506
University Extension	116,545	93,540
Total	\$1,180,900	\$868,788

Alternate Funding Source

We recommend that \$510,000 of revenues provided by Chapter 1400, Statutes of 1971, in the Transportation Planning and Research Account be utilized to provide support for the Institute, in place of state general funds.

Chapter 1253, Statutes of 1972, created the Transportation Planning and Research Account. All moneys in the account are available, when appropriated by the Legislature, for allocation by the State Transportation Board for transportation planning and research purposes. Further, Chapter 1400, Statutes of 1971, a relatively new source of funding for that account, provides that, when appropriated by the Legislature, the unallocated balance of these funds shall be available for specified purposes. Included among these is "training and research by the Institute of Transportation and Traffic Engineering of the University of California in public transportation systems engineering and management and coordination with other transportation modes." For 1975-76 it is estimated that the gross revenue to the Transportation Planning and Research Account from Chapter 1400 will approximate \$27 million.

Inasmuch as the funds are available and the Legislature has provided the mechanism to support the research activities of the ITTE from this dedicated funding source, we are recommending the transfer of the support responsibility for the ITTE to it. Such an approach would save the state General Fund an estimated \$510,000 annually. In addition it could insure more effective coordination of the level and scope of ITTE training and research activities with statewide needs and priorities.

Aquaculture Research (Item 338)

This research program was first identified by the Legislature as a special item in the Budget Act of 1973 with a \$334,000 General Fund appropriation. In 1974 it was deleted from the budget bill and added to the main lump-sum appropriation for support of the University. For 1975-76 the

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budget bill reverts to the prior year practice and contains a special \$334,000 General Fund appropriation for this program.

The lump-sum allocation to this program has remained constant since it was first singled out for special appropriation. It has not been adjusted to program needs, price increases, salary levels, etc. For this reason, it could be considered a subsidy-type appropriation, the amount of which may be determined by the availability of resources.

Real Estate Research Program (Item 343)

This \$192,000 item is included for the first time as a separate Budget Bill appropriation to the University of California from the Real Estate Education, Research and Recovery Fund. In prior years, funds for this program were included in the Department of Real Estate's education and research program costs.

The amount proposed for 1975-76 is \$20,000 greater than allocated in the current year. It will provide for salary and price increases and employee benefits for the Center for Real Estate and Urban Economics at Berkeley (\$10,000) and the Real Estate Research Program at Los Angeles (\$10,000). Both these programs conduct industry oriented research and studies and, according to the Regents' Budget, do not receive General Fund support for such cost increases.

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 considered an integral part of University teaching and research.

Proposed Budget

	1974-75	1975-76	Change	
			Amount	Percent
Total	\$38,852,091	\$39,996,831	\$144,740	.37%
General Funds	30,143,748	38,290,164	146,416	.38%

The budget provides an increase of \$146,416 from General Funds. This includes an increase of \$178,566 for an additional 13.6 FTE positions (1.3 percent) in reference and circulation to provide for an enrollment related increase of 2.8 percent. Also included is a reduction of \$32,150 to reflect the termination of the Riverside-UCLA biomedical program. The \$32,150 represents the library expenditures associated with the program.

The detail of the proposed budget expenditures and related data is shown in Table 22. In addition to the workload increase, \$932,775 for book price increases is included in universitywide provisions for allocation to maintain current acquisition levels.

Table 22
Library Expenditures and Selected Data
1974-75 and 1975-76

	1974-75	1975-76
Expenditures		
Book purchases	\$8,660,025	\$8,640,729
Binding expense	1,574,000	1,573,600
Reference and circulation	13,714,032	13,888,643
Acquisitions and processing	14,566,034	14,555,739
Automation	338,000	338,000
Intercampus/segmental cooperation	(500,000)	(500,000)
Totals	\$38,852,091	\$38,966,831
Related Budget Data		
Volumes added (general funds)	523,000	523,000
Total volumes in collection	13,740,000	14,263,000
Volumes per student (FTE)	121.3	121.6
Reference and circulation staff	1,005.05	1,018.40
Acquisitions and processing staff	1,134.76	1,134.25

Reference and Circulation Workload Growth Funding Inadequate

We recommend an augmentation of \$196,951 for library workload in reference and circulation activities.

Workload for the reference and circulation function has historically been related to the number of students because they are prime users of the service. As indicated previously, the budget provides a 1.3 percent (13.6 FTE) increase to accommodate enrollment growth for 1975-76. However, this falls short of matching the 2.8 percent enrollment increase.

It is not clear why the budget fails to provide for the total increase, although it may be because the ratio of reference-circulation staff/FTE enrollment was calculated incorrectly. Our calculations indicate that the 1974-75 budgeted ratio is 113.5 instead of 115.2 as shown in the budget. Application of the 113.5 factor to the budgeted enrollment of 117,356 FTE justifies a reference and circulation workload augmentation of 28.6 FTE instead of the 13.6 FTE budgeted. Consequently, a budget augmentation of \$196,951 is required to fund the additional 15 FTE to fully support workload growth. In the past we have recommended augmentations for this type of formula workload growth when funds were not included in the budget. Consequently, we are recommending the \$196,951 augmentation to provide full workload funding in 1975-76.

7. EXTENSION AND PUBLIC SERVICE

This function consists of five major program elements.

1. University Extension

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. It has open admissions, optional credit, free student selection of curriculum and is a self-supporting enterprise.

2. Cooperative (agriculture) Extension

Cooperative extension of the University extends the knowledge and

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technology derived from research to solve specific, often local, problems. 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 demonstrations.

3. Public Service

The public service function supports cultural and educational activities on the campuses and in nearby communities. These activities provide opportunities for additional experience in the fine arts, humanities, social and natural sciences and related studies. Programs including concerts, drama, lectures and exhibits are designed to be of interest to the campuses as well as surrounding communities.

4. Charles R. Drew Postgraduate Medical School

This element is the result of special legislation (Chapter 1140, Statutes of 1973) which appropriated funds to the University in support of a program of clinical health sciences education, research and public service conducted in conjunction with UCLA.

5. California College of Podiatric Medicine

This element was also established by special legislation (Chapter 1497, Statutes of 1974) which supported an education program in podiatry operated in conjunction with U.C. San Francisco.

Proposed Budget

	1974-75	1975-76	Change	
			Amount	Percent
Total.....	\$48,984,711	\$51,634,337	\$2,649,626	5.4%
General Funds.....	13,742,213	13,742,213	—	—

The proposed budget increase is primarily related to an estimated 6.0 percent growth in University extension enrollments which is funded solely from student fees.

The amount of general funds budgeted for each of the program elements is shown in Table 23.

Table 23
Extension and Public Service Programs and Funding
1975-76

	General Funds	Restricted Funds
University extension	—	\$27,305,000
Cooperative extension	\$11,953,000	6,474,000
Public Service		
Professional publications.....	48,000	79,000
Museums and collections		3,386,000
Community service		403,000
Vocational education		150,000
Service to industry		95,000
Charles R. Drew	1,200,000	
Podiatry (CCPM)	541,000	—
Total	\$13,742,000	\$37,892,000

*Varies from budget totals because of rounding.

Charles R. Drew Postgraduate Medical School (Item 339)

We recommend special review.

The Budget Bill continues a special item of \$1,200,000 to provide state support of a special program of clinical health sciences education, research and public services operated in conjunction with the Drew Postgraduate Medical School. State funds for this effort were first provided by Chapter 1140, Statutes of 1973, with a \$1.2 million appropriation.

The Charles R. Drew Postgraduate Medical School currently operates programs of continuing education as well as programs for 115 interns and residents at the Los Angeles County Martin Luther King Hospital located in Watts. The faculty includes joint appointments from UCLA and USC. In addition to the state appropriation, programs are primarily funded through county appropriations to the hospital plus federal grants.

The University has an affiliation agreement with Drew which provides for the use of clinical facilities by the teaching and research programs of the UCLA School of Medicine. In November 1973, the Regents authorized execution of a similar agreement on behalf of the UCLA School of Dentistry.

On March 7, 1974 the Regents approved a contract negotiated between UCLA and Drew with terms of support consistent with the recommendation of the Joint Committee on the Siting of Teaching Hospitals. The recommendations of the Joint Committee, in Chapter 1140, specified the programs and priorities for which the first \$1.2 million was allocated. Those are:

1. continuing education of physicians and other health professionals and consumers of health services;
2. community medicine, designed to improve the health status of the citizenry, the health care delivery system, and health sciences education;
3. internship and residencies including a family practice residency program at the Martin Luther King Hospital and such other facilities and clinics as may be appropriate;
4. such other programs of clinical health sciences education, research, and public service as the Regents and the Charles R. Drew Postgraduate Medical School deem in the public interest, provided that the programs herein specified are first funded.

The University-Drew agreement also clarified the policy that the management and operation of programs developed and implemented under the agreement were the responsibility of Drew. The agreement also affirmed the intent to expand Drew's capability and service.

Budget Information Lacking

In last year's analysis we expressed concern at the lack of information identifying the programs for which the first \$1.2 million was allocated or substantiating the budget proposal for a second \$1.2 million. In recognition of the problem, the Legislature recommended that the University, in conjunction with the Drew School, prepare a report identifying actual and

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proposed uses of state funds for the 1973-74 and 1974-75 fiscal years. This report was to be submitted by September 1, 1974. In addition, the Legislature recommended that the Joint Committee on the Siting of Teaching Hospitals or a successor review the Drew Master Plan and make recommendations concerning the appropriate relationship between Drew and the University.

The requested report was submitted in September 1974, along with a statement that the University and Drew had begun a long-range review of the Drew Master Plan and would be forming recommendations concerning an appropriate future relationship between the two entities. That review is not expected to be complete until spring, 1975. We are not aware of any concurrent review underway by the Joint Committee's successor.

Consequently, while we have received a summary of how the first \$2.4 million will be spent, we have not received any information identifying the proposed uses of the \$1.2 included in this budget. This type of information is particularly crucial in light of the fact that the expenditure data for 1973-74 and 1974-75 supplied by Drew and summarized in Table 24 indicates \$1,681,303 will be spent in the current year.

Table 24
Charles R. Drew Postgraduate Medical School
Expenditures of State Funds
1973-74 and 1974-75

<i>Program</i>	<i>1973-74</i>	<i>1974-75</i>
Community medicine	\$318,160	\$597,400
Graduate education	86,334	371,700
Continuing professional education	107,371	202,300
Consumer health education	35,368	116,003
Interdisciplinary programs	152,008	354,300
Allied health	19,276	39,600
Total	\$718,697	\$1,681,303

Because many of the 1973-74 programs did not begin until December 1973, and experienced normal start-up problems, only \$718,697 of the \$1,200,000 was expended. The balance (\$481,303) was carried over into 1974-75 and used to augment the program level authorized by the second \$1,200,000 appropriation. Of the total available to Drew for 1974-75, \$1,304,500 was budgeted for salaries and wages, \$318,103 was budgeted for operating expenses and \$58,700 was budgeted for equipment.

Clarification of State Responsibility Needed

Because of (1) the discrepancy between authorized and actual program levels noted above, (2) the open-ended nature of the funding specifications in the enabling legislation (Chapter 1140) and (3) the lack of definitive budget data and an approved master plan, the state's present and future financial responsibility for this program is not clear. In addition, the affirmation, noted earlier, of Drew's commitment to expand its capabilities and services has tremendous fiscal implications.

In light of these uncertainties, the budget decision to continue the same level of funding is reasonable. However, this does not obviate the necessity

to resolve the basic policy issues to facilitate future budget decisions and enable Drew to adequately plan its programs. In fact, we believe future funding should be contingent upon resolution of this issue. Consequently, we have withheld recommendation pending a special review of the problem.

California College of Podiatric Medicine (Item 340)

We recommend special review, pending receipt of additional information.

The Budget Bill contains a special item of \$541,000 to continue state support of a cooperative program of basic and clinical health sciences education and primary health care delivery research in podiatry. The program is operated in conjunction with the University's San Francisco campus. State funds were first provided by Chapter 1497/1974, with a \$541,000 appropriation.

The California College of Podiatric Medicine (CCPM) is a private, non profit, fully accredited school training podiatric medical doctors. Approximately 306 students are currently enrolled in the professional degree program with 12 internists in a two year post-doctoral program. The current entering class size of 89 is planned to expand to 100 in 1976 when a \$5.5 million, federally funded, facilities expansion program is completed and conversion from two separate curriculums (3 and 4 year) to a single 4-year curriculum is concluded.

The cooperative program, funded by the state, was developed to strengthen existing programs in four areas. This includes (1) providing compensation for the sharing of basic science faculty, resources and personnel participating in the program, (2) allowing for the sharing of services of appropriate University clinical sciences faculty with CCPM to insure representation of certain related specialties, (3) providing for an experimental joint clinical education program with podiatric medical doctors and a full time group of primary care medical specialists in other disciplines and (4) making available various types of instructional support services and resources already developed at the San Francisco campus.

Funding Level Reduced

The original legislation establishing this program appropriated \$750,000 for that purpose. That amount was based on a tentative budget which provided \$418,900 for 15.5 FTE faculty, \$196,700 for related faculty support and staff benefits in the three instructional areas outlined above, and \$134,400 for supporting services.

The Governor, in signing the legislation, reduced the appropriation to \$541,000, reportedly based upon applying a capitation allowance comparable to the Medical Contract program provided by Chapter 1519/1971.

We have not received any information identifying what the initial \$541,000 will be used for or the proposed allocation of the second \$541,000 appropriated by this special item. However, we understand that very little of the first \$541,000 has been spent to date because of normal startup delays. This situation is expected to change in January 1975 with the start of a new semester. With such a late start, it is doubtful that all the funds appropriated will be spent in the current year. Consequently, because the

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legislation carried no time limitation on the use of the funds appropriated, it is likely there will be some carryover balance into the 1975-76 budget year, the amount of which cannot be determined at this time.

Because there is a potential for carryover funding, a decision will have to be made whether to decrease the 1975-76 appropriation correspondingly in order to maintain the budgeted support level or to authorize an increase in that level. Both choices have important fiscal and program implications for CCPM's future planning and budget decisions.

Officials of the Podiatric College have indicated that adequate information will be available for the budget hearings to enable the Legislature to resolve this issue.

Excess State Subsidy to University Press

We recommend the state subsidy for University Press be reduced by \$404,247 to offset the two-year excess subsidy.

We also recommend that any future excess subsidy be returned to the state rather than be added to accumulated earnings.

In 1965-66 we questioned the need for a state subsidy for the University Press. Legislative review of the budget showed the lack of a proper method of determining subsidy need and directed the University to develop and report a new method. The University responded with a new formula which was approved by the Legislature in the 1966-67 budget.

Subsequently, in 1973-74 we reported that over the five fiscal year period, 1967-68 to 1972-73, the operating subsidy had been greater than the excess of expenses over income. As a result, an unused state subsidy of approximately \$257,000 had been deposited in an accumulated earnings account. Arguing that any unused state subsidy should be returned to the state, we recommended that the state reclaim the \$250,000 excess and establish a policy for the return of future excesses. The Legislature adopted our recommendation and reduced the University budget accordingly.

In spite of this action, the amount of operating subsidy has continued to exceed net losses. Over the past two fiscal years a total of \$404,247 has been deposited into the accumulated earnings account. This reserve account had a balance of \$1,980,832 as of July 1, 1974. Table 25 shows the excess of state subsidy to net loss and the accumulated earnings balance since the new formula was approved by the Legislature in the 1966-67 budget.

Table 25
University Press
Excess of State Subsidy Over Net Loss With Record of
Accumulated Earnings 1967-68 Through 1974-75

	<i>Net loss</i>	<i>State subsidy</i>	<i>Excess subsidy</i>	<i>Accumulated earnings</i>
1967-68	-\$373,572	\$431,843	\$58,271	\$889,338
1968-69	-421,822	451,579	29,757	968,907
1969-70	-429,015	491,622	62,607	1,213,789
1970-71	-531,448	535,425	3,977	1,317,631
1971-72	-323,564	425,573	102,009	1,568,303
1973-74	-119,140	381,017	261,877	1,726,101
1974-75	-5,630	148,000	142,370	1,980,832

We continue to believe that any unused state subsidy should be returned to the state rather than deposited in the accumulated earnings account. Therefore, our recommendation would reclaim the \$404,247 excess of the past two years and hopefully establish a future policy for return of any excess. This policy also anticipates that there are sufficient accumulated earnings to meet any future shortage.

8. GENERAL ADMINISTRATION AND SERVICES

Function 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, policymaking 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

	1974-75	1975-76	Change	
			Amount	Percent
Total.....	\$67,087,571	\$67,371,950	\$284,379	0.4%
General Funds	55,836,236	55,836,236	—	—

As indicated above, no General Fund increase is proposed. Merit salary increases and price increases for these activities are budgeted in a lump sum account under provisions for allocation. The funding trend for general administration and services is shown in Table 26.

Table 26
General Administration and Services
General Fund Expenditures

	1973-74	1974-75	1975-76
Executive Management	\$16,682,004	\$18,094,000	\$18,094,000
Fiscal operations	9,568,469	7,368,000	7,368,000
General administrative services	9,165,747	10,162,000	10,162,000
Logistical services.....	9,346,644	10,496,000	10,496,000
Community relations	2,827,697	3,071,000	3,071,000
Employee benefits	—	6,645,000	6,645,000
Total expenditures	\$47,590,561	\$55,836,000	\$55,836,000
Total FTE.....	3,205.89	3,360.25	3,360.25

Computer Control Language Deleted

In the 1974-75 Analysis we reported in some detail on the utilization of electronic computers within the University for both instruction and administrative data processing. We also noted that a position "executive director of computers" had been established as well as a universitywide computer policy board.

A recommendation by our office that the University refrain from further expending funds for any significant new computer acquisitions until

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systemwide policies and a University master plan were formally adopted was accepted by the Legislature. As a result, Item 349 of the Budget Act of 1974 contained language which prohibited the University from expending funds appropriated by the act for any new medium or large-scale computers which exceed 100,000 positions of core memory until the recommended plan and policies are formally adopted by the University and submitted to the Joint Legislative Budget Committee and the fiscal committees. That language was deleted from the 1975 Budget Bill.

Policies and Plan Expected

We understand that the University anticipates adopting such a plan together with related policies in the Spring of 1975. We are therefore not in a position to recommend continuation or support elimination in 1975-76 of control language until the expected documents have been submitted by the University and reviewed by our office.

Although the acquisition of new or replacement of medium and large-scale computers was deferred by the control language, the University continues to acquire substantial numbers of new minicomputers which now provide significantly increased computing capability. We expect that the policies and plan will deal with the acquisition of minicomputers as well as the larger machines.

Information Systems Division

The Information Systems Division within the University is the unit responsible for developing and operating data processing systems for all administrative functions for all campuses and the office of the President (except for hospitals and major AEC laboratories). The unit is responsible for a consolidated data processing center operation with facilities located in Berkeley and Los Angeles (two computers in each facility).

The Legislature approved additional funds for administrative data processing in last year's budget totaling \$980,000. These funds were intended for enhancing both the computer equipment and operational capabilities in the administrative data centers and planning and developing a number of new management information systems.

This increased level of support is continued in the budget year. New systems which are in various stages of development include financial accounts payable, payroll/personnel, fiscal analysis data system and the physical plant management information system.

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

	1974-75	1975-76	Change	
			Amount	Percent
Total	\$47,380,597	\$49,199,981	\$1,819,384	3.8%
General Funds	47,044,727	48,863,161	1,818,434	3.9

The increase of \$1,818,434 includes (1) \$575,434 for building maintenance and janitorial services and (2) \$1,243,000 for basis utilities and refuse support of new buildings.

Maintenance and Janitorial Workload

An historic measurement of workload growth is total dollars spent related to growth in outside gross square feet. Table 27 shows this growth from 1969-70 through 1975-76. As indicated, the rate of increase has been declining each year for a number of years, reflecting a lessening rate of new construction. However, this trend reversed in 1974-75. For 1975-76 this reversal is expected to continue with an estimated growth of 874,371 outside gross square feet or 2.8 percent. This increase in workload is reflected by the \$575,434 (2.6 percent) increase budgeted for maintenance and janitorial services.

Table 27
Outside Gross Square Feet 1969-70-1975-76

Year	Total outside gross square feet	Year to year percent increase
1969-70	27,677,543	8.5%
1970-71	29,099,000	5.1
1971-72	30,247,000	3.9
1972-73	30,522,700	1.0
1973-74	30,452,000	0.2
1974-75	31,044,000	1.9
1975-76	31,918,371	2.8

Workload Growth Overstated

We recommend that the workload increase budgeted for plant operations and maintenance be reduced by \$402,803 to \$172,631 to reflect a more accurate estimate of workload growth.

As previously noted, the budget increase for plant operations and maintenance is directly related to the incremental growth of 874,371 square feet scheduled for operation and maintenance in 1975-76. Our review of the detail supporting the incremental growth estimate identified 609,298 gross square feet of space (70 percent of the budget estimate) that should not be counted. This is because (1) some of the space will not be available for occupancy during 1975-76 because of construction and funding delays and (2) some of the space is not newly added space but merely newly altered space that was previously maintained and therefore should not generate additional maintenance staff a second time. Consequently, we are recommending that the budgeted workload increment be adjusted downward proportionate to the growth overstatement.

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Recharge Policy Needs Clarification

We recommend that the University submit a report to the Joint Legislative Budget Committee by November 1, 1975 identifying all space constructed by non-state sources and/or occupied by non-state funded activities. This data should include the size, location, occupancy and source of funding for construction and operating support for the occupants.

Our review of the detailed space data submitted by the University to support its workload request also raised a question regarding the assignment of responsibility for maintenance and operating services costs. The University stated that its policy regarding the eligibility of campus buildings for state-funded maintenance and operation is based on the activity occupying the space, and not on the source of construction funding. All University departments and other campus activities are eligible for state-supported services except "major activities funded from specific income sources such as hospitals, student organizations, and residence and dining facilities." These excepted activities are recharged for all maintenance and operating services. Because federal contract and grant activities provide overhead monies to the state as well as the University, these activities are considered eligible for state-supported services. For 1975-76, the state share of the overhead monies is estimated to be \$20.2 million.

We question whether the state should assume the responsibility for operation and maintenance of space which is not reviewed by the state and which is funded from nonbudgeted sources such as gifts, Regents funds, registration fees, and loans. We also question whether the state's 50 percent share of federal overhead funds is sufficient to cover all the supporting costs the University claims it offsets. Further, we have not been able to verify that the University is adhering to its recharge policy. Because of the lack of data to identify the magnitude of the situation, we are recommending that the University prepare a comprehensive report so that the Legislature may give future consideration to this issue.

Deferred Maintenance (Item 337)

Included as a separate Budget Act appropriation is a \$500,000 state appropriation to assist in lowering the substantial backlog of \$10.4 million in deferred maintenance. The Budget Act item also includes language requiring equal matching by the Regents from nonstate funds and excluding the use of educational fees for matching purposes.

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. The growth of the backlog appeared to have stabilized when the 1972 report showed a new increase of \$1 million.

In response to the deferred maintenance problem the Regents allocated \$2 million from the educational fee in 1973-74 and \$1.5 million in 1974-75 and are proposing to allocate \$1.5 million from the same source in 1975-76.

The Regents also allocated \$.5 million from opportunity funds in 1974-75 to match the state appropriation and are proposing to continue that policy in 1975-76.

Deferred Maintenance Backlog

Table 28 indicates that, in spite of generally increased expenditures on each campus, the backlog has continued to grow. Further, there appears to be no consistent relationship between the size of a campus's backlog and its allocation. In the past we have suggested that this is evidence of the marginal nature of some of the projects included in the backlog list. It may also reflect additional universitywide project scrutiny based on limited funding.

We conducted a cursory review of the detailed 1974-75 deferred maintenance backlog list and identified projects totaling in excess of \$2.7 million that appeared questionable applying the University's own criteria for determination of a deferred maintenance project. Projects are also segmented to comply with a \$50,000 limit per item, thus spreading funding over a number of years and incurring increased costs due to inflation and further deterioration.

Table 28 also displays another inconsistency. The increased level of expenditure in 1973-74 not only failed to halt the backlog growth but on some campuses prompted even greater increases. Discounting for the effects of construction inflation indicates that there was a period when the backlog seemed to be stabilizing but renewed interest appears to have halted that trend, with substantial growth taking place between 1971 and 1974.

It would appear from the table and foregoing discussion that increased funding may not be the total answer to the deferred maintenance problem. However, it is our understanding that a certain level of backlogged work is necessary and acceptable from an operations and management standpoint to facilitate planning, scheduling and the efficient allocation of resources. Just what that acceptable level should be for the University has not been determined.

The University is attempting to develop an acceptable method for reconciling the relationship between the level of funding for maintenance and the size of the deferred maintenance backlog. In addition, the University is also developing a Physical Plant Management Information System to provide a management-oriented accounting system, relating dollars expended to tasks performed and locations served. It will reinforce existing methods of production control and scheduling and introduce an automated preventive equipment maintenance program.

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,

Table 28
Deferred Maintenance Backlog and Actual Expenditures^b
1971-72 through 1973-74

	1971-72		1972-73		1973-74		1974-75
	Backlog	Expenditure	Backlog	Expenditure	Backlog	Expenditure	Backlog
Campus							
Berkeley	\$1,748,950	\$196,704	\$2,759,000	\$456,211	\$2,766,620	\$448,469	\$872,000 ^a
Davis	828,000	90,158	838,840	96,854	1,072,967	258,027	3,282,075
Irvine	—	120	150,963	23,795	216,508	68,512	211,942
Los Angeles	1,348,234	298,505	1,208,841	442,302	1,701,974	309,060	3,293,100
Riverside	129,988	30,594	135,475	78,213	197,156	87,501	247,357
San Diego	157,629	98,001	373,487	105,134	486,558	170,581	599,960
San Francisco	185,700	46,006	136,000	195,372	447,200	66,437	381,800
Santa Barbara	581,631	104,970	570,555	107,597	761,268	78,540	1,245,669
Santa Cruz	—	26,557	77,945	8,422	142,225	66,139	265,600
Richmond Field Sta.....	156,028	—	94,512	—	104,034	—	81,650
Total	<u>\$5,136,160</u>	<u>\$891,615</u>	<u>\$6,345,618</u>	<u>\$1,513,900</u>	<u>\$7,896,510</u>	<u>\$1,553,266</u>	<u>\$10,481,153</u>
State	—	437,590	—	713,205	—	570,428	—
UC	—	454,025	—	800,695	—	982,838	—
Backlog Total in 1971-72 Dollars	\$5,136,160	—	\$5,711,056	—	\$6,317,424	—	\$6,288,691

^a The Berkeley campus lists additional deferred projects totaling \$5 million, not included for funding.

^b Campuses have 15 months (or longer, if justified) to complete funded projects, and unexpended balances for uncompleted projects are carried forward.

selection, student registration, class scheduling, grade recording, and student statistical information. The services that are related to the maintenance of the student's well-being are financed largely from registration fees. These services include medical care, housing location, employment placement, counseling, cultural, recreational and athletic activities.

Proposed Budget

	1974-75	1975-76	Change	
			Amount	Percent
Total	\$40,303,843	\$40,674,459	\$370,616	0.9%
General Fund	9,698,906	9,698,906	—	—

As indicated, no General Fund increase is proposed. The \$370,616 increase is from University restricted funds primarily generated from educational and registration fees.

The General Funds included in the budget are allocated to those areas shown in Table 29.

Table 29
General Fund Student Services Expenditures
(in thousands)

	1973-74 Budgeted	1974-75 Budgeted	1975-76 Estimated
Admissions and Records	\$5,517	\$6,248	\$6,248
Dean of Students.....	1,118	1,840	1,840
Financial aid administration.....	541	511	511
Public ceremonies.....	109	163	163
Miscellaneous	662	24	24
Employee benefit	656	913	913
Total	\$8,603	\$9,699	\$9,699

Registration Fee Resources and Administration

In 1953 the registration fee was made uniform for all campuses and the current rate of \$100 per quarter was established in 1968. However, campus resources differ because each has a different mix between full-fee, partial-fee and nonfee paying students. In addition, there is a considerable variance in total enrollments among the nine campuses. Current policy requires that campus use of registration fee income be limited to support of those student services and facilities for the well-being of students. These include such activities as recreational and cultural programs, placement, student publications, counseling, financial aids administration, and certain other student related programs, as well as intercollegiate athletics, arts and lectures, and student health service. Facilities support includes capital improvements which provide extracurricular benefits for students and amortization of such projects.

Current University policy regarding administration of registration fee resources requires that broad policy and program guidelines be provided by the office of the president but specific allocations to programs are the prerogative of the campuses. Campuses are therefore accorded the flexibility to manage fee-funded programs. Consequently, individual program costs per student on each campus differ because of the difference in the

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services and activities offered on any given campus. Programs also vary because the resource base afforded each campus is different and fixed by the level of enrollment.

Fee Increase Predicted

In our 1973-74 Analysis we reported that the Regents had been advised that "demands on University registration fee income for student services and facilities, including inflationary costs, were considerably in excess of anticipated income." Subsequently, to avoid program reductions in 1973-74 and to alleviate pressure to raise the fee, the Regents adopted a policy limiting the use of the fee to student services. To implement this policy the Regents approved a series of funding shifts involving the Registration Fee, the Educational Fee and the University Opportunity Fund. The net fiscal effect of these shifts was a \$3.1 million reduction in registration fee costs, the assumption of a \$4.5 million obligation by educational fees, and the release of \$1.4 million of opportunity funds. Although this policy provided some temporary relief, the Legislature was warned that a potential existed for increases in the future. In response, the Legislature requested the University to prepare a detailed report identifying the problems.

The report prepared pursuant to this request concluded that although no increase in the University registration fee was needed for 1974-75, based upon current and projected program levels and giving consideration to salary and inflationary increases, an increase in the University Registration Fee appeared necessary by 1975-76. The University further stressed that it was studying the extent of such an increase, but that campuses would have to closely review priorities and adjust programs to operate within 1974-75 income projections.

In its report, the University determined the potential for a fee increase by projecting fee income and program costs for 1974-75 and 1975-76. Based on these projections, the report cited inflation as a major contributor to the problem. The report concluded that current programs could be funded but at the expense of eroding capital reserves.

Our analysis of projected registration fee cash flow statements and other data included in the report failed to substantiate the University's conclusions. It appeared that special capital outlay expenditures had been and were continuing to divert registration fee resources away from ongoing programs. In fact, the pressure on the fee was primarily due to planned capital outlay programs on three campuses.

Registration Fee Alternatives

There are various alternatives to the problem posed by the diminishing growth trend in registration fee resources. Some of these are: (1) a system-wide fee increase, (2) a differential fee increase on those campuses where fee resources are inadequate, (3) pooling and central administration of all resources, (4) a concerted effort by each campus to budget and operate within income projections, (5) the reduction or elimination of selected programs and (6) seek alternate funding sources.

For 1975-76, the Regents' Budget proposed the alternate funding solution. The proposal includes shifting \$2.5 million for placement and career

planning activities to the Educational Fee. In addition, the Regents proposed that the state assume the responsibility for registration fee supported programs totaling \$4.2 million in 1975-76 and \$6.2 million in 1976-77.

In late October, 1974, we asked the University for updated cash flow statements and other data to verify that the information in the 1973 report is still current. We believe this type of information is essential to identifying and substantiating the scope of the problem and the related fiscal implications. To date we have not received a response to that request.

11. Provisions for Allocation

Functional Description

The provisions for allocation category is comprised of universitywide programs and items not assigned to specific campuses. These allocations are made to the campuses on the basis of workload requirements. Examples include such items as unallocated endowment income, merit increases and promotions, provisions for price increases and budgetary savings. These increases are summarized in Table 30.

Merits and Promotions

The \$8,773,000 for merits and promotions includes \$5,136,000 for academics and \$3,637,000 for staff. The amount included for academic merit increases and promotions represents 2.058 percent of the estimated 1974-75 General Fund academic salary base of \$220.7 million plus related employee benefits for faculty and academic personnel. The staff merit increase amount represents approximately 2.3 percent of budgeted 1974-75 staff salaries of \$155.2 million and includes related employee benefits.

Table 30
Provisions for Allocations

	1974-75	1975-76	Change
General funds			
Merits and promotions.....	\$3,806,504	\$12,579,504	\$8,773,000
Price increase.....	5,053,959	20,109,734	15,055,775
Deferred maintenance.....	500,000	500,000	—
Budgetary savings.....	-7,800,000	-7,800,000	—
Range adjustment.....	3,175,521	3,175,521	—
Undergraduate teaching (Item 334).....	1,000,000	1,000,000	—
Unemployment insurance.....	—	700,000	700,000
Other employee benefits.....	543,419	543,419	—
Replacement of federal reductions.....	91,000	-294,000	-385,000
Malpractice insurance.....	—	2,483,000	2,483,000
Prior year balances.....	1,398,906	98,906	-1,300,000
Other.....	3,382,497	3,438,507	56,010
Totals—general funds.....	\$11,151,806	\$36,534,591	\$25,382,785
Restricted funds			
Endowment income unallocated.....	\$2,186,059	\$2,388,159	\$202,100
Registration fee—unallocated.....	2,129,980	2,560,199	430,219
Other restricted fund provisions.....	4,579,736	6,523,608	1,943,872
Total restricted funds.....	\$8,895,775	\$11,471,966	\$2,576,191
Total provisions for allocations.....	\$20,047,581	\$48,234,866	\$27,958,976

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Price Increase Excessive

We recommend a \$1,459,000 reduction in the University's price increase provision to reflect a consistent policy.

The General Fund price increase of \$15,055,775 (14.3 percent) includes (1) a general price increase of \$8,789,000 or 11 percent, (2) \$932,775 or 11 percent for library book price increases, and (3) \$5,334,000 to cover mandatory cost increases for utilities and replace a 1974-75 utilities and operating budget deficit funded by the Regents. By contrast, the Department of Finance price letter guidelines which serve as the basis for budgeting price increase funds for all other state agencies, allow (1) an 11 percent general price increase for expenditure items not covered by specific instructions, (2) a 7 percent price increase for books, and (3) increases for specific utilities ranging from 10 to 20 percent. In addition, the price letter covers allowable increases for other operating expense items such as telephone rates, travel, medical supplies, clothing, postage, laundry and feeding. Price increases for this latter grouping range from none to 6 percent.

The University's procedure for budgeting price increases was to extract and justify separate increases for utilities and library books and then apply the 11 percent general price guideline to the balance. The effect of this procedure was to produce an overall price increase request of 14.3 percent which includes 2.5 percent to replace a utilities budget deficit. This contrasts with the California State University and Colleges overall 8.3 percent request developed by applying the price letter guidelines to each type of expenditure individually.

We believe that the University's methodology for determining its price increase request is inconsistent. Detailing only selected expenditure items for special budget consideration while lumping the remainder under the higher general price increase allowance appears to be a best of both worlds methodology. In the absence of a more detailed breakdown, consistent with the price letter guidelines, we believe the overall price increase allowance of 11 percent is all that is justified. Application of this percentage to the total of expenditures subject to a price increase and including a 1.9 percent allowance to cover only the unfunded 1974-75 utilities price increase justifies a total 1975-76 price increase provision of \$13,596,948. This amount is \$1,458,827 less than the amount budgeted and represents our recommended reduction.

Unemployment Insurance

The \$700,000 increase for unemployment insurance represents restoration of General Fund budgetary support for this purpose. The University anticipates that current General Fund reserve support will reflect a deficit by the end of 1974-75. The \$700,000 includes \$150,000 for administrative costs and \$550,000 to cover claims costs, which are projected to stabilize at the current rate of \$136,000 per quarter.

Malpractice Insurance Increasing

The University purchases malpractice insurance through the California Hospital Association. In August, the insurance carrier notified the University that additional funds were needed to fund malpractice risk for 1974-75. To avoid cancellation, the University renegotiated the premium. However, the new rate of \$3,557,890 exceeded the amount available (\$1,713,604) by \$1,844,286. The University has requested 1974-75 state funding to offset this deficit from a special provision established by the Legislature for unanticipated price increases. However, the continuation cost of this deficit has to be funded in 1975-76 along with a further increase in premiums.

Table 31
Malpractice Insurance Premiums

<i>Policy Period</i>	<i>Premium Cost</i>	<i>Percent Increase</i>
1969-70	\$1,115,000	-
1970-71	1,336,000	19.8%
1971-72	1,348,000	.9
1972-73	1,749,000	29.7
1973-74	2,609,000	49.2
1974-75 (estimated)	6,713,000	157.3
1975-76 (estimated)	7,813,000	16.4

As indicated in Table 31 there has been a substantial increase in premiums in a relatively short period. Further, there is no assurance that this trend will not continue in the future. In addition, it is currently estimated that the take over of Orange County Medical Center could raise total malpractice premiums projected for 1975-76 by \$500,000.

The major alternative available to the University to finance and manage malpractice risk is to self-insure. The most recent cost comparison between this option and insuring with a private carrier indicates that there is apparently no financial advantage to self-insurance at this time. Savings in the primary risk level are more than offset by the increased cost of excess insurance because underwriters charge more for an individual untested program than for one of their larger contracts. Excess insurance is purchased to protect against (1) greater loss frequency than anticipated that leads to a high aggregate loss level, and (2) a single large loss. Currently, the primary carrier provides excess coverage for higher than anticipated frequency and single loss excess is purchased from excess carriers, including Lloyd's of London.

Malpractice Increase—Overbudgeted

We recommend a reduction of \$55,714 to bring the proposed increase in line with University's request.

The budget provides a General Fund increase of \$2,483,000 for a 1975-76 malpractice insurance premium increase and to continue the 1974-75 deficit level. The University has requested a total of \$2,427,286 for these purposes, \$55,714 less than budgeted. Consequently, we are recommending a budget reduction to correct this apparent budget oversight.

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Federal Funds Replacement

This \$385,000 reduction in General Fund provisions reflects the budget decision to withhold recommending continuation of contingent funding for two federal programs (Hill-Rhodes Act and Bankhead-Jones) pending more dependable information on future federal funding prospects. A brief discussion of the Hill-Rhodes Act situation appears on page 702 of this analysis under the instruction and departmental research function.

Excess Savings

Excess savings are those savings made beyond the savings target anticipated in the budget. The University's basic savings target for 1973-74 amounted to \$9.4 million, or 2.14 percent of all budgeted state General Funds. However, as in the past, the University generated excess savings to fund contingencies such as self-insurance premiums, bad-debt and collection-cost writeoffs, priority equipment needs and special one time circumstances. These additional costs were funded by imposing more stringent limitations on expenditures. Table 32 shows the disposition of excess savings from 1969-70 to 1973-74.

Table 32
Disposition of Excess Savings 1969-70 to 1973-74

	<i>Excess Savings</i>	<i>Reallocated</i>	<i>Returned to State</i>
1969-70.....	\$1,074,300	\$1,588,300	\$-514,000
1970-71.....	3,810,700	3,237,700	573,000
1971-72.....	3,125,630	2,918,630	207,000
1972-73.....	1,838,363	856,490	981,873
1973-74.....	-	2,233,295	-

Reallocation of Excess Savings

As directed by the Conference Committee on the 1970-71 Budget, the University reports annually on those nonbudgeted items financed from excess General Fund savings. This report was designed to audit University use of these funds to assure that policies were not established that were contrary to previous decisions. The report of 1973-74 expenditures shows that \$2,233,295 was reallocated to other purposes. The transfers are summarized in Table 33.

Table 33
Summary of Transfers from Excess Savings 1973-74

1. Funding an annual reserve for University fire and extended risk self insurance.....	\$134,889
2. Write-off of uncollectibles and collections costs.....	99,679
3. Additional utilities costs	1,364,000
4. Employee benefit shortfall.....	20,017
5. Laboratory supplies deficit (Santa Cruz)	46,870
6. Instructional equipment augmentation	567,840

Our review of the excess savings reallocations raises some questions regarding University decisions.

Recurring Costs

We recommend that excess savings expenditures of a continuing nature be budgeted and budgetary savings be increased \$235,000 to reflect this shift.

Commencing with the University's first report to the Legislature of the use excess budgetary savings, there have been annual expenditures for (1) a reserve for University fire and extended risk self-insurance and (2) write-offs of uncollectibles and collection costs. As part of the University's self-insurance program for fire and explosion damage, payable within the uninsured \$1 million deductible, an amount needed to cover estimated losses is funded each year. Further, after a normal time period of one year, bad debts and related collection costs are written off University books and replacement funds are provided from budgetary savings.

Because of the continuing nature of these expenditures, we believe they should be funded directly in the operating budget and recognized as ongoing costs. It should only be necessary to generate excess savings beyond the budgeted target to cover extraordinary requirements of a one time nature. The alternative is to continue maintaining the budgetary savings target at an artificially low level to insure funding operating needs. We believe the former represents a better approach to budgeting.

Unsupportable Transfer

We recommend that budgetary savings be increased by \$614,710 to recover inappropriate expenditures.

In the 1974-75 Analysis we were critical of the University's decision to use excess savings for an unauthorized increase in an approved program level (Clinical Teaching Support). In addition, in previous analyses we have noted where expenditures of excess savings were used for items reviewed and denied in the normal budgeting processes. Our review of the items in Table 33 raises similar questions with respect to the charge of \$46,870 to fund a program deficit at Santa Cruz and \$567,840 to purchase instructional equipment in augmentation of the budgeted level.

The Santa Cruz expenditure contradicts the historical state practice of budgeting the University on a lump sum basis. The process of budgetary review and allocations to broad functional categories assumes that individual program deficits and surpluses are balanced by internal reallocation. Consequently, this type of excess savings allocation sets a potentially costly precedent.

As indicated, the instructional equipment expenditure is similar to prior year allocations with which we have not concurred. It represents an item that was reviewed and ultimately denied in the normal budget procedure.

Extraordinary and Emergency Uses

In summary, we suggest that in the future the University only apply excess savings to extraordinary and emergency uses. However, since reallocations of funds from budgetary savings are only available for review on a postaudit basis, the state's logical recourse for recovering unauthorized expenditures is by adjusting future allocations. Consequently, we are recommending that salary savings be increased to recover the unauthorized expenditures.

UNIVERSITY OF CALIFORNIA—Continued

Undergraduate Teaching Excellence Program (Item 334)

The Budget Bill continues a special appropriation of \$1 million to support a universitywide program to "substantially increase interest in and give special recognition to excellence of undergraduate instruction." This is the third year state funding has been proposed. The program was initiated with the appropriation of an equivalent amount in the 1973 Budget Act following a successful student lobbying effort. The availability of the funds is contingent upon Board of Regents adoption, publication and implementation of a universitywide plan. The program is also supplemented by an additional \$1 million of Regents' funds devoted to other kinds of instructional improvement projects.

The Regents authorized the president to develop a plan consisting of campus programs for use of the special state appropriation under three main categories:

1. Teaching evaluation and related programs for improvement based on the evaluations.
2. Summer instructional grants to improve courses, curricula, and instruction.
3. Seminars or other special courses for new students.

The Regents also specified that at least 50 percent of the funds allocated would be used for teaching evaluation.

Subsequently, a more developed plan, incorporating specific guidelines for use of the funding, was transmitted to each of the campuses along with an estimate of the amount of funds earmarked for each campus. For the 1974-75 program, the guidelines were modified. This included (1) a broader interpretation of evaluation needs to give campuses more flexibility, (2) changes in the role of the Presidents Advisory Committee on Instructional Improvement Programs (PACIIP) and (3) clarification of the limits on compensation to faculty. In addition, campus allocations were determined somewhat differently. For 1973-74, allocations were based primarily on the relative projected size of budgeted undergraduate enrollments. For 1974-75, a core amount of \$5,000 per campus was first provided, with the balance distributed on the basis of enrollments. The amounts allocated are summarized in Table 34.

Table 34
Undergraduate Teaching Excellence Campus Funding

<i>Campus</i>	<i>1973-74</i>	<i>1974-75</i>
Berkeley	\$235,000	\$222,500
Davis	135,000	134,500
Irvine	70,000	79,000
Los Angeles	220,000	208,000
Riverside	60,000	46,500
San Diego	70,000	79,000
San Francisco	—	10,000
Santa Barbara	120,000	125,000
Santa Cruz	60,000	65,000
Unallocated	30,000	29,500
TOTAL	\$1,000,000	\$1,000,000

Progress Reports

The Supplemental Report of the 1973 Budget Conference Committee recommended that the University submit a report on the proposed undergraduate teaching excellence program by November 1, 1973. An interim progress report was submitted in early December along with indications that a more detailed account would be forthcoming. Additional information was presented in late April, 1974 at a subcommittee hearing on the subject. However, the most comprehensive review (Stone Report) of the program, a detailed study titled *Toward Excellence in Teaching, Too*, was presented to the Regents in November, 1974. This study was conducted by a special evaluation research team, made up of faculty, researchers, special consultants and students, under the aegis of the President's Office. This effort was directed by Professor James C. Stone, UCB, and covers the operation of the special \$1 million program during 1973-74.

In late December, 1974, the University submitted a progress report on the 1974-75 program pursuant to a 1974 Budget Conference Committee Supplemental Report recommendation that a comprehensive report be submitted by November 1, 1974. The report is described as tentative because, as late as October 1974, many campuses had not finalized their programs. Consequently, the detail, specificity and completeness of the programs vary from campus to campus. This late planning process makes it impossible to identify the planned uses of the \$1 million proposed in 1975-76 to continue the program.

Stone Report

As indicated, the Stone Report represents the most comprehensive review of the \$1 million program and its effectiveness to date. While the report stated that it is still too early to reach definitive conclusions, it identified many issues of importance and complexity and raised some doubts about the program's potential.

The report concluded that, with respect to the guidelines, the \$1 million was essentially spent correctly. As indicated in Table 35, 47 percent of the funds were used for evaluation projects. Beyond that, project emphasis and levels of expenditures varied from campus to campus. The tangible products of these expenditures included such things as purchasing \$236,000 of "needed" instructional equipment, designing 54 new courses, attempting 148 specific projects, supporting 7 student handbooks, designing or improving 6 new teacher evaluation systems, etc. However, observations in the report indicate some important deficiencies. For example, there had not yet been a broad based impact on traditional programs. There was little indication of success using evaluation to improve instruction. Student impact was not great and involvement in specific projects was minimal. Faculty involvement was limited, with no widespread participation by academic senate divisions or schools, departments and colleges. Few faculty sought to develop projects leading to self-improvement in teaching. To many, the \$1 million special fund represented an invasion of campus autonomy "because it was earmarked and imposed an obliga-

UNIVERSITY OF CALIFORNIA—Continued

Table 35
Percentage Distribution of Special \$1 Million Fund Allocations for 1973-74

	Berkeley	Davis	Irvine	UCLA	River- side	San Diego	Santa Barbara	Santa Cruz	U.C. System
By Type of Project									
A. Evaluation Projects.....	.49	.31	.36	.45	.61	.66	.56	.40	.47
I. Department or curriculum.....	.08	.12	—	—	.13	—	.15	—	.06
II. Specific courses .....	.04	—	—	—	—	—	.08	—	.02
III. Teaching and evaluation.....	.16	—	.33	.45	.48	.66	.23	.40	.30
IV. Improvement of instruction.....	.20	.18	.03	—	.01	—	.11	—	.09
B. Summer Project.....	.49	.51	.40	.34	.38	.34	.31	.60	.42
I. Redesign of existing activities .....	.42	.33	.23	.21	.28	.19	.21	.43	.29
II. Curriculum Design.....	.04	—	.03	.13	—	—	—	.10	.05
III. Individual courses.....	.02	.18	.14	.01	.10	.15	.10	.07	.08
C. Entering Students.....	.03	.18	.24	.21	—	—	.13	—	.11
I. Redesign of existing activities	—	.10	.24	.16	—	—	.09	—	.08
II. Curriculum	—	.02	—	.05	—	—	.04	—	.02
III. Individual courses.....	.03	.06	—	—	—	—	—	—	.01
By Type of Expense									
A. On Academic staff salaries .....	.20	.30	.27	.44	.35	.58	.33	.23	.33
B. Summer Academic salaries.....	.38	.32	.34	.14	.02	.23	.29	.34	.27
C. Equipment and materials.....	.24	.35	.16	.22	.59	.16	.21	.10	.25
D. Consultants.....	.04	.02	.07	—	—	—	.04	.08	.03
E. Other .....	.04	.06	.12	.20	.04	.01	.14	.01	.09

tion on the campuses". Consequently, all programs were essentially developed on an ad hoc basis by individual faculty members.

Dubious Program Benefits

We recommend the deletion of the special \$1 million appropriation for the undergraduate teaching excellence program.

In summary, the student initiated \$1 million program for undergraduate teaching excellence could be characterized as dollars chasing a program. The effort got off to a slow start, probably because it was not sought by the University, and funding continues to precede planning on most campuses, as evidenced by the lack of budgeting detail. It also suffers from the apparent lack of commitment and involvement of organized academic units. Aside from budget control language and more stringent university-wide guidelines, the state's \$1 million program appears to be no different than the Regent's funded Innovative Projects (\$400,000) and Undergraduate Instructional Improvement Grants (\$300,000) or the Ed Fee funded program for Excellence in Instruction (\$300,000). The former two Regent's programs are ongoing and have historically been funded from non-state sources while the latter was established by the Regents in 1974-75. In light of the problems and lack of success associated with the state's program and considering the availability of \$1 million of Regent's controlled funding for similar programs, it is difficult to justify continuation of state General Fund support for an additional \$1 million for innovation.

12. SPECIAL REGENTS PROGRAMS

Functional Description

In accordance with Assembly Concurrent Resolution No. 66 of the 1967 legislative session, the Governor's Budget contains the planned programs to be financed from the University's share of federal overhead funds. This concurrent resolution continued the policy of equal division of overhead funds between the University and the state with the state's portion being assigned as an operating income and the University's portion being used as restricted funds to finance special Regent's programs.

Proposed Budget

	1974-75	1975-76	Change	
			Amount	Percent
Total	\$20,743,613	\$22,492,613	\$1,749,000	8.4%
General Funds	—	—	—	—

A total program of \$22.2 million and the changes reflected by a portion of the \$1.7 million increase are shown and discussed in detail on page 905 of the Governor's Budget and are not repeated here. The increases are summarized below.

Student aid	\$1,496,000
Educational enrichment	158,000
Faculty study	59,000
Miscellaneous special programs	-264,000
Total allocated	\$1,449,000
Unallocated	\$300,000

UNIVERSITY OF CALIFORNIA—Continued

13. AUXILIARY ENTERPRISES

Functional Description

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

Proposed Budget

	1974-75	1975-76	Change	
			Amount	Percent
Total	54,353,356	\$55,871,333	\$1,517,977	2.8%
General Funds	—	—	—	—

The increase indicated above is not discussed in the budget. No state funding is provided for activities within this function.

14. STUDENT AID

Functional Description

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

Proposed Budget

	1974-75	1975-76	Change	
			Amount	Percent
Total	\$14,458,776	\$17,680,252	\$3,221,476	22.3%
General Funds	—	1,100,000	1,100,000	—
Restricted Funds	14,458,776	16,580,252	2,121,476	14.7%

In the past no state appropriations have been 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 fund is not budgeted and is included as extramural funds.

Supplemental information printed in the budget indicates a total of \$72,121,000 in actual expenditures for student aid in 1973-74 including nonbudgeted funds. Of the total expended \$6.6 million were state funds granted from programs administered by the State Scholarship and Loan Commission. Also included were \$625,000 in nonresident tuition waivers which are subsidized by state funds. The Scholarship and Loan Commission estimates that the amount of grants to veterans under the GI Bill will approximate \$13.2 million which is also included in the total. However, the \$72.1 million estimate shown on page 1003 of the Governors Budget ap-

pears to substantially underestimate actual expenditures. A January, 1975 inventory of student financial aid resources, issued after the Governor's Budget by the State Scholarship and Loan Commission, identifies total University financial aid resources of \$158,323,709 in 1973-74. Tables 36, 37 and 38 summarize some of the information compiled by the commission.

The Governor's Budget does not identify the total student aid funds, from all sources, budgeted by the University for 1975-76.

Table 36
University of California
Student Financial Aid Resources^a

	1972-73	1973-74
Undergraduates		
Amount	\$63,378,018	\$67,979,264
Number of Awards	93,134	100,330
Net unduplicated recipients ^b	31,881	32,992
Amount per FTE student	\$834	\$842
Percentage of undergraduate enrollment receiving aid ..	42.0%	40.1%
Graduates		
Amount	\$91,989,597	\$90,344,445
Number of Awards	56,283	54,074
Net unduplicated recipients ^b	21,187	19,429
Amount per FTE student	\$3,025	\$2,845
Percentage of graduate enrollment receiving aid	69.7%	61.1%
Total Amount of Aid	\$155,367,615	\$158,323,709

^a Includes scholarships, grants, loans, employment and other financial assistance (primarily in the form of federal transfer payments such as GI Bill benefits, OASDI, Survivor's benefits, etc.)

^b Recipients of institutionally administered or monitored funds.

Table 37
University of California
Summary of Financial Aid Resources for all Students
1972-73 and 1973-74

	1972-73		1973-74	
	No. of Awards	Total Amount	No. of Awards	Total Amount
Scholarships, Fellowships and Grants	51,881	\$45,253,782	58,367	\$47,070,027
Loans	49,766	32,504,141	45,472	29,861,173
Employment	35,547	61,321,051	36,985	62,572,028
Total, All Institutionally Administered or Monitored Funds	137,194	\$139,078,974	140,824	\$139,503,228
Total Net Unduplicated Recipients (53,068)^a		—	(52,421) ^a	—
Other Financial Assistance	12,223	\$16,288,641	13,580	\$18,820,481
Total, All Funds	149,417	\$155,367,615	154,404	\$158,323,709

^a Recipients of institutionally administered or monitored funds.

Table 38
University of California
Uncommitted Financial Aid

	1971-72		1972-73		1973-74	
	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted
Undergraduates	\$269,767	\$362,688	\$345,462	\$224,448	\$63,698	\$25,000
Graduates ^a	—	—	197,073	57,704	152,800	—
Total			\$542,535	\$282,152	\$216,498	\$25,000

^a Information not available for 1971-72.

UNIVERSITY OF CALIFORNIA—Continued**EOP Augmentation (Item 333)—Policy Change**

We recommend special review pending receipt of additional documentation identifying the total amount of student aid budgeted from all sources and the extent of unmet need for 1975-76.

Included as a separate appropriation is a proposed \$1,100,000 General Fund increase to the University's Educational Opportunity Program. The proposal is contingent on the University maintaining its 1974-75 level of expenditure for EOP from non-state sources and requires equal matching by the University with non-state funds. Nevertheless, the proposal reflects a new policy of state contribution to the University's EOP program.

The Regents Budget for 1975-76 included a request for \$1,100,000 increase from the General Fund "to assure a minimum package of aid for low income, disadvantaged students". The principal reasons cited for this request were (1) the decreasing share of federal appropriations flowing to the University, (2) a substantial increase in the class of students eligible for financial aid because the College Scholarship Service has reduced the expected parental contribution, and (3) an expected increase in the number of students who will be forced to apply for financial aid because of inflation. Virtually these same reasons were raised by the Student Body Presidents' Council in an October presentation to the Regents in support of a recommendation that at least \$1 million be added for scholarships and grants-in-aid. The Regents responded by allocating an additional \$1 million from educational fees for student financial aid.

Supporting Data Missing

As previously noted, the Governor's Budget does not identify the total amount of student aid from all sources budgeted for 1975-76. Further, no definitive estimates are available for the current year. Consequently, the current and budgeted levels of EOP support are not available. In addition there is no comprehensive information available identifying the unmet need.

It is our understanding that University student aid funds are not earmarked for EOP students and these students draw on the normal supply of student aid funds available to the University. Therefore, without any definitive budget and unmet need information it is difficult to assess the adequacy of the amount budgeted or report its impacts on the problem. For example, the Regents Budget only requested an additional \$1.1 million for EOP while the Governor's Budget is, in effect, proposing a \$2.2 million increase. The budget narrative does not indicate why the University's request was considered inadequate nor why it was necessary to increase the amount requested by another \$1.1 million.

Policy Issue

As the foregoing discussion points out, the budget proposal to increase the amount of EOP funds available to University students in 1975-76 from both state and non-state sources, implements a policy decision to provide state support for EOP. Consequently, that policy decision is the budget issue before the Legislature and determination of the amount to be budgeted is only subject to the availability of resources.

As indicated, from an analytical standpoint, we are unable to recommend the amount budgeted because of insufficient documentation.

However, we are sympathetic to the problem and have therefore withheld our recommendation pending receipt of additional information.

HASTINGS COLLEGE OF LAW

Item 344 from the General
Fund

Budget p. 924

Requested 1975-76	\$3,067,913
Estimated 1974-75	2,729,816
Actual 1973-1974	2,136,571
Requested increase \$338,097 (12.4 percent)	
Total recommended reduction	\$187,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis
page

1. Nonresident Students. Recommend special review of policy to admit increasing numbers of nonresident students. 740
2. *Educational Fees. Reduce \$60,000.* Recommend deferred educational fee repayments be treated as regular educational fee reimbursements. 741
3. *Student Aid. Augment \$20,000.* Recommend augmentation for cost-of-living deficiencies in the legal educational opportunity program (LEOP). 742
4. *Student Aid. Reduce \$147,000.* Recommend elimination of new duplicative student aid program. 743

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 California is president of the eight-member board. All graduates of Hastings are granted the juris doctor degree by the Regents of the University of California. Hastings provides a basic program of instruction with three supporting programs.

ANALYSIS AND RECOMMENDATIONS

Programs, funding sources, personnel positions and proposed changes are set forth in Table 1.

Table 1
Hastings Budget Summary

Programs	Actual	Estimated	Proposed	Change	
	1973-74	1974-75	1975-76	Amount	Percent
I. Instruction	\$1,524,139	\$1,686,869	\$1,784,599	\$97,730	5.8%
II. Instructional support	395,712	461,283	544,711	83,428	18.1
III. Student service	806,443	1,006,880	1,175,857	168,977	16.8
IV. Institutional support	1,114,430	1,303,175	1,368,722	65,547	5.0
Totals	\$3,840,724	\$4,458,207	\$4,873,889	\$415,682	9.3%
<i>Funding Sources</i>					
General Fund	\$2,136,571	\$2,729,816	\$3,067,913	\$338,097	12.4%
Reimbursements	1,283,930	1,121,561	1,199,146	77,585	6.9
Federal funds	420,223	606,830	606,830	—	—
Totals	\$3,840,724	\$4,458,207	\$4,873,889	\$415,682	9.3%
<i>Positions</i>					
	144.3	165.9	169.9	4.0	2.4%

HASTINGS COLLEGE OF LAW—Continued

Although Table 1 indicates a requested increase of four positions in the Governor's Budget, the actual number of new positions being proposed is seven. The difference arises from positions administratively added by the agency with Department of Finance approval during the current year and included for continuation during the budget year. We are recommending approval of all requested positions and each has been identified with supporting detail in the four program analyses which follow.

Out-of-State Admissions Policy

We recommend special review of Hastings' policy to admit increasing numbers of nonresident students.

Last year the Legislature and Governor approved a General Fund augmentation of \$70,000 and a change in budgeting procedure to shift nonresident tuition from a reimbursement classification to a revenue classification. In making the recommendation to allow this added flexibility we noted the assumption that "Hastings intends to maintain a policy of admitting approximately 47 (or fewer) nonresident students in the future." However, the Governor's Budget indicates 54 nonresidents were enrolled during the current year and that 75 would be enrolled during 1975-76. We question whether this policy of enrolling increasing numbers of nonresidents (up to 14.3 percent of first year students) when large numbers of qualified Californians are denied admission is necessary or appropriate.

I. INSTRUCTION PROGRAM

Instruction is the primary program of Hastings and is designed to prepare students for the legal profession. Of the 483 graduates taking the bar examination in 1973-74, 390 or 81 percent passed on their first try. However, 95 percent had passed by the second try.

The proposed budget for this program includes an increase of one position for a full-time director for the legal writing and research activity and 0.2 position for adjunct faculty directly related to projected increases in summer session enrollments.

Center for Trial and Appellate Advocacy

The center was first established in the budget last year as a continuing education program for trial lawyers with less than 10 years of experience. The center is totally self-supporting through program fees and the sale of educational materials. The budget includes the addition of a clerical position.

Response to the program was greater than anticipated during the current year and proposed personnel and expenditure increases are directly related to additional participation expected in 1975-76. Increased reimbursements which would cover increased expense for the center are shown in Table 2.

Reimbursement Schedule

Table 2 details sources of reimbursements. This traditional information has been deleted from the Governor's Budget format again this year.

The table indicates that reimbursements are projected to increase by \$77,585 or approximately 6.9 percent above 1974-75 estimates. Noteworthy changes result from increased summer session fees, the establish-

ment of a new college publication and from increased participation in the Center for Trial and Appellate Advocacy.

Table 2
Reimbursement Detail

	Actual 1973-74	Estimated 1974-75	Projected 1975-76	Change 1975-76 over 1974-75	
				Amount	Percent
1. Student fee	\$469,490	\$450,000	\$450,000	\$0	0%
2. Nonresident tuition	79,500	—	—	—	—
3. Educational fee	417,306	399,600	399,600	—	—
4. Constitutional Quarterly (activities fee) ..	—	—	9,000	9,000	100.0
5. Constitutional Quarterly income	—	—	6,000	6,000	100.0
6. Law Journal (activities fee)	12,480	12,000	12,000	—	—
7. Law Journal income	18,918	17,000	23,700	6,700	39.4
8. Other student fees	123,001	115,100	115,100	—	—
9. Summer session fees	40,584	24,000	40,000	16,000	66.7
10. Miscellaneous	30,820	9,948	11,400	1,452	14.6
11. Private work-study funds	26,152	8,000	8,000	—	—
12. College foundation	23,878	23,878	23,878	—	—
13. Center for Trial and Appellate Advocacy	41,800	62,035	100,468	38,433	62.0
Totals	\$1,283,929	\$1,121,561	\$1,199,146	\$77,585	6.9%

Deferred Educational Fee Policy

We recommend funds received as repayments from Educational Fee deferments be identified as reimbursements for a General Fund offset of approximately \$60,000.

Educational fees at Hastings are traditionally applied as offsets to the General Fund support budget. By adding approximately \$140,000 to the budget each year the Legislature has allowed Hastings to defer educational fees for students with financial need. These deferrals are loans to be repaid after the student graduates. Repayments of approximately \$30,000 have been received but are not reported in the budget. During the remainder of the current year and during the budget year we estimate a total of \$30,000 more will be received for a total of \$60,000. In accordance with the traditional policy of applying all educational fees as support budget offsets, our recommendation would require identification of these deferred educational fees and their inclusion in the budget as a General Fund reimbursement.

II. INSTRUCTIONAL SUPPORT PROGRAM

The instructional support program is composed of the library and law journal elements. The library element reflects normal cost increases, whereas the law journal element more than doubles.

New Law Journal Established

In addition to the traditional *Hastings Law Journal*, a new professional publication was initiated with private grant funds. This new journal, *The Hastings Constitutional Law Quarterly*, will allow some 80 additional students to participate in a law review experience and to publish legal research. Proposed funding includes \$15,000 from subscription reimbursements as shown in Table 2 and \$41,229 in General Fund support. A 0.8 clerical position is added for related increased workload.

HASTINGS COLLEGE OF LAW—Continued

III. STUDENT SERVICE PROGRAM

The student service program is composed of student health services, student financial aid and student placement elements. Student health services is budgeted at the current year level and student placement receives minor cost increases. Substantial change is reflected in the student aid element.

Table 3 shows current and proposed student aid programs at Hastings. Changes of special interest are the (1) augmentation of the Legal Educa-

Table 3
Hastings Student Financial Aid Summary

	1974-75		1975-76	
	Number	Amount	Number	Amount
<i>Scholarships and Grants</i>				
Educational opportunity grants.....	140	\$109,000	140	\$126,670
Registration fee offset grants.....	157	51,650	157	51,650
Hastings scholarships ^a	130	62,250	130	62,250
Graduate fellowships.....	2	1,200	2	1,200
New student grants.....	—	—	173	147,000
<i>Loans</i>				
Educational fee deferrals.....	343	140,000	393	140,000
National direct student loans.....	500	600,000	500	600,000
Federal insured loans.....	650	1,435,582	620	1,247,000
<i>Employment Aid</i>				
Work-study on-campus.....	22	64,830	22	64,830
Work-study off-campus ^a	63	17,000	63	17,000
Totals..... ^b		\$2,481,512		\$2,457,660

^a Student aid funds not included in the budget.

^b Students are not totaled because each student usually receives more than one form of aid.

tional Opportunity Program which would provide an average grant award of \$850 in 1975-76, and (2) establishment of a new student aid program.

Legal Educational Opportunity Program (LEOP) Underfunded

We recommend an increased cost-of-living augmentation of \$20,000 for the Legal Educational Opportunity Program (LEOP) to be funded from subsequently identified savings.

Every year Hastings enrolls 70 new LEOP students under special admissions criteria. These are students who show considerable promise for success in the legal educational program but who could not qualify for admission under normal selection processes. Many are disadvantaged minority students from low income families.

The Legislature has consistently supported full funding of the LEOP program. Last year, based on a special study conducted by Hastings at the request of the Legislature, it was determined that to maintain a funding level comparable to that provided in 1971-72, an average grant of \$850 would be required. The Legislature augmented the Governor's Budget to provide an \$850 average grant but the augmentation was vetoed. The proposed 1975-76 budget would now allow the \$850 level but fails to reflect that inflation has been higher in the current year than anticipated and that cost increases should be provided also for the budget year. Our augmentation of \$20,000 assumes the \$850 level was appropriate for 1974-75 and provides the 11 percent cost-of-living augmentation which the budget includes for other similar, state-funded, student aid programs. The average grant would be \$945 for 210 LEOP students under our recommendation.

New Student Aid Program

We recommend elimination of the proposed new student aid program for a General Fund savings of \$147,000.

The new student aid program proposed for next year suggests there are students enrolled under normal procedures (non-LEOP) who also have financial need. However, this is the case in every other graduate or professional school and we believe all of the other existing aid programs shown in Table 3 are designed to serve such students. For example, because of the caliber of Hastings students and the earnings potential for its graduates, loans are generally considered an acceptable form of student aid. However, loans and other traditional forms of aid are not as available to LEOP students.

As a result, we believe new student aid programs should be carefully reviewed in the context of all other programs of financial assistance. For this reason, the Legislature has directed the State Scholarship and Loan Commission, in coordination with the Postsecondary Education Commission, to develop a master plan for the administration and coordination of all publicly funded student aid to include recommendations for new programs to fill unmet needs. A report is due June 30, 1975. Therefore, we believe this new program should not be initiated until its need and priority for funding have been clearly established.

In addition, we note that the college indicated only ten percent of its enrollment, excluding those admitted through LEOP, are currently disadvantaged. Based on an average enrollment of 1,500 minus 210 LEOP students, the maximum number of disadvantaged students would be 129, while the proposed program would provide for 173. We also note that the proposed program would duplicate the state Graduate Fellowship program which was specifically changed last year to accommodate law students and for which the Governor's Budget proposes doubling award funds to \$2 million. For all these reasons we recommend the new program not be initiated and that savings from this recommendation first be applied to fund the LEOP cost-of-living deficiency previously noted.

IV. INSTITUTIONAL SUPPORT PROGRAM

The institutional support program is composed of the executive management, general administrative services, facilities operation and community relations elements. No changes other than normal cost increases are included for the executive management and community relations element. The budget proposes addition of an accountant and accounting technician in the administrative services element to correct deficiencies in student financial aid controls, procedures and records as reported by an outside consultant and the Audits Division of the Department of Finance. The facilities operation element includes the conversion of 4.5 student assistant positions into regular employee positions and the addition of two new janitor positions for workload.

It should be noted that the business manager of the college passed the mandatory retirement age creating the necessity to transfer funds from personnel services to contract services in order to continue the functions of this important position. A replacement has not been employed. We believe the use of a contract for the prolonged retention of an employee beyond mandatory retirement age is not good personnel policy.

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

CALIFORNIA STATE UNIVERSITY AND COLLEGES

Item 345-347^a from the General

Fund

Budget p. 931

^a Item 347 provides for salary increases and is discussed on page 149 of the Analysis. The amounts are not included in these totals.

Requested 1975-76	\$499,082,747
Estimated 1974-75	487,213,528
Actual 1973-74	428,919,019
Requested increase \$11,869,219 (2.4 percent)	
Total recommended reduction	\$2,622,643

1975-76 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount
345	Support		\$496,731,499
346	Innovative Projects		1,401,248
	1974-75 Special Appropriation		950,000
	(Chapter 1541, Statutes of 1974)		
	carry-over		
			<hr/> \$499,082,747

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis
page

1. *Faculty Promotions. Augment \$659,147.* Recommend additional General Fund support for faculty promotion. 760
2. *Innovative Projects. Recommend technical adjustment to reduce Budget Item 346 (innovative projects) by \$289,751 and augment Budget Item 345 (support) by an equivalent amount.* 762
3. *Innovative Projects. Recommend \$174,429 be transferred from Budget Item 345 (support) to Budget Item 346 (innovative projects).* 762
4. *International Program. Augment \$778,007.* Recommend General Fund support for the International program be continued. 764
5. *San Diego Educational Television. Recommend Chancellor's office develop formulas for funding the academic needs of the Department of Telecommunications and Film and Instructional Television and report to the Joint Legislative Budget Committee by November 1, 1975.* 766
6. *Teacher Credentialing Programs. Reduce \$344,987.* Recommend increased state support for practice teaching be deleted. 767
7. *Volume Acquisition. Reduce \$2,308,542.* Recommend number of library volumes acquired by the CSUC system be reduced to 413,000 annually. 773
8. *Bakersfield Library. Reduce \$142,950.* Recommend acquisition needs of Bakersfield Library be accommodated from within the volumes authorized for the entire system. 774
9. *Library Transactors. Recommend Chancellor's office submit a report to the Joint Legislative Budget Committee* 775

- by November 15, 1976 which details the savings associated with the installation of library transactors on each campus. This report should contain estimates of (a) the adjustments required in the library staffing formula due to the increased labor productivity, and (b) the yearly savings which will accrue due to the reduced book loss rate.
10. *Inadequate Equipment Support. Augment by \$506,280.* 777
Recommend additional funds to provide communications and computing equipment essential to the instructional program.
 11. *Insufficient Personnel. Augment by \$163,679.* 778
Recommend 19 specified technical personnel be added to the computer support program.
 12. *Computer Support Formulas.* 779
Recommend Chancellor's office in conjunction with Department of Finance examine feasibility of developing formulas to provide a basis for both equipment allocations and staffing levels.
 13. *Instructionally Related Activities. Reduce \$3,152,222.* 781
Recommend General Fund support for instructionally related activities be eliminated.
 14. *Student Services Fee.* 782
Recommend proposed budget policy of no General Fund support for student services or instructional supplies and services, traditionally funded through students fees, be fully implemented. This requires technical adjustment to reduce Budget Item 347 (salary increase) by \$2.8 million.
 15. *Financial Aid Requests. Augment \$50,000.* 785
Recommend alternative computer systems for the awarding of financial aid be tested and evaluated.
 16. *Financial Aid Billing. Augment \$125,000.* 786
Recommend pilot project in contracting for student loan collections be continued.
 17. *Educational Opportunity Program.* 787
Recommend Chancellor's office evaluate the probable impact of federal BEOG's support and report to the fiscal committees during the budget hearings.
 18. *Fullerton Pilot Project. Reduce \$85,621.* 789
Recommend General Fund support for the Fullerton pilot project be eliminated.
 19. *OASDI Rate. Augment \$1,129,566.* 792
Recommend funds be provided to cover the OASDI rate increase.

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 University and Colleges (CSUC) to provide instruction in the liberal arts and sciences and in professions and applied fields which require more than two years of collegiate education. Instruction in teacher education, both for undergraduate students and graduate students through the master's degree, is also mandated. In addition, the doctoral degree may be awarded jointly with the University of California or private institutions. Faculty research, using facilities provided for and consistent with the instructional function of the CSUC, is authorized.

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued**Governance**

The California State University and Colleges system is 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. The 16 additional members are appointed by the Governor subject to Senate confirmation and serve 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 University and Colleges presently operate 19 campuses with an estimated 1975-76 fiscal year full-time equivalent enrollment of 229,630.

Admissions

In accordance with the master plan of 1960, admission of incoming freshmen is limited 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. An exception rule permits admission of certain otherwise unqualified students, but they may not exceed 4 percent of the incoming freshman class. 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. However, individual programs may designate more restrictive standards.

Enrollment

Enrollment in the CSUC system is measured in full-time equivalent (FTE) students. One FTE equals 15 course-units. Thus, one FTE could represent one student carrying 15 course-units, three students each carrying five course-units, five students each carrying three course-units, or any other student/course-unit combinations the product of which equals 15 course-units.

In 1975-76 enrollment is projected to reach 229,630 FTE students. This represents a 1 percent increase over the revised estimate of 227,312 for 1974-75. Table 1 gives the anticipated distribution of this enrollment among the 19 campuses. Table 1 also indicates that the 1975-76 enrollment is .7 percent less than 231,295 FTE students originally budgeted for 1974-75. Part of this variance is explained by the elimination of the International Program from the 1975-76 Budget, which we discuss elsewhere. But most of the variance results because the CSUC system, after experiencing very rapid growth throughout the 60's, is only now fully recognizing that enrollment is stabilizing and is expected to dip during the 1980's. As Table 2 indicates, since 1970 CSUC has continually revised downward its estimates of enrollment growth. In 1970 CSUC was projecting 354,630 FTE students in 1980-81, but by 1974 this had been reduced to 247,100. The most recent

projection shows enrollment peaking in 1982-83 and dropping slightly the following year. Although, to date, actual enrollment growth has been dropping even faster than the revised CSUC estimate, the most recent projection of 1 percent growth for 1975-76 should be more accurate than previous estimates. Table 3 shows the current long-range estimate of enrollment growth by campus through 1983-84.

Table 1
Annual Full-Time Equivalent Students (FTE)

<i>Institution</i>	<i>Reported</i>			<i>Budgeted</i>	
	<i>1971/72</i>	<i>1972/73</i>	<i>1973/74</i>	<i>1974/75</i>	<i>1975/76</i>
Academic Year					
Hayward	9,702	9,597	8,905	8,550	8,000
Pomona	8,755	9,079	8,747	9,400	9,400
San Luis Obispo	11,437	11,566	12,429	13,000	13,800
Chico	10,036	11,112	11,455	11,800	11,900
Fresno	12,666	13,169	13,135	13,500	13,000
Humboldt	5,428	5,955	6,458	6,600	6,700
Bakersfield	1,495	1,941	2,296	2,900	2,400
Long Beach	19,954	20,086	20,632	21,400	21,400
Los Angeles	15,254	15,282	14,993	15,400	14,800
Fullerton	11,406	12,649	13,327	14,000	14,500
Dominguez Hills	2,941	3,314	3,847	4,400	4,900
Sacramento	14,146	14,670	15,002	15,700	15,400
San Bernardino	2,151	2,268	2,592	2,800	3,100
San Diego	20,184	21,758	22,517	22,500	23,200
Northridge	18,065	18,281	17,990	18,400	18,100
San Francisco	14,152	15,848	16,228	16,000	16,500
San Jose	19,383	20,177	20,197	20,600	19,100
Sonoma	4,712	4,880	5,150	5,150	5,300
Stanislaus	2,357	2,342	2,175	2,600	2,400
International Programs	340	313	308	325	-
Totals—Academic Year	204,564	214,287	218,383	225,025	223,900
Summer Quarter					
Hayward	1,199	1,173	1,090	1,070	1,030
Pomona	841	963	862	930	830
San Luis Obispo	1,043	1,119	1,013	1,100	1,170
Los Angeles	3,718	3,037	3,112	3,170	2,700
Totals—Summer Quarter ..	6,801	6,292	6,077	6,270	5,730
Grand Totals	211,365	220,579	224,460	231,295	229,630
Change					
Numbers	7,286	9,214	3,881	6,835	-1,665
Percent	3.6	4.4	1.8	3.0	-0.7

Self-Support Enrollments

Additional enrollments occur in extension and summer session programs as shown in Table 4. These programs are entirely self-supporting. No General Fund support is provided.

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

Table 2
Annual Revisions In FTE Allocations To 1980^a

Year	Reported	Date of Projection					
		3 Mar 70	6 Aug 71	12 May 72	8 Mar 73	14 Nov 73	28 Jun 74
1968-69.....	162,438						
1969-70.....	181,254						
1970-71.....	197,454	195,140					
1971-72.....	204,224	212,980	212,980				
1972-73.....	213,974	232,680	227,440	220,920			
1973-74.....		250,980	245,300	230,260	226,200	219,750	
1974-75.....		270,830	262,500	242,560	231,350	226,200	223,450
1975-76.....		287,900	276,950	254,930	239,600	232,800	227,750 ^b
1976-77.....		302,900	289,150	266,410	247,700	238,900	232,200
1977-78.....		317,760	299,800	276,650	255,400	245,100	236,600
1978-79.....		331,220	308,600	284,750	262,800	251,100	240,400
1979-80.....		342,830	315,500	290,800	269,600	256,400	244,100
1980-81.....		354,630	321,300	296,000	276,000	261,000	247,100
1981-82.....							249,300
1982-83.....							251,100
1983-84.....							249,400

^a Excludes Summer Quarter and International Program

^b Does not reflect the additional downward revisions incorporated in the 1975-76 trustees amended budget request

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

Table 3
ENROLLMENT ALLOCATIONS ANNUAL FTE PROJECTED TO 1983/84¹

Campus	Reported 1973/74	PROJECTED									
		1974/75	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81	1981/82	1982/83	1983/84
Bakersfield	2,296	2,900	2,400	3,300	3,600	3,800	4,000	4,100	4,200	4,300	4,200
Chico	11,455	11,800	11,900	12,600	13,000	13,300	13,600	13,900	14,000	14,000	14,000
Dominguez Hills.....	3,847	4,400	4,900	5,000	5,300	5,600	5,800	6,000	6,200	6,300	6,200
Fresno	13,135	13,500	13,000	13,600	13,700	13,800	13,900	14,000	14,100	14,200	14,100
Fullerton.....	13,327	14,000	14,500	14,600	15,000	15,400	15,700	16,000	16,300	16,500	16,300
Hayward	8,905	8,550	8,000	8,600	8,600	8,600	8,600	8,600	8,600	8,600	8,600
Humboldt	6,458	6,600	6,700	6,800	6,900	7,000	7,100	7,200	7,300	7,400	7,500
Long Beach	20,632	21,400	21,400	22,500	23,000	23,500	23,900	24,300	24,700	25,000	25,000
Los Angeles	14,993	15,400	14,800	15,200	15,200	15,200	15,200	15,200	15,200	15,200	15,000
Northridge	17,990	18,400	18,100	18,200	18,200	18,200	18,200	18,200	18,200	18,200	18,100
Pomona	8,747	9,400	9,400	9,400	9,500	9,600	9,700	9,800	9,900	10,000	9,900
Sacramento	15,002	15,700	15,400	16,500	16,900	17,300	17,700	18,100	18,300	18,500	18,300
San Bernardino	2,592	2,800	3,100	3,200	3,400	3,500	3,600	3,700	3,800	3,900	3,800
San Diego ²	22,517	22,500	23,200	23,300	24,000	24,400	25,000	25,000	25,000	25,000	25,000
San Francisco	16,228	16,000	16,500	17,000	17,300	17,600	17,900	18,200	18,400	18,600	18,400
San Jose	20,197	20,600	19,100	20,800	21,000	21,200	21,400	21,600	21,800	22,000	21,800
San Luis Obispo	12,429	13,000	13,800	13,800	14,100	14,400	14,700	15,000	15,000	15,000	15,000
Sonoma	5,150	5,150	5,300	5,400	5,500	5,600	5,700	5,800	5,900	6,000	5,900
Stanislaus	2,175	2,600	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,300
Total, Academic Year	218,075	224,700	223,900	232,200	236,600	240,400	244,100	247,100	249,300	251,100	249,400

¹ Summer Session and International Program not included.

² Calexico Center data included as part of San Diego State University.

Note: Long range FTE allocations were last revised in July, 1974. Allocations for 1975/76 were made in November, 1974. Long-range allocations will be revised in 1975 to reflect enrollment experience embodied in the current 1975/76 allocations.

Table 4
Summer Session and Extension Program Enrollments

<i>Year</i>	<i>Net Enrollment</i>		<i>Annual FTE</i>	
	<i>Extension</i>	<i>Summer Session</i>	<i>Extension</i>	<i>Summer Session</i>
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	76,881	72,947	7,724	11,768
1971-72	79,800	69,554	7,930	11,303
1972-73	81,025	63,132	7,143	10,056
1973-74	79,588*	60,276	6,951	9,105
1974-75 (Estimated)	88,972	63,148	7,844	9,539
1975-76 (Projected)	102,483	61,995	9,035	9,365

* Estimated

Student Workload

The average student workload in the CSUC system has been slowly declining. This simply means that the average student is taking less course units per academic year than in the past. Table 5 provides an estimate of the decline as a systemwide average for all CSUC students. For undergraduate students the average unit course load is always higher than the systemwide average, while for graduate students it is always lower. As a result of this decline, each year the number of students (head count) attending the CSUC has increased more than the number of full-time equivalent (FTE) students.

Although several explanations, including an increasing percentage of part-time students, have been advanced to account for the declining student workload, it is not altogether understood. More importantly, the Chancellor's office is unable to predict whether the trend will continue. Because head count students and full-time equivalent (FTE) students are crucial determinants of the level of General Fund support, the relationship between these two variables should be closely monitored.

Table 5
Average Student Workload
1970-71 to 1973-74

<i>Academic Year</i>	<i>Average Student Workload*</i> <i>(course units)</i>
1970-71	11.35
1971-72	10.99
1972-73	10.97
1973-74	10.88

* computed as (Total FTE students × 15 units) ÷ total students (head count)

1975-76 Budget Overview

The 1975-76 Governor's Budget proposes an appropriation from the General Fund of \$499,082,747 for support of the CSUC system. An additional General Fund appropriation of \$38,930,000 is proposed for 1975-76 salary increases, generating a total General Fund request of \$538,012,747. The CSUC salary increase request is discussed on page 149 for the Analysis.

The total General Fund request is contained within the following Budget Act items:

<i>Budget Act Item</i>	<i>Activity</i>	<i>1975-76 Amount</i>
345	General Support	\$496,731,499
346	Innovative Projects	1,401,248
347	Salary Increase	38,930,000
—	1974-75 Special Appropriation carry-over	950,000
Total		\$538,012,747

Table 6 reflects the total 1975-76 Budget by program and source of funds, while Table 7 provides a budget summary by program for the past, current and budget years.

The 1975-76 CSUC budget increase (exclusive of salary increases) over the 1974-75 budgeted support level is \$11,869,219. As detailed in Table 8, this increase is primarily attributable to (1) price increases and (2) non-enrollment related workload increases. Budgeted enrollment dropped by 1,315 FTE students, reducing the support requirement by \$1,207,290, and two programs, the International and external degree programs, were dropped, reducing the support requirement an additional \$936,726.

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

Table 6
SOURCE OF FUNDS BY SUBPROGRAM
(1975/76 GOVERNOR'S BUDGET)

Program	General Fund			Special Funds—Continuing Education		
	Net General Fund	Reimbursement	Total General Fund	Summer Session	Extension	Total
Introduction						
Regular Instruction	\$316,023,836	\$16,026,396	\$332,050,232	—	—	—
Special Session Instruction	—	—	—	\$5,580,405	—	\$5,580,405
Extension Instruction (for credit)	—	—	—	—	\$4,195,850	4,195,850
Total Instruction	\$316,023,836	\$16,026,396	\$332,050,232	\$5,580,405	\$4,195,850	\$9,776,255
Research						
Individual or Project Research	—	142,922	142,922	—	—	—
Total Research	—	\$142,922	\$142,922	—	—	—
Public Service						
Campus Community Service	—	6,793,809	6,793,809	—	—	—
Total Public Service	—	\$6,793,809	\$6,793,809	—	—	—
Academic Support						
Libraries	32,206,953	379,357	32,586,310	24,849	—	24,849
Audiovisual Services	6,233,096	549,790	6,782,886	24,178	8,614	32,792
Computing Support	6,437,985	—	6,437,985	24,373	14,748	39,121
Ancillary Support	2,584,940	—	2,584,940	—	—	—
Academic Admin. & Personnel Develop.	10,082,120	—	10,082,120	—	—	—
Total Academic Support	\$57,545,094	\$929,147	\$58,474,241	\$73,400	\$23,362	\$96,762
Student Service						
Social and Cultural Development	—	2,186,207	2,186,207	—	—	—
Supplementary Education Services	114,958	—	114,958	—	—	—
Counseling and Career Guidance	1,919,764	10,470,408	12,390,172	13,938	—	13,938
Financial Aid	5,390,725	32,159,266	37,549,991	—	—	—
Student Support	—	11,625,707	11,625,707	21,531	—	21,531
Total Student Service	\$7,425,447	\$56,441,588	\$63,867,035	\$35,469	—	\$35,469
Institutional Support						
Executive Management	14,018,104	1,263,545	15,281,649	1,218,679	1,710,507	2,929,186
Financial Operations	5,681,549	1,899,726	7,581,275	124,108	141,196	265,304
General Administrative Services	19,625,533	4,731,800	24,357,333	77,817	83,757	161,574
Logistical Services	20,154,282	—	20,154,282	196,984	189,003	387,987
Physical Plant Operation	53,373,452	294,055	53,667,507	50,341	693	51,034
Faculty and Staff Services	3,458,012	—	3,458,012	—	—	—
Community Relations	1,777,438	239,968	2,017,406	135,620	93,213	228,833
Total Institutional Support	\$118,088,370	\$8,429,094	\$126,517,464	\$1,805,549	\$2,218,369	\$4,023,918
Independent Operations						
Institutional Operations	—	7,819,888	7,819,888	—	—	—
Total Independent Operations	—	\$7,819,888	\$7,819,888	—	—	—
GRAND TOTAL	\$499,082,747	\$96,582,844	\$595,665,591	\$7,494,823	\$6,437,581	\$13,932,404

Special Funds			Auxiliary Organizations				Foundations	
Dormitory	Parking	Total Special Funds	(Activity)	(Activity)	(Activity)	Total	Special Educational Projects	Grand Totals
—	—	—	—	—	—	—	—	\$332,050,232
—	—	\$5,580,405	—	—	—	—	—	5,580,405
—	—	4,195,850	—	—	—	—	—	4,195,850
—	—	\$9,776,255	—	—	—	—	—	\$341,826,487
—	—	—	—	—	—	—	—	142,922
—	—	—	—	—	—	—	—	\$142,922
—	—	—	—	—	—	—	25,100,000	31,893,809
—	—	—	—	—	—	—	\$25,100,000	\$31,893,809
—	—	24,849	—	—	—	—	—	32,611,159
—	—	32,792	—	—	—	—	—	6,815,678
—	—	39,121	(Agriculture)	—	—	—	—	6,477,106
—	—	—	1,796,000	—	—	1,796,000	—	4,380,940
—	—	—	—	—	—	—	—	10,082,120
—	—	\$96,762	\$1,796,000 (Student Activities)	—	—	\$1,796,000	—	\$60,367,003
—	—	—	7,014,000	—	—	7,014,000	—	9,200,207
—	—	—	—	—	—	—	—	114,988
—	—	13,938	—	—	—	—	—	12,404,110
—	—	—	(Bookstore)	(Food Service)	(Housing)	—	—	37,549,991
1,835,552	—	1,857,083	26,120,000	15,525,000	2,520,000	44,165,000	—	57,647,790
1,835,552	—	\$1,871,021	\$33,134,000	\$15,525,000	\$2,520,000	\$51,179,000	—	\$116,917,056
—	—	2,929,186	(Special Projects Admin.)	—	—	—	—	18,210,835
331,144	282,835	879,283	1,490,400	—	—	1,490,400	—	9,950,958
—	—	161,574	(Special Projects Admin.)	—	—	—	—	24,518,907
1,118,404	1,716,927	3,223,348	993,600	—	—	993,600	—	24,371,330
4,535,829	674,038	5,260,901	—	—	—	—	—	58,928,408
—	—	—	—	—	—	—	—	3,458,012
—	—	228,833	—	—	—	—	—	2,246,239
5,985,407	\$2,673,800	\$12,683,125	\$2,484,000	—	—	\$2,484,000	—	\$141,684,589
—	—	—	(Other)	—	—	—	—	10,069,888
—	—	—	2,250,000	—	—	2,250,000	—	10,069,888
—	—	—	\$2,250,000	—	—	\$2,250,000	—	\$10,069,888
\$7,820,959	\$2,673,800	\$24,427,163	—	—	—	\$57,709,000	\$25,100,000	\$702,901,754

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

Table 7
CSUC Budget Summary 1973-74 to 1975-76

Summary of program requirements ^a	Personnel			Actual		Proposed ^b	Change	
	1973-74	1974-75	1975-76	1973-74	1974-75		Amount	Percent
Primary Programs:								
I. Instruction	18,302.9	17,982.4	17,876.9	\$299,949,941	\$338,753,833	\$341,826,487	\$2,122,654	0.6
II. Research	3.4	18.7	9.7	52,990	278,876	142,922	-135,954	-48.8
III. Public Service	531.4	445.9	556.7	33,628,968	30,973,444	31,893,809	920,365	3.0
Support Programs:								
IV. Academic Support	2,624.2	2,825.2	2,923.2	50,545,588	56,951,283	60,367,003	3,415,720	6.0
V. Student Service	1,872.8	2,104.2	2,001.0	103,596,962	113,140,742	116,917,056	3,776,314	3.3
VI. Institution Support	6,947.1	7,406.0	7,523.2	117,583,329	134,494,760	141,684,589	7,189,829	5.3
VII. Independent Operations	383.9	447.0	525.4	8,632,777	8,641,560	10,069,888	1,428,328	16.5
Totals, Programs	30,665.7	31,229.4	31,416.1	\$613,990,555	\$683,234,498	\$702,901,754	\$18,717,256	2.7
Salary Increases, 1975-76						(38,930,000)		
Totals				\$613,990,555	\$683,234,498	\$702,901,754	\$18,717,256	2.7
Totals, including 1975-76 salary increase						(741,831,754)		
Reimbursements								
Federal				-\$22,806,622	-\$27,456,316	-\$29,192,461	-\$1,736,145	-6.3
Other	-918.7	-911.6	-1,091.8	-56,667,896	-64,094,936	-67,390,383	-3,295,447	-5.1
Net totals, programs	29,747.0	30,317.8	30,324.3	\$534,516,037	\$592,633,246	\$606,318,910	\$13,685,664	2.3
General Fund				\$428,919,019	\$487,213,528	\$499,082,747	\$10,919,219	2.2
General Fund including 1975-76 salary and employee benefit increase						(538,012,747)		
Continuing Education Revenue Fund				12,132,815	13,068,424	13,932,404	863,980	6.6
Dormitory Revenue Fund				6,596,135	7,239,785	7,820,959	581,174	8.0
Parking Revenue Fund				2,123,804	2,455,509	2,673,800	218,291	8.9
Foundations—Federal				18,970,222	18,200,000	18,200,000	—	—
Foundations—Other				8,358,865	6,900,000	6,900,000	—	—
Auxiliary Organizations				57,415,177	56,606,000	57,709,000	1,103,000	1.9

^a Includes expenditures but not personnel man-years for auxiliary operations and foundations—special projects.

^b Does not include employee benefits.

Table 8
Proposed Budget Increases
1975-76

	<i>Cost</i>	<i>Total</i>
I. Base line adjustments		
1. Student service fee-related expenditures.....	-\$2,500,000	
2. International program.....	-630,866	
3. External degree program.....	-305,860	
4. Salary adjustments.....	4,518,381	
5. Full-year funding.....	3,058,661	
6. OASDI.....	-1,643,337	
7. Retirement.....	970,925	
8. Teacher retirement.....	217,864	
9. Health and welfare.....	-213,729	
10. Industrial disability.....	-882,690	
11. Workmen's compensation.....	368,000	
12. Unemployment compensation.....	75,000	
13. Non-recurring items.....	-1,593,377	
14. Price increase.....	7,923,238	
Total base line adjustments.....		\$9,362,210
II. Program maintenance proposals		
15. Practice teaching.....	\$344,978	
16. Sabbatical leaves.....	231,624	
17. Faculty promotions.....	254,599	
18. Campus libraries.....	347,010	
19. Campus computing resources.....	457,246	
20. State educational opportunity grants.....	344,657	
21. Physical plant operations.....	800,484	
22. Communications.....	586,716	
23. General reimbursements.....	-1,181,435	
24. Other campus items.....	100,657	
25. Chancellor's Office.....	298,447	
26. Information systems.....	-16,656	
27. Trustees' audit.....	-2,226	
28. Statewide Academic Senate.....	1,384	
29. Library Development.....	-235,841	
30. Systemwide provisions.....	1,291,619	
31. Enrollment.....	-1,207,290	
Total program maintenance proposals.....		\$2,415,973
III. Program change proposals		
32. Faculty development.....	\$59,205	
33. Computing resources.....	31,831	
Total program change proposals.....		\$91,036
Grand Total.....		\$11,869,219

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued**Budget Presentation**

Following the format developed by the National Center for Higher Education Management Systems (NCHEMS), the CSUC budget is separated into seven program classifications. The first three, Instruction, Organized Research, and Public Service, encompass the primary higher education functions. The remaining four, Academic Support, Student Services, Institutional Support and Independent Operations, provide the support services essential to the three primary programs.

1. INSTRUCTION

The instruction program includes all formal instructional activities in which students earn credits toward degrees. The program is composed of three subprograms (1) regular instruction, (2) summer session instruction and (3) extension instruction. Proposed expenditures for the 1975-76 instruction program are shown in Table 9.

Regular Instruction

The regular instruction subprogram includes all state-funded expenditures for the normal classroom, laboratory and independent study activities. Instructional administration is also included in this item.

Instructional Administration

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

1975-76 Faculty Staffing

The 1975-76 Budget proposed a reduction of 72.7 faculty positions from the estimated 1974-75 level of 12,973.3. This reduction reflects the anticipated drop in enrollment from the 1974-75 budgeted figure discussed earlier. The 1975-76 faculty position count, 12,900.6, maintains the 1974-75 student-faculty ratio of 17.8:1. Table 10 depicts the annual estimated and actual faculty positions and the budgeted and actual student-faculty ratios.

Table 9
Instruction Program Expenditures
1973/74 to 1975/76

<i>Instruction</i>	<i>Personnel</i>			<i>Expenditures</i>			<i>Change</i>	
	<i>1973/74</i>	<i>1974/75</i>	<i>1975/76</i>	<i>1973/74</i>	<i>1974/75</i>	<i>1975/76</i>	<i>Amount</i>	<i>Percent</i>
Program Elements								
A. Regular Instruction	17,528.4	17,167.5	17,057.6	291,091,561	330,301,790	332,050,232	1,748,442	0.5
B. Special Session Instruction	542.1	522.9	491.8	5,935,194	5,890,876	5,580,405	-310,471	-5.3
C. Extension Instruction for Credit	232.4	292.0	327.5	2,923,186	3,511,167	4,195,850	684,683	19.5
Total Program Costs	18,302.9	17,982.4	17,876.9	299,949,941	339,703,833	341,826,487	2,122,654	0.6
General Fund	17,528.4	17,167.5	17,057.6	275,329,751	313,934,738	316,023,836	2,089,098	0.7
Reimbursements	—	—	—	15,761,810	16,367,052	16,026,396	-340,656	-2.1
Continuing Education Revenue Fund	774.5	814.9	819.3	8,858,380	9,402,043	9,776,255	374,212	4.0

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

TABLE 10
Student-Faculty Ratios

Year	Faculty		Student-faculty ratio	
	Estimated	Actual	Budgeted	Actual
1967-68.....	8,842.9	8,545.8	16.38:1	17.21:1
1968-69.....	10,001.3	9,592.7	16.21:1	17.35:1
1969-70.....	11,333.0	11,176.1	15.98:1	16.67:1
1970-71.....	12,343.5	11,749.0	16.26:1	17.34:1
1971-72.....	12,081.3	11,785.3	18.25:1	17.91:1
1972-73.....	12,698.8	12,415.7	17.94:1	17.74:1
1973-74.....	13,068.1	12,846.0	17.82:1	17.45:1
1974-75 (estimated)	12,973.3	-	17.80:1	-
1975-76 (proposed)	12,900.6	-	17.80:1	-

1974-75 Faculty Staffing Method

The 1975-76 Budget continues the use of a budgeting technique designed to provide (a) a programmatic (output) oriented expression of resources requirements and (b) academic flexibility—permitting campuses to determine class size, mode of instruction, etc. The budgeting technique is based upon the 1970-71, 1971-72 and 1972-73 student credit units (SCU) per full-time-equivalent faculty (FTEF) position (the SCU/FTEF ratio) with some adjustments based on 1973-74 experience. Table 11 summarizes the systemwide calculations by discipline category for 1971-72 through 1973-74, while Table 12 outlines faculty characteristics and workload indices. Table 13 gives the estimated SCU/FTEF ratio by campus for 1973-74 and the estimated ratios for 1974-75 and 1975-76.

Table 11
System Average Productivity Measure
Student Credit Unit per Full-Time-Equivalent Faculty

Discipline Category	SCU/FTEF			
	1971-72	1972-73	1973-74	3 Yr Ave
Agriculture and Natural Resources.....	225	231	243	233
Architecture and Environmental Design	177	165	166	169
Area Studies	376	419	342	379
Biological Sciences.....	258	268	257	261
Business and Management	320	325	325	323
Communications	294	294	293	294
Computer and Information Science	252	234	222	236
Education.....	232	228	219	226
Physical Education	200	212	229	214
Industrial Education	228	231	219	226
Engineering.....	169	172	170	170
Fine and Applied Arts	220	223	219	221
Foreign Languages	226	234	233	231
Health Professions.....	322	312	296	310
Nursing.....	109	109	114	111
Home Economics.....	298	300	291	296
Letters	289	285	280	285
Library Science	253	251	159	221
Mathematics	264	267	269	267
Physical Sciences	234	241	242	239
Psychology.....	350	346	331	342
Public Affairs and Services	289	323	294	302
Social Sciences	351	339	324	338
Interdisciplinary Studies	300	271	257	276
All Categories	269	269	263	267

Table 12
Faculty Workload Indicators^a

	<i>Fall 1971</i>	<i>Fall 1972</i>	<i>Fall 1973</i>	<i>Change</i>
Faculty FTE ^b	11,336.0	11,851.1	12,323.9	472.8
Percent of regular faculty with Ph.D.	60.2	63.3	65.9	2.6
Enrollment FTE ^c	208,268.0	217,574.0	223,259.0	5,685.0
Regular instruction section load per FTE faculty ..	3.7	3.7	3.7	0.0
Lecture and lab contact hours per faculty FTE.....	12.5	12.5	12.4	-0.1
Independent study contact hours per faculty FTE	4.4	4.5	4.6	0.1
Total contact hours per faculty FTE.....	16.9	17.0	17.0	0.0
Average class size	28.4	28.6	28.3	-0.3
Lecture and lab WTU per faculty FTE	11.1	11.0	10.9	-0.1
Independent study WTU per faculty FTE	1.7	1.8	1.8	0.0
Total WTU per faculty FTE	12.8	12.8	12.7	-0.1
SCU per WTU ^d	21.57	21.62	21.33	-0.3
SCU per faculty FTE.....	276.0	276.0	271.7	-4.3

^a Based on data reported in the Academic Planning Data Base.

^b Full-time-equivalent (FTE) faculty, the sum of instructional positions reported used.

^c Full-time-equivalent (FTE) student equals 15 student credit units.

^d Student credit units per reported weighted teaching units.

Table 13
California State University and Colleges
Faculty Productivity^a by Campus
1973-74-1975-76
SCU/FTEF

<i>Campuses</i>	<i>Actual 1973-74</i>	<i>Estimated^b 1974-75</i>	<i>Estimated^b 1975-76</i>
Bakersfield	206	243	247
Chico	269	274	276
Dominguez Hills	259	276	274
Fresno	262	265	265
Fullerton	270	286	287
Hayward	256	282	280
Humboldt	247	256	257
Long Beach	265	284	285
Los Angeles	260	269	270
Northridge	274	286	287
Pomona	247	268	268
Sacramento	275	277	278
San Bernardino	279	260	261
San Diego	275	275	277
San Francisco	268	260	261
San Jose	265	274	274
San Luis Obispo	262	268	268
Sonoma	274	259	258
Stanislaus	231	234	248
Average	263	273	273

^a Average number of student credit units generated by each full-time equivalent faculty.

^b Reflects the deduction of a 2 percent salary savings from approved budget.

Faculty Exchange

Based on a study by the Statewide Academic Senate, the trustees requested that a faculty exchange program be instituted on a pilot basis. The program would attempt to match CSUC faculty interested in teaching a year in another institution, with institutions interested in making temporary instructional appointments. The major objectives of this program, according to the Chancellor's office, are "to provide an opportunity for faculty participants to review and adopt methods of another institution and to provide temporary relief from overstaffed or understaffed situations at given campuses in given disciplines".

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

The 1975-76 Budget provides \$59,205 to support this program for one year, largely for extraordinary moving expense. This should enable between 200 and 260 faculty to participate. We find the program a useful experiment and recommend approval.

Faculty Promotion Policy

Historically, faculty promotions in the CSUC system have been governed by a 60-40 policy which limited to 60 percent the number of faculty which could be employed at the upper two academic ranks (professor and associate professor). The base from which the 60-40 distribution was determined included all full-time equivalent faculty in the CSUC system identified as "instructional faculty" in the annual budget. As a result of a 1966 agreement between the Department of Finance and the CSUC system, the 60-40 distribution was considered to be a systemwide limitation, not a binding constraint on individual campuses. Also, it should be noted that while promotional policy is set by the CSUC Board of Trustees, each campus determines who among the eligible faculty is to be promoted. Table 14 shows the percentage of faculty in the upper two ranks on each campus and systemwide for the period 1971-72 through 1973-74.

The origin of the 60-40 policy is obscure, but the concept of limiting the percentage of faculty in the upper two ranks existed prior to the formation of the CSUC system in 1961. Apparently, the policy evolved from an understanding between the Department of Finance and the Department of Education which then administered the college system.

In 1974 the Legislature adopted ACR 70 which resolved

"That the faculty of the California State University and Colleges should be promoted on the basis of merit and ability and should not be denied promotion on the basis of arbitrary quotas for the rank of associate or full professor."

This resolution was opposed by the Department of Finance. Originally, it was also opposed by the CSUC Board of Trustees, but in September, 1973 they reversed themselves and passed a resolution in support of ACR 70, then pending in the Assembly.

1975-76 Faculty Promotion Funds

We recommend that the General Fund be augmented by \$659,147 for faculty promotions.

Although it is an essential element of the annual CSUC budget request, it is very difficult for the trustees to estimate accurately the amount of faculty promotion money required. The trustees have stated that all meritorious faculty should be promoted, but actual promotion decisions are made in the spring by faculty evaluation groups in consultation with campus administrators. The budget request, however, must be prepared in the spring and the fall of the previous year—almost a full year in advance of the actual decisions. As a result, the Chancellor's office must rely on certain indicators to determine the amount of money to request. The only alternative would be an open-ended appropriation. This would require approximately three times more General Fund support than the Chancellor's office estimate.

Table 14
California State University and Colleges, Percentage of
Faculty in Upper Ranks, 1971-72 to 1973-74

	1971-72 ^a	1972-73	1973-74
Bakersfield	56.6%	50.3%	56.3%
Chico	52.8	54.1	56.0
Dominguez Hills	27.9	38.6	45.6
Fresno	56.2	57.9	57.3
Fullerton	43.4	50.4	51.9
Hayward	45.7	47.7	52.5
Humboldt	46.6	47.2	51.4
Long Beach	52.5	57.4	58.6
Los Angeles	48.8	53.0	50.6
Northridge	42.1	44.0	48.5
Pomona	54.0	56.7	54.9
Sacramento	60.0	60.9	61.8
San Bernardino	34.7	38.7	40.4
San Diego	52.0	57.2	54.3
San Francisco	64.4	64.3	61.3
San Jose	63.4	59.2	62.2
San Luis Obispo	54.1	55.2	53.3
Sonoma	41.0	50.5	59.3
Stanislaus	48.6	50.8	59.6
CSUC Total	<u>53.8%</u>	<u>54.5%</u>	<u>55.4%</u>

^a 1971-72 data did not include summer quarter.

The 1975-76 Trustee's Budget requested \$954,222 for the promotion of 1,184 faculty. The basis for the trustee's request for faculty promotion funds is a campus by campus analysis of a number of key variables, including the number of faculty at each step and past promotion trends as well as any special factor unique to individual campuses.

Table 15 shows the 1975-76 request and the actual cost for each of the three previous years. In each of the past three years the Department of Finance has provided the full amount of faculty promotion funds requested by the trustees. This year, however, although the estimated cost is only 2.6 percent higher than the actual cost in 1974-75, the Department of Finance reduced the request by 74 percent (the 1975-76 Budget provides \$250,000). No explanation for the reduction is contained in the budget.

Table 15
First Year Cost of Faculty Promotion

<i>Year</i>	<i>Cost</i>
1972-73	\$877,626
1973-74	829,902
1974-75	930,042
1975-76	954,222 ^a

^a Trustee's estimate.

We feel the \$250,000 contained in the 1975-76 Budget for faculty promotions substantially understates the actual needs of the CSUC system. The only available comparative information we have suggests that the length of time spent in each of the four ranks by CSUC faculty is comparable to their UC counterparts. The Department of Finance provided the full

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

amount of faculty promotion money requested by the UC system.

The only portion of the faculty promotion request we cannot support is the 55 positions to be allocated by the Chancellor's office "on the basis of special justification." Budgets must be predicated on the best available estimates, campus by campus, of the resources required. If the budgeted request was carefully developed it should be sufficient to meet the needs of the 19 campuses. We recommend augmentation of \$659,147 for faculty promotion.

Technical Adjustment to Budget Item 346 (Innovative Projects)

We recommend that \$289,751 be transferred from Budget Item 346 (innovative projects) to Budget Item 345 (support).

The 1975-76 Budget proposes continued state support for the "Innovative and Improvement Program for Instruction" begun in 1972-73. In keeping with past practice, innovative funds are contained in a separate budget item. However, because of an oversight, Budget Item 346 (innovative projects) contains some funds which should be in Budget Item 345 (support). Consequently, we recommend that \$289,751 be transferred from Budget Item 346 (innovative projects) to Budget Item 345 (support). This transfer will reduce Budget Item 346 (innovative projects) from its current level of \$1,401,248 to the \$1,111,497 requested by the trustees. Conversely, Budget Item 345 (support) will increase from \$496,731,499 to \$497,021,250.

1975-76 Budget For Innovative Projects

After technical adjustment, the 1975-76 Budget will provide \$1,111,497 for innovative projects, a reduction of \$289,751 from the 1974-75 budgeted level. These funds will be apportioned to subprograms as follows:

1. Program for Implementation of Proved Innovations	\$732,500	
a. Multi-campus and system projects and programs		(\$525,000)
b. Campus-based mini-grant programs		(207,500)
2. Identification of New Areas for Innovation	128,997	
3. Evaluation, dissemination of project results	100,000	
4. Credit by Examination	150,000	
Total	\$1,111,497	

Table 16 identifies the 1974-75 funded proposals.

Transfer of Positions

We recommend that \$174,429 be shifted from Budget Item 345 (support) to Budget Item 346 (innovative projects).

In the 1975-76 Budget six positions related to the administration of the innovative projects program have been transferred from Budget Item 346 (innovative projects) to the Chancellor's office, which is part of Budget Item 345 (support). We oppose this move. These six positions were created to assist in the administration of the innovative projects program and the Chancellor's office has acknowledged that all six positions "continue to be needed for their previous function of innovation and they will

be used to carry out this function." We recommend that the \$174,429 required to fund these six positions in 1975-76 be transferred from Budget Item 345 (support) to Budget Item 346 (innovative projects).

Table 16
INNOVATIVE PROJECT GRANTS
1974-75

<i>CAMPUS</i>	<i>PROJECT</i>	<i>AMOUNT</i>	<i>TOTAL AMOUNT</i>
Bakersfield	1. Academic Advising Models For Innovative Instruction.....	\$7,419	
	2. Innovations in Introductory Psychology to Facilitate Integration into Self-Paced Courses	10,550	
	Total Bakersfield.....		\$17,969
Chico	1. Development of Faculty Cadres For In-Service Training	33,808	
	2. Evaluation of Progress Toward University Goals	23,984	
	3. Interdisciplinary Graphics Computer Language.....	4,714	
	Total Chico.....		62,506
Dominguez Hills	1. Interdisciplinary Simulations and Games for Social Science.....	18,865	18,865
Fresno	1. Programmed Self Instruction to Prepare Students for Classroom, Laboratory Work in Immunology and Virology	11,840	
	2. Development of a Self-Guided Geography Field Study of the Southern Mother Lode Country	10,826	
	3. Project I.D.E.A. (Identification, Development, Evaluation, and Assignment—for Entering Students)	6,173	
	4. Project Stop-Out—Student Re-Entry Program	11,729	
	Total Fresno.....		40,568
Fullerton	1. University Center for Internships and Cooperative Education	24,508	
	2. A Bi-Cultural Approach to Communication Skills	10,952	
	Total Fullerton		35,460
Hayward	1. Student Peer/Video Instruction for Development of Skills in Acting and Pantomime Courses	14,009	14,009
Humboldt	1. Modularized General Education Sequence in Science	11,192	11,192
Long Beach	1. Career and Personal Explorations Course	14,592	
	2. Experiential Instructional Mode: History	36,589	
	Total Long Beach.....		51,181
Pomona	1. Computer-Augmented Learning and Illustrating Facility (C.A.L.I.F.)	27,365	27,365
Sacramento	1. Individualized Learning Within A Block Course For The Major	23,973	23,973
San Diego	1. An Instructional Development Program for University Professors	40,500	
	2. Modularizing and Individualizing Pre-Calculus Mathematics.....	31,691	
	Total San Diego		72,191
San Francisco	1. Major Assessment Profile—Political Science	26,703	26,703

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San Luis Obispo	1. Individualized Large-Group Instruction II: Diagnosis/Prescription—Chemistry	19,651	
	2. Teaching Mastery of Engineering Mechanics	1,000	
	Total San Luis Obispo		20,651
Sonoma	1. Introductory American Government: An Auto-Tutorial Self-Paced Approach to Political Science	19,801	19,801
Stanislaus	1. Teaching and Research Roles in Undergraduate Education—Psychology	13,004	13,004
Systemwide and Inter-Campus	1. An Interdisciplinary Modularized Program for Non-Science Majors (3 Campuses)	68,411	
	2. Assessment of Standardized Examinations in Business Administration (5 Campuses)	7,772	
	3. Competency Programming in Special Education—Distribution of Video Tapes (System)	29,017	
	4. Development of Comprehensive Examinations—Chemistry and Accounting (System)	73,623	
	5. Earth Science Curriculum Development Consortium (3 Campuses)	64,044	
	6. Individualized Instruction in Freshmen English (6 Campuses)	88,852	
	7. Modularized Instruction/Learning in Nursing Within the CSUC System (12 Campuses)	85,709	
	8. Development of Computerized Test Item Data Banks (System)	50,172	
	9. Faculty Development (System)	88,056	
	Total Systemwide and Inter-Campus		\$555,656
	Total		\$1,011,094
Dissemination of Project Materials and Findings (Above Projects Also Have Dissemination Components)			
San Jose—Art	3,210		
Northridge—Geology	2,000		
Systemwide and Campus Workshops, Publications, Reports..	25,000		
Campus Mini-Grant Program			
\$7,500-\$15,000 Grants to Campuses on Size Basis. 115 Awards Made to December 1974	207,500		
Program Administration and Evaluation	161,338		
Total Allocations to December 1974			\$1,410,142
Pending Allocations and Reserve			(64,912)
Total Available Including Salary Increase Funds and Staff Benefits			\$1,475,054

International Program

We recommend a General Fund augmentation of \$778,007 to continue state support for the International program.

The 1975-76 Budget eliminates all General Fund support for the CSUC International program while continuing to provide General Fund support to the UC Education Abroad program. No explanation for this action was

given. The budget, however, substantially overstates the resulting General Fund savings. All students enrolled in the International program are matriculating students on one of the 19 CSUC campuses. During their year abroad International program students are not counted as FTE students on their regular campus and consequently they generate minimal General Fund expense on that campus. They are counted as FTE students in the International program only. If the International program is eliminated, students who would have participated will enroll in courses on regular CSUC campuses. As a result, FTE students on the 19 campuses will increase by approximately the FTE student decrease in the International program. For this reason the Chancellor's office estimates that the \$630,866 General Fund reduction resulting from elimination of the International program would be partially offset by a \$390,000 General Fund increase resulting from higher campus enrollments. As a result of contractual agreements with participating institutions, an additional expense of \$71,000 for termination payments would be incurred. The net General Fund savings would be approximately \$170,000, rather than the estimated \$630,866.

The International program, since its inception in 1963, has provided qualified CSUC students with an opportunity to study for a year abroad. Students enrolled in the program have been able to pursue their academic interests in an institution of higher education in one of a number of foreign countries, while simultaneously earning CSUC credit for their course work. As a result, they make the same progress towards graduation as regular CSUC students. Table 17 lists the participating countries and estimated enrollments in 1974-75 and 1975-76.

Table 17
International Program
Individual Student Enrollment

	1974-75	1975-76
Denmark	12	12
France.....	50	50
Germany.....	30	35
Israel	—	10
Italy	60	60
Japan	10	10
Mexico.....	10	15
New Zealand.....	—	35
Republic of China	15	15
Spain—Granada	10	10
Madrid	30	30
Sweden	43	48
United Kingdom.....	30	30
Totals.....	300	360
PROJECTED FTE.....	325	385

We feel this is a sound program deserving of continued General Fund support. Applicants are carefully screened to insure that enrollees are mature students who will benefit academically from a year of study abroad. As Table 18 indicates, International program students take an average academic load per semester which is substantially higher than the CSUC average.

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Table 18
Comparison of Average Semester Units

	<i>Average Semester Units</i>	
	<i>International Program</i>	<i>CSUC</i>
<i>1971-72</i>		
Upper division students	15.2	12.7
Graduate students	11.9	8.1
<i>1972-73</i>		
Upper division students	15.8	12.5
Graduate students	11.7	7.9

According to the Chancellor's office, the per student cost of the International program is actually below the average CSUC systemwide cost per student. Table 19 indicates that in 1974-75 the International program is estimated to cost \$99 less per student than the systemwide average. The estimated cost of the International program is actually \$50 less per student in 1974-75 than in 1973-74. By contrast, the UC system receives the same amount of state support for its Education Abroad students as it does for its regular students.

Table 19
**Comparison of International Program and CSUC Systemwide
 Cost per FTE Student**

	<i>1972-73</i>	<i>1973-74</i>	<i>1974-75^a</i>
International Program	\$1,644	\$1,904	\$1,854
CSUC	1,652	1,911	1,953

^a Estimated

One reason costs in the International program are held down is that the General Fund pays only the costs of administration and instruction. The student pays all regular fees, including the Materials and Service Fee, as well as all costs of travel, room and board. While the student costs can be substantial, sufficient financial aid has been available to enable any academically qualified student to participate. In 1973-74, 47.7 percent of the enrolled students received financial aid and the projection for 1974-75 is 49 percent. The Chancellor's office estimates that in 1974-75 the average total cost per student in the International program is 20 percent less than the comparable cost for a regular CSUC student residing in a dormitory. We recommend that state support for the International program be continued and the 1975-76 Budget be augmented by the \$778,007 in General Fund support requested by the trustees. The \$778,007 includes restoration of the \$630,866 eliminated by the Department of Finance, plus \$147,141 for enrollment related workload increases.

San Diego Educational Television (ETV)

We recommend that the Chancellor's office develop formulas for funding the academic needs of the Department of Telecommunications and Film and Instructional Television and report to the Joint Legislative Budget Committee by November 1, 1975.

San Diego is the only CSUC campus licensed to operate an educational

television station. Although a major portion of the programming is devoted to public service, ETV has received General Fund support since its inception in 1966 because it plays an integral role in both the instructional program and the academic support program. The curriculum in the Department of Telecommunication and Film relies heavily on ETV to afford students a professional setting in which to learn realistically the requirements of a rapidly developing industry. Instructional Television (ITV) has the potential to increase the effectiveness of classroom education substantially, and the ITV staff at the San Diego campus make extensive use of ETV facilities and personnel.

In 1971-72 and subsequent budget years state General Fund support was reduced by \$100,000. The rationale was that since the local community as well as the University benefitted, \$100,000 in additional local support could be found. According to a 1973 Department of Finance audit report only a portion of the \$100,000 was raised in the 1971-72 budget year and "... the instructional function had to bear a portion of the reduction in services that resulted from the budget act."

The 1975-76 Budget has augmented the San Diego ETV budget by \$100,000 as requested in the trustee's budget. Based on the information we have received, we feel this augmentation is justified by the instructional and academic support benefits resulting from the ETV program. Nonetheless, we recommend that the Chancellor's office develop formulas for funding the academic needs of the Department of Telecommunications and Film and Instructional Television and report these formulas to the Joint Legislative Budget Committee in time for implementation in the 1976-77 Budget. Currently, the allocation of expenditures between instruction, ITV and public service is highly subjective because all 3 activities are interrelated. The result, as the 1973 Department of Finance audit report points out, is "... that any estimated allocations ... made by the campus would be highly suspect, because of the obvious desire to maximize state support." Good budgeting requires these formulas if we are to insure that the general public continues to pay for those activities which benefit the whole community.

Teacher Credentialing Programs

We recommend that increased state support for practice teaching be deleted for a General Fund savings of \$344,978.

In order to teach in California public elementary and secondary schools a person must have a California teaching credential acquired after a course of study at an accredited University or college, or by passing exemption examinations. Until recently, the Fisher Act, as administered by the State Department of Education, determined the requirements for a teaching credential. However, the Fisher Act has now been supplanted by the Ryan Act, and, as of September 15, 1974, requirements for a teaching credential are determined by the new Commission on Teacher Preparation and Licensing which was created by the Ryan Act.

The Ryan Act, as interpreted by the Commission on Teacher Preparation and Licensing, has significantly altered the requirements for a teaching credential. As a result, the CSUC system, which has a teacher

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credentialing program on each of its 19 campuses, estimates that its program costs will rise substantially. The Chancellor's office reports that one of the primary reasons for the cost increase is the greater emphasis on student practice teaching mandated by the commission. To finance the increased enrollments in practice teaching courses, the trustees have requested \$344,978 to provide:

- (1) Additional coordinators to supervise the student teachers,
- (2) Clerical support for the additional coordinators, and
- (3) Funds to pay local school districts for the services of master teachers in the local schools.

The 1975-76 Budget provides the entire \$344,978 requested.

First, we want to point out that although the UC system also has teacher credentialing programs, it has not requested any added state support to fulfill the requirements of the Ryan Act. Apparently, they are able to comply from within existing resources. We question why the CSUC system cannot do likewise.

Our main concern, however, revolves around the wisdom of providing any additional General Fund support into CSUC, or any other, teacher credentialing programs. As Table 20 indicates, in each year since 1969, the number of teaching credentials granted by the CSUC system has increased. Yet, as Table 21 shows, elementary and secondary school enrollment peaked in 1970-71 and is expected to decline each year through at least 1980-81. In a study issued by our office in 1974 we pointed out that public and private teacher training institutions are graduating approximately 20,000 teachers each year into a job market that now exhibits a turnover rate of less than 10,000 teaching positions." The actual gap between supply and demand is even greater because this supply figure did not include California teachers returning to the profession after an absence nor did it include the number of teachers who migrate to California from other states. In 1973-74 approximately 60 percent of the teaching credentials granted in California were issued by the CSUC system.

We do not think it is sound budget policy to increase state support for the training of teachers who will be unable to find employment in the profession. While the Chancellor's office is requesting \$344,978 for teacher training, it also estimates that to implement fully the intent of the Ryan Act will require that teacher education support be augmented by \$6 million annually. This year alone the trustees have requested a program change proposal in excess of \$1.8 million, in addition to the \$344,978.

Table 20
Elementary and Secondary Credential Candidates Graduated
from Public Teacher Training Institutes

	1969-70	1970-71	1971-72	1972-73	1973-74
University of California	2,023	2,171	1,673	1,602	1,568
California State University and Colleges.....	6,913	7,813	8,072	8,817	10,459
TOTAL.....	8,936	9,984	9,745	10,419	12,027

Table 21
Public School Enrollments
(in thousands)

<i>School Year</i>	<i>Grade Level</i>		<i>Total</i>	<i>Change</i>	
	<i>K-8</i>	<i>9-12</i>		<i>Amount</i>	<i>Percent</i>
1965-66.....	3,010	1,110	4,121		
1966-67.....	3,087	1,147	4,235	113	2.8%
1967-68.....	3,145	1,184	4,330	95	2.2
1968-69.....	3,186	1,225	4,412	81	1.9
1969-70.....	3,178	1,262	4,440	28	.6
1970-71.....	3,168	1,288	4,457	16	.3
1971-72.....	3,107	1,316	4,424	-33	-.7
1972-73.....	3,055	1,320	4,376	-47	-1.1
1973-74.....	3,000	1,328	4,329	-47	-1.1
1974-75 est.....	2,967	1,342	4,310	-19	-.4
1975-76 est.....	2,931	1,353	4,284	-25	-.6
1976-77 est.....	2,868	1,360	4,228	-55	-1.3
1977-78 est.....	2,792	1,355	4,147	-81	-1.9
1978-79 est.....	2,716	1,338	4,055	-92	-2.2
1979-80 est.....	2,680	1,300	3,980	-75	-1.8
1980-81 est.....	2,681	1,248	3,930	-50	-1.2

In view of the large oversupply of teachers, we recommend that the \$344,978 for practice teaching be deleted from the budget. We propose that any required increase in state support for teacher credentialing programs be accommodated within existing resources. If the cost per teacher credential candidate increases as a result of the Ryan Act, we recommend that enrollments be reduced to the level of funds available. In 1971-72, the Legislature set a precedent for this action when it approved a reduction in CSUC teacher education enrollments proposed by the Governor.

External Degree Program

In the fall of 1973 the Consortium of the California State University and Colleges was established to develop statewide external degree programs. Prior to the formation of the consortium, a few campuses offered an external degree program, but no systemwide effort to harness the collective resources of all 19 campuses had been attempted. The individual campus programs were entirely self-supporting. No state General Funds were provided.

In 1973-74, when the Legislature provided state support for the UC Extended University Pilot Program, the CSUC system received \$123,000 to initiate the consortium. A portion of the money was for the development of statewide external degree programs and the remainder was for student fee waivers. In 1974-75 state support was increased to \$299,000.

The 1975-76 Budget has eliminated all state support for the consortium. We support this action. The external degree program was intended to be a self-support program, similar to the larger continuing education program. It was recognized, however, that developmental costs would be incurred before any student enrollment could be generated and state support was provided to cover this expense. But we believe two years is sufficient developmental time. This is borne out by the fact that after only one year of state support at least six different external degree programs are operational on a self-support basis. These include Bachelor's degrees

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in Business, Administration, Liberal Arts and Humanities and Master's degrees in Vocational Education, Public Administration and Humanities. If additional external degree programs are to be developed, they should be supported by the Innovative Projects program, which was specifically funded to promote such novel programs.

II. ORGANIZED RESEARCH

The CSUC faculty is authorized to perform research activities consistent with the primary instructional function. The research is funded by many groups including business and industry and federal and state agencies. The entire organized research program is funded by reimbursements. No General Fund support is provided. Table 22 shows the estimated expenditures for 1975-76. It should be noted that the organized research program contains only those projects awarded directly to individual campuses. Projects awarded to foundations are not included.

Table 22
Organized Research Expenditures
1973-74 to 1975-76

	<i>Actual</i>	<i>Estimated</i>	<i>Proposed</i>	<i>Change</i>	
	<i>1973-74</i>	<i>1974-75</i>	<i>1975-76</i>	<i>Amount</i>	<i>Percent</i>
Expenditures	\$52,990	\$278,876	\$142,922	\$-135,954	-48.8
Man-Years	3.4	18.7	9.7	-9.0	-48.1
Funding:					
<i>General Fund.....</i>	—	—	—	—	—
<i>Reimbursements</i>	<i>\$52,990</i>	<i>\$278,876</i>	<i>\$142,922</i>	<i>\$-135,954</i>	<i>-48.8</i>

III. PUBLIC SERVICE

The public service program contains all program elements directed toward the benefit of groups or individuals who are not formally associated with the CSUC system. This program consists primarily of two major types of services—continuing education and general public service.

Continuing education includes those activities established to provide an educational service to members of the community. Examples would be mini-courses in a variety of general interest subjects and professional growth classes such as those offered for classroom teachers. Supplemental and remedial instruction provided for matriculating students is excluded from continuing instruction, even though it is not part of the degree curriculum.

General public service involves making available to the community various resources which exist within the University and colleges. Examples would be conferences and institutes on subjects such as urban and international affairs, general advisory services and reference bureaus, and the San Diego Educational television. Oftentimes, individual events enhance the public service program although they are integral parts of the instructional program. A convocation which is open to the general public would be an example.

No General Fund support is provided to the public service program. Table 23 shows the estimated expenditures for 1975-76.

Table 23
Public Service Expenditures
1973-74 to 1975-76

	<i>Actual</i> <i>1973-74</i>	<i>Estimated</i> <i>1974-75</i>	<i>Proposed</i> <i>1975-76</i>	<i>Change</i>	
				<i>Amount</i>	<i>Percent</i>
Expenditures	\$33,628,968	\$30,973,444	\$31,893,809	\$920,365	3.0%
Man-Years	531.4	445.9	556.7	110.8	24.9%
Funding:					
General Fund.....	\$-149,057	\$-100,000	-	\$-100,000	-100.0%
Reimbursements	\$6,448,938	\$5,973,444	\$6,793,809	\$820,365	13.7%
Foundation-Federal	\$18,970,222	\$18,200,000	\$18,200,000	0.0	0.0%
Foundation-Other.....	\$8,358,865	\$6,900,000	\$6,900,000	0.0	0.0%

IV. ACADEMIC SUPPORT

The Academic Support Program is composed of those functions which directly aid and support the primary program of instruction. The budget identifies five subprograms for academic support (a) libraries, (b) audio-visual services and television services, (c) computing support, (d) ancillary support, and (e) academic administration and personnel development. Expenditures for the academic support program are shown in Table 24.

A. Libraries

The library function includes such operations as the acquisition and processing of books, pamphlets, periodicals and documents, the maintenance of the catalog and indexing systems, the distribution of reference services to students and faculty and the administration of these activities. The CSUC system maintains 19 libraries, one on each campus.

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Table 24
Academic Support Program Expenditures
1973-74 to 1975-76

<i>Academic Support</i>	<i>Personnel</i>			<i>Expenditures</i>			<i>Change</i>	
	<i>1973-74</i>	<i>1974-75</i>	<i>1975-76</i>	<i>1973-74</i>	<i>1974-75</i>	<i>1975-76</i>	<i>Amount</i>	<i>Percent</i>
Program Elements								
A. Libraries	1,666.4	1,710.8	1,750.3	27,248,971	30,778,991	32,611,159	1,832,168	6.0
B. Audio Visual & Television Services	388.2	390.8	405.9	5,916,418	6,332,943	6,815,678	482,735	7.6
C. Computing Support	228.7	226.4	252.3	4,893,623	5,851,860	6,477,106	625,246	10.7
D. Ancillary Support	128.3	159.2	161.2	3,643,356	4,237,329	4,380,940	143,611	3.4
E. Academic Administration and personnel development.....	212.6	338.0	353.5	8,843,220	9,750,160	10,082,120	331,960	3.4
Total Program Costs	2,624.2	2,825.2	2,923.2	50,545,588	56,951,283	60,367,003	3,415,720	6.0
General Fund.....	2,614.1	2,816.8	2,915.4	47,935,541	54,157,639	57,545,094	3,387,455	6.2
Reimbursements	—	—	—	817,398	902,486	929,147	26,661	3.0
Continuing Education Revenue Fund	10.1	8.4	7.8	86,078	95,158	96,762	1,604	1.7
Auxiliary Organizations.....	—	—	—	1,706,571	1,796,000	1,796,000	—	—

Volume Acquisition

We recommend that the number of library volumes acquired by the California State University and Colleges system be reduced to 413,000 annually for a General Fund savings of \$2,308,542.

In 1972-73 the Legislature approved a modified CSUC library development plan enabling the system to achieve a goal of 40 volumes per FTE student by 1985. To reach this goal it was estimated that the CSUC system should acquire 500,000 volumes annually. This estimate was based on a projected CSUC enrollment of 321,300 FTE students in 1980-81. This projection, however, has been substantially reduced. The Office of Institutional Research now estimates 247,100 FTE students in 1980-81 and 249,400 in 1983-84, and even these figures may be further revised downward. If the annual acquisition rate remains unchanged the CSUC system will possess over 53 volumes per FTE student in 1985. This is 33 percent more volumes than authorized by the Legislature.

In light of the revised enrollment projection, it is now possible for the CSUC system to reach its goal of 40 volumes per FTE student sooner than 1985, while at the same time reducing the annual acquisition rate. Consequently, we recommend that the CSUC system be authorized to reach its goal of 40 volumes per FTE student in 1979-80, six years sooner than originally planned. This accelerated program would require an acquisition rate of 413,000 volumes annually, a reduction of 87,000 volumes from the currently budgeted level of 500,000. The reduction would result in a General Fund savings of \$2,308,542 in 1975-76. Table 25 shows the current systemwide holdings by campus.

We should mention that one goal of the CSUC library development plan is much greater cooperation among the 19 campuses libraries. Two of the major thrusts towards greater cooperation are (1) elimination of multicampus purchase of little used volumes and (2) increased utilization of intercampus borrowing privileges. As these practices are operationalized and the CSUC library program becomes more efficient, the volume acquisition needs of individual campuses should be reduced and further reductions in annual acquisition may be possible.

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Table 25
California State University and Colleges Library Holdings

<i>Campus</i>	<i>Holdings as of 6/30/74</i>	<i>1974-75 Budgeted Acquisitions</i>	<i>Total Holdings as of 6/30/75</i>	<i>Estimated FTE Enrollments 1974/75</i>	<i>Holdings per FTE</i>
San Diego	656,000	37,569	693,569	22,500	30.8
Long Beach	600,515	38,926	639,441	21,400	29.9
San Jose	649,312	33,255	682,567	20,600	33.1
Los Angeles	603,026	33,284	636,310	18,570	34.3
Northridge	557,003	41,569	598,572	18,400	32.5
San Francisco	508,106	26,055	534,161	16,000	33.4
Sacramento	484,782	36,212	520,994	15,700	33.2
San Luis Obispo	387,679	27,427	415,106	14,100	29.4
Fullerton	377,305	28,784	406,089	14,000	29.0
Fresno	472,430	33,569	505,999	13,500	37.5
Chico	402,847	30,069	432,916	11,800	36.7
Pomona	266,758	22,356	289,114	10,330	28.0
Hayward	429,677	28,212	457,889	9,620	47.6
Humboldt	197,337	14,927	212,264	6,600	32.2
Sonoma	202,831	20,213	223,044	5,150	43.3
Dominquez Hills	136,483	12,785	149,268	4,400	33.9
Bakersfield	87,311	10,142	97,453	2,900	33.6
San Bernardino	168,966	12,499	181,465	2,800	64.8
Stanislaus	135,221	12,113	147,334	2,600	56.7
Total	7,323,589	499,966	7,823,555	230,970	33.9
Budgeted 1975/76	—	—	505,000	—	—

Bakersfield Library

We recommend that the supplemental support for the Bakersfield Library be deleted for a General Fund savings of \$142,950.

The 1975-76 Budget provides funds for the purchase of 500,000 library volumes. In addition to this allocation for the entire CSUC system, this budget provides the Bakersfield campus with a special appropriation of \$142,950 for the purchase and processing of 5,000 volumes. The trustees had requested 10,000 volumes, claiming that the Bakersfield library was reaching a crucial stage of its development. We agree with the trustees that the Bakersfield campus is in need of "... an expansion of holdings (volumes) beyond traditional patterns". However, we feel that the acquisition needs of the Bakersfield Library can be accommodated from within the 413,000 volumes recommended for the entire system. The Chancellor's office has complete discretion over the allocation of volumes among the 19 campuses. This authority was entrusted to the Chancellor's office precisely because it was felt the office was in the best position to evaluate the special academic needs of each campus. Therefore, the Chancellor's office must weigh the individual campus requests and distribute the systemwide allocation accordingly.

Library Automation

We withhold recommendation on the \$1,254,197 in new funds requested for library automation until the Chancellor's office has prepared a report on the current status of the Library Development Project for presentation to the fiscal committees during budget hearings.

The CSUC system is proceeding with a library improvement plan recommended by the Department of Finance. The plan, entitled the Library Development Project, seeks to improve library utilization through interlibrary cooperation and automation. A total of \$1,254,197 in new funds is provided in the Governor's Budget.

The project has experienced considerable difficulty coordinating the activities of the requisite staffs (academic planning, library development and information systems) and in procuring suitable campus library transactors which are essential to the process of automating the libraries.

Although we support the concept of an automated library system which features interlibrary cooperation, we recommend that the Chancellor's office prepare a report on the status of the project for presentation to the fiscal committees at budget hearings. This report should include all anticipated benefits of the project, as well as new and realistic budget projections and time schedules. With this updated information, we will then be in a position to make recommendations on the new funds.

Transactors

We recommend that the Chancellor's office submit a report to the Legislature by November 15, 1976 which details the savings associated with the installation of library transactors on each campus. This report should contain estimates of the (a) adjustments required in the library clerical staffing formula due to the increased labor productivity and (b) yearly savings which will accrue from the reduced book loss rate.

One phase of the Library Development Project recommended by the Department of Finance calls for the automation of routine library functions such as the logging in and out of books and the placing of holds. To implement this first phase, a mini-computer, called a "transactor", is scheduled for installation on each campus. The first transactor is due to be installed in the spring of 1976 on the Sacramento campus. Three more campuses are scheduled to receive transactors in 1977. The CSUC library plan states that these transactors offer "a potential labor savings of approximately 50 percent for the circulation clerical functions." Table 26 shows the Chancellor's office estimate of the potential staff savings on selected campuses. Because one of the major justifications for the transactors is that they would reduce the required clerical support, we recommend that the Chancellor's office submit a report to the Legislature by November 15, 1976 which details how much the formula for library clerical staff should be adjusted downward to reflect the increased labor productivity.

In addition to the labor savings, the CSUC library plan states that transactors will significantly reduce the annual loss of books which was "... over 0.3% ... in at least one of the CSUC libraries ...". The library plan estimates that "... even reducing the documented annual book loss rate by half for a library with 500,000 volumes would mean an annual direct

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dollar savings in excess of \$10,000 not including labor for file correction, cataloging, ordering, processing, etc." Consequently, we recommend that the report to the Legislature include an estimate of the systemwide yearly savings which will accrue from the reduced book loss rate.

Table 26
Selected Libraries-Staff Savings

<i>Library</i>	<i>Current Staff</i>	<i>Staff with Transactor</i>	<i>Staff Savings</i>
Chico.....	5.0	3	2.0
Fresno.....	8.5	4	4.5
Fullerton	5.0	3	2.0
Hayward	5.5	3	2.5
Long Beach.....	13.0	6	7.0
Los Angeles.....	8.0	4	4.0
Sacramento	7.5	4	3.5
San Diego	10.0	5	5.0
San Jose	9.0	5	4.0
San Luis Obispo.....	7.5	4	3.5
Total	79.0	41	38.0

Computing Support

The CSUC Distributed Computing Network has been developed to support the instructional and administrative computing requirements of all 19 campuses and the Chancellor's office. In our 1974-75 Analysis we discussed in considerable detail all elements of this program, described the evolution of the current network and presented plans for upgrading existing computer equipment to improve the level of service.

The Governor's Budget provides approximately \$568,052 in new funds to (1) support 13 additional positions for allocation to selected campus computing centers which are below minimum staffing levels, (2) permit the installation of additional equipment to enhance the existing data processing capability of certain campus computers and (3) provide for dual processing during the period when the existing (and obsolete) central time-sharing computers are replaced with more modern equipment. This allocation of new funds is considerably less than the approximately \$3 million requested by the trustees for computing equipment and operating expenses.

The Distributed Computing Network

The existing distributed computing network can best be described as a hierarchy of small to medium sized computer systems which are interconnected via leased telephone lines to permit both instructional and administrative computing. Terminals on each campus, linked to the central time-sharing facility located on the Northridge campus, provide for instructional computing. A state university data center, located at the Chancellor's office, and smaller campus computers provide for administrative computing. The network approach was developed as an alternative to each campus acquiring large computers and running these machines independent of the rest of the system. Acquisition of computers has been on

a competitive basis and quality discounts were provided by the successful vendors because of multi-campus procurements.

Coordination and Control

The Division of Information Systems within the Chancellor's office is responsible for all computing operations. This centralized coordination and control is essential if computer operations are to be cost-effective. We noted in the 1974-75 Analysis that the CSUC system had the lowest per student cost for computing (\$17 per student) among 15 comparable institutions surveyed. Costs in these institutions ranged from \$21 to \$107 per student.

Improved Time Sharing A Necessity

There is a documented need to improve the time-sharing capability within the CSUC system. Last year, we supported the addition of \$650,000 to the computing budget to permit the installation of minicomputers on each campus. These small and relatively inexpensive (but powerful) systems, which permit the simultaneous access of up to 32 students, are a major technological breakthrough. The campus time-sharing systems will be used primarily in lower division courses where students are gaining a basic exposure to programming.

The 1975-76 Budget states that funds are available to continue the installation of minicomputers during the 1975-76 fiscal year. Although the budget does not identify the amount provided, we understand that \$94,000 more than the \$650,000 provided in the current year (and continued in the budget year) is required to fully implement this program as planned.

The Governor's Budget also contains \$130,836 in new funds to permit the CSUC system to replace its existing central time-sharing system with improved equipment. As stated in the feasibility study prepared to justify this upgrade, the existing central time-sharing system is inflexible, inadequate, saturated, unreliable and has a relatively high cost per user as compared to modern time-sharing systems. In terms of capability, the new system will support 134 terminals (with a growth potential to 192 terminals) for student use systemwide as opposed to the current system which supports 104 terminals.

Inadequate Support for Equipment

We recommend that the budget be augmented by \$506,280 to provide communication support and computing equipment essential to the instructional program.

The 1975-76 Governor's Budget has not provided sufficient funds for communications and computing equipment to support the instruction program. The central time-sharing system is serviced by a communications network of telephone lines provided by the Department of General Services. The budget has provided \$184,000 less than the amount allocated in 1974-75 to pay for this service in 1975-76. We also find that the \$130,836 budgeted to replace the existing central time-sharing system is \$122,000 less than required to replace the existing equipment and permit a period of parallel processing during which the obsolete equipment must be phased out of operation.

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Similarly, no funds are provided for the acquisition of student terminals which are to be connected to the local campus time-sharing systems authorized by the Legislature last year. These systems will have the ability to support 416 terminals located throughout the 19 campus system. Without funds for terminal acquisition, student access to the local campus systems will be sharply curtailed.

We therefore recommend that the budget be increased \$184,000 for communication services, \$130,836 for new central time-sharing equipment and \$200,000 for student computer terminals for a total augmentation of \$506,280.

Insufficient Technical Personnel

We recommend an augmentation of \$163,679 to permit the addition of 19 specified technical personnel to the computer support program.

The trustees placed a high priority on improved computing support by requesting a total of 124 new positions for allocation to the campuses, the state University Data Center, the central time-sharing facility and the Division of Information Systems. We have examined the documentation which supports the request and have determined that 19 positions in addition to the 13 positions authorized in the Governor's Budget are necessary to meet minimum staffing requirements.

The 13 new positions authorized in the 1975-76 Budget include computer operators, clerical assistants and one programmer. We recommend that the following additional personnel be authorized:

1. One programmer II (\$14,136)—this position is required to provide technical support to users of the central time-sharing facility.
2. One programmer III (\$17,184)—this position is essential to maintain standardization in the development and utilization of computer operating systems software.
3. Three equipment technicians (\$35,568)—the cost-effective maintenance of computer terminals throughout the 19 campus system has become a serious problem. The Chancellor's office has proposed that technicians be located on each campus to provide maintenance and assist in the diagnosis of problems associated with the communications network. We recommend the addition of three positions on a trail basis to pilot-test the concept of on-site state equipment technicians.
4. Seven data control clerks (\$58,291)—these positions are to improve the reliability of the administrative reports processed on computers.
5. Seven laboratory assistants (\$38,500)—these positions, to be filled by upper division and graduate students, are necessary to monitor and facilitate the use of computer terminals by students.

The total required to support the recommended personnel is \$163,679, exclusive of staff benefits.

Formula For Computing Support

We recommend that the Chancellor's office in conjunction with the Department of Finance examine the feasibility of developing formulas to provide a basis for both equipment allocations and staffing levels. A report should be submitted to the Joint Legislative Budget Committee by November 15, 1975.

Since 1968, the administration and the Legislature have supported the trustees' goal of providing the CSUC system with essential computer services. In view of the progress made and the substantial funding now allocated to computing, we believe that the time has come to establish a series of formulas to be applied in the development of budgets for computing (a) equipment and (b) personnel.

We therefore recommend that the Division of Information Systems, in conjunction with staff from the Department of Finance, examine the feasibility of developing formulas to provide a basis for both equipment allocations and staffing levels. In this connection, research should be done as to whether other comparable institutions in the United States have developed such an approach. The application of existing formulas to the area of computing support should also be examined.

Chico Farm Operations

Four CSUC campuses, Fresno, Pomona, San Luis Obispo and Chico have extensive agricultural programs. One component of the agricultural curriculum on all four campuses is the student project which allows individual students to actually raise farm products. The funds required to raise the farm products are advanced to the student by a campus foundation. No General Fund support is provided on any campus. If the farm product is sold for a profit, the student receives a share and the remainder is returned to the foundation's account. Funds in this account are then used (a) for the support of additional student projects, (b) to repair and replace equipment utilized by student projects, and (c) to cover losses in instances where the farm product must be sold for less than cost.

Currently, all profits from the sale of farm products on the Chico campus are remitted to the General Fund rather than returned to the campus foundation. The 1975-76 Budget proposes that the Chico foundation be allowed to recycle its profits in the same manner as the other three campus foundations. The net General Fund impact is estimated to be an \$80,000 reduction in reimbursements. We support this proposal.

V. STUDENT SERVICES SUPPORT PROGRAM

The Student Services Support program is funded partially from revenues generated by the Student Services Fee (formally titled the Material and Services Fee). Additional dollar support is furnished by reimbursements, auxiliary organizations, and the General Fund. Several elements of the program are tied to special funds and are wholly supported by revenues produced by those funds. Program services include: social and cultural development, supplementary educational services, counseling and career guidance, financial aid and student support.

Table 27 displays the expenditures for support of the Student Services Support program.

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

Table 27
Student Services Program Expenditures
1973-74 to 1975-76

<i>Student Services</i>	<i>Personnel</i>			<i>Expenditures</i>			<i>Change</i>	
	<i>1973-74</i>	<i>1974-75</i>	<i>1975-76</i>	<i>1973-74</i>	<i>1974-75</i>	<i>1975-76</i>	<i>Amount</i>	<i>Percent</i>
Program elements								
A. Social and cultural development	138.6	141.1	140.7	\$11,204,073	\$10,178,425	\$9,200,207	\$-978,218	-9.6%
B. Supplementary educational services ..	15.8	23.3	20.7	150,030	142,117	114,958	-27,159	-19.1
C. Counseling and career guidance	750.7	817.9	817.5	10,525,149	12,169,877	12,404,110	234,233	1.9
D. Financial Aid	227.6	232.2	233.8	29,839,581	35,437,835	37,549,991	2,112,156	6.0
E. Student Support	740.1	889.7	788.3	51,878,129	55,212,488	57,647,790	2,435,302	4.4
Total program costs	1,872.8	2,104.2	2,001.0	\$103,596,962	\$113,140,742	\$116,917,056	\$3,776,314	3.3
General Fund	1,648.8	1,802.1	1,802.6	9,017,773	8,123,842	7,425,447	-698,395	-8.6
Reimbursements	—	—	—	42,242,131	53,119,953	56,441,588	3,321,635	6.3
Dormitory Revenue Fund	217.8	298.9	195.1	1,614,552	1,783,894	1,835,552	51,658	2.9
Continuing Education Revenue Fund	6.2	3.2	3.3	98,577	37,053	35,469	-1,584	-4.3
Auxiliary organizations	—	—	—	50,623,929	50,076,000	51,179,000	1,103,000	2.2

Instructionally Related Activities

We recommend that state support for instructionally related activities be eliminated for a General Fund savings of \$3,152,222.

Effective January 1, 1975, Chapter 1541, Statutes of 1974, (AB 3116) authorized the General Fund expenditure of \$2.6 million for instructionally related activities, which in the past have been funded entirely by student fees. This act also authorizes each campus to reduce student fees up to a maximum of 50 percent. However, the \$2.6 million, which is approximately 50 percent of total student fees in 1973-74, may be expended whether or not the student fee is reduced.

The distribution of the funds to the 19 campuses has been accomplished according to formulas developed in the Chancellor's office. Each campus received a gross allocation composed of an equal lump-sum share plus an additional amount per FTE student. Because the funds are only authorized for the last half of the 1974-75 academic year, this gross allocation was then reduced by the amount of funds spent on instructionally related activities in the first half of the year. The remainder is the authorized campus allocation.

We have two questions regarding the allocation formulas. First, two campuses, Bakersfield and Sonoma, currently have no student fees. As a result, their gross allocation was not reduced because they did not directly support any instructionally related expenditures during the first half of the academic year. Consequently, these two campuses received proportionately more support than other campuses with student fees in order to fund activities which they have not, themselves, supported. Second, although the funds are only authorized for the second half of the academic year, the Chancellor's office has estimated 63 percent (\$1,650,000) of the \$2.6 million will be spent. The remaining \$950,000 is carried forward to 1975-76. We question the allocation of over 50 percent of the appropriation.

Because state support of instructionally related activities is a significant new fiscal policy, it deserves careful review. The Chancellor's office defines instructionally related activities as "... activities and laboratory experience which are sponsored by an academic discipline or department and integrally related to formal instructional offerings." Table 28 lists the six major categories of instructionally related activities and the percentage of students fees expended on each in 1972-73.

We have two major concerns with a policy designed to provide General Fund support for instructionally related activities traditionally funded by student fees. First, we find it a tenuous argument, at best, to contend that the majority of these activities are "integrally related to formal instructional offerings". A prime example is intercollegiate athletics, which according to Chancellor's office estimates, received approximately 57 percent of the student fee funds used to support instructionally related activities in 1972-73. Second, we believe it is not sound budget policy to provide General Fund support without a prior detailing of the specific activities to be funded. This has not been done. The Chancellor's office simply apportioned the \$2.6 million among the campuses. Each campus is free to decide which instructionally related activities to support. Further-

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

more, although the Chancellor's office is not yet aware of the specific activities funded for 1974-75 and the amount going to each such activity, it requested, and the 1975-76 Budget provides a significant increase in state support.

In our view instructionally related activities should have a very low priority for General Fund support. Considering the tight fiscal condition predicted for the state in 1975-76, we question the merit of substituting General Fund revenue for students fees, which are currently no higher than \$20 per academic year on any campus. Accordingly, we recommend that state support be eliminated for a General Fund savings of \$3,152,222.

We should also point out that the increase in funds provided by the 1975-76 Budget is \$552,222 over the 1974-75 level of \$2.6 million. This is a one year increase of 21 percent.

Table 28
Instructionally Related Activities

	<i>Percent of Student Fees (1972-73)</i>	<i>Percent of Instructionally Related Activities (1972-73)</i>
1. Intercollegiate athletics.....	23.94%	56.9%
2. Publications	5.50	13.2
3. Music and dance performance	4.57	11.0
4. Drama and musical productions	1.51	3.7
5. Forensics .....	.99	2.5
6. Radio, TV and Film .....	.03	—
7. Other	5.31	12.7
Subtotal	42.20%	100.0%
Non-instructionally related activities.....	57.80	
Total.....	100.00%	

Student Services Fee

We recommend that the proposed budget policy of no General Fund support for student services or instructional supplies and services traditionally funded through student fees be approved. To fully implement this policy, Item 347 (salary increase) should be reduced \$2.8 million.

All students in the CSUC system are assessed a Student Services Fee, formerly titled Materials and Service Fee. As explained by the Chancellor's office, "historically this fee has been based upon the total projected cost of providing certain student services, i.e., counseling, testing, placement, housing, financial aid administration, office of the Dean of Students, health services, as well as the cost of instructional supplies and services."

The trustees' 1975-76 request is that the state General Fund assume the cost of "instructional supplies and services", currently paid by student fees. To accomplish this transfer over a number of years, the Student Services Fee would remain constant at \$144 per academic year. Each year the General Fund would provide the difference between the constant amount of Student Services Fee revenue generated and the costs of all student services programs and instructional supplies and services. Because program costs go up each year and fee revenue would be constant, the General Fund expenditure would increase annually. This practice would be followed until the General Fund expense equaled the cost of instruc-

tional supplies and services. From that time forward the total cost of instructional supplies and services would be borne by the General Fund and the cost of all student services would be borne by the Student Services Fee, which would again be allowed to increase as necessary to meet increased costs.

In Table 29 we illustrate how this would work and what the General Fund expense would be. If the 1974-75 student services program is maintained in 1975-76, the total expenditure is estimated to be \$45.4 million. If the Student Services Fee is maintained at \$144, total revenues are estimated to be \$40.1 million, leaving a deficit of \$5.3 million which would be the General Fund expense. In the three succeeding years the projected deficits are \$9.9 million, \$12.4 million and \$15 million. In the following year, 1979-80, rather than again paying the deficit, the General Fund would simply pay the cost of instructional supplies and services and continue to do so in all subsequent years. The Student Services Fee from 1979-80 onward would only pay for student services. As Table 29 indicates, the total General Fund expense of this proposal through 1978-79 would be approximately \$42.5 million. In each succeeding year an additional expense of \$16 million, plus inflationary increases, would be incurred.

The 1975-76 Budget does not incorporate the trustees' proposal. The budget reduced the trustees' request for instructional supplies and services by the \$2.5 million judged to have been shifted to the General Fund in 1975-76. We are in agreement with Department of Finance policy that no General Fund support should be provided for student services or instructional supplies and services traditionally funded through student fees. However, as shown in Table 29, while the 1975-76 General Fund subsidy is projected to be approximately \$5.3 million, the Department of Finance has deleted only the \$2.5 million contained in the support budget (Item 345). To fully implement this policy, we recommend that the \$2.8 million in salary increases (Item 347) be deleted as well.

While no General Fund support should be provided, the trustees, not the Department of Finance, should determine where program cuts are to be made. Further, we believe that the trustees should have the option of raising the Student Services Fee rather than cut programs. Listed under "current practice", Table 29 indicates the projected Student Services Fee necessary to maintain the existing level of instructional supplies and services and student services in each of the next four years. In 1975-76, for instance, a fee of \$162 is required. By 1978-79 the fee would increase to \$194 per academic year. For comparison purposes, Table 30 lists the current student costs in the CSUC system relative to those in other large public institutions nationwide for 1974-75.

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

Table 29
Student Services Fee
Projections of Expenditure and Revenue, 1975-76 to 1978-79

	1975-76	1976-77	1977-78	1978-79
Expenditures:				
(1) Instructional Supplies and Services	\$13,208,865	\$14,529,752	\$15,256,240	\$16,019,052
(2) Student Services	32,159,503	35,429,768	37,226,256	39,112,569
Total Expenditures ^a	\$45,368,368 ^b	\$49,959,520	\$52,482,496	\$55,131,621
Revenues and Fees:				
Current Practice				
Student Fee	162	177	185	194
Fee Revenue	45,585,320	49,959,520	52,482,596	55,131,621
General Fund Expenditure	-216,952 ^c	0	0	0
Trustee Proposal				
Student Fee	144	144	144	144
Fee Revenue	40,102,320	40,102,320	40,102,320	40,102,320
General Fund Expenditure	5,266,016	9,857,200	12,380,176	15,029,301
Cumulative General Fund Expenditure	—	15,123,216	27,503,392	42,532,693

^a Net of Federal reimbursements.

^b Does not include the trustees Financial Aid Administration program change proposal.

^c \$216,952 General Fund surplus.

Table 30
University Tuition and Fees

<i>15 Largest Public Universities</i>	<i>1974-75 Tuition and Fees</i>
State U of New York	\$675
Calif State U & Colleges	175
City U of New York	95
U of Wisconsin	485
U of California	636
State U System of Florida	585
U of North Carolina	459
U of Texas	358
Indiana U	682
Pennsylvania State	960
U of Minnesota	716
U of Illinois	690
Oregon State System	573
U of Maryland	708
U of Missouri	540
Average	\$556

Student Financial Aid

The financial aid programs available to higher education students are varied and have grown rapidly in recent years, particularly at the federal level. Most student aid consists of loans, direct grants, or a combination of the two. Often students will receive a program "package" consisting of a loan, a grant, and a part-time job. The concept of the program package 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. Consequently, it is incumbent upon the college administrations to insure that the existing funds are disseminated as equitably as possible among the qualified applicants.

The administration of financial aid has two major components (1) the evaluation of requests and the awarding of financial aid "packages," and (2) the monitoring, billing and collection of outstanding loans. Financial aid offices are located on each of the 19 CSUC campuses.

Evaluation of Financial Aid Requests

We recommend that the budget be augmented by \$50,000 to enable the testing and evaluation of alternative financial aid awarding computer systems.

Since the early 1960's both the number of students applying for financial aid and the number of financial aid programs available have grown tremendously. The Chancellor's office reports that the number of students receiving financial aid has grown from an estimated 2,000 in 1961-62 to 75,053 in 1973-74. Over that same period of time the financial aid awarded has increased from \$1.5 million to \$77.7 million in the form of loans, scholarships, fellowships, grants and employment funded from federal, state and private sources.

Because the distribution of financial aid has grown more complex and become a major administrative function in most colleges and universities, a number of computer systems have been developed to assist financial aid officers. The trustees, in their 1975-76 budget request, asked for \$50,000 to test and evaluate some of the available computer systems for their

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usefulness to the CSUC system. We feel this is a sound proposal and we recommend it be funded. Computer assistance offers the possibility of an improved quality of service at lower cost. Until the results of a feasibility study are evaluated, we would oppose any increases in financial aid administration personnel.

Financial Aid Pilot Project (Billing and Collecting)

We recommend that the 1975-76 Budget be augmented by \$125,000 to continue the pilot project in contracting for student loan collections.

The trustees requested \$125,000 for 1974-75 to contract with a commercial firm for the collection of student loans and all record-keeping and reporting functions associated with the collection. The request was not approved, but subsequently the Legislature authorized the expenditure of \$50,000 from excess salary savings for partial year implementation. In February, 1975, after competitive bidding, the firm selected will assume the loan collection function of the four campuses participating in the pilot plan.

In their 1975-76 budget request the trustees asked for \$125,000 to continue this pilot contract through 1975-76. We support this proposal. The concept behind the pilot contract is sound. The CSUC system should evaluate whether it is cost-effective to contract with a commercial firm for the collection of student loans.

No definitive results, however, can be obtained from a four or five month study, consequently, we believe that the experiment should continue for at least 18 months before any final evaluation is made. We recommend that \$125,000 in General Fund support be provided for this purpose in 1975-76.

Educational Opportunity Program (EOP)

The CSUC Educational Opportunity Program (EOP) was established by the Legislature during the 1969 session. The program, administered by the Board of Trustees, is designed to assist economically disadvantaged students. State supported grants (up to a maximum of \$700 per academic year) are authorized to fund the cost of tuition, books and room and board. EOP funds can also be used to support program directors, counselors and advisors.

Grant recipients must be California residents nominated by agencies authorized by the trustees. EOP students are admitted to CSUC on the basis of special criteria set by the trustees, which permits attendance of otherwise unqualified high school graduates (up to 4 percent of the incoming freshmen class). An academic record of each grant recipient is maintained by the trustees.

Ethnic Composition

In 1973-74 the ethnic composition of new EOP enrollees was as follows:

	American Indian/ Native American	Black/ Afro- American	Chicano/ Mexican- American	Oriental	White/ Caucasian	All Others Not Included	No Response	Total
Number	189	2,222	1,715	266	339	211	111	5,053
Percent	3.7	44.0	34.0	5.3	6.7	4.1	2.2	100.0%

1975-76 EOP Budget

We recommend that the Chancellor's office evaluate the probable impact of federal BEOG's support on the EOP program and report to the fiscal committees during the budget hearings.

The 1975-76 Budget provides \$6,442,220 to support the EOP program, an increase of \$888,618. The increase results from two factors. First, the average EOP grant was raised to reflect the Materials and Services Fee (now called student services fee) adjustment and inflation. Second, the total number of EOP grants was increased by 11 percent, from 10,943 to 12,139. First-year students increased by 50, based on projected CSUC enrollment growth of 1.2 percent. This 50-student increase was not reduced when CSUC enrollment projections were revised downward. Continuing students increased by 1,146, based on an 80-percent continuancy rate. Table 31 details the estimated EOP expenditures for 1975-76.

In 1973-74 the EOP program had unexpended grant funds totaling \$147,997. According to the Chancellor's office, this occurred because the new federal Basic Educational Opportunity Grant (BEOG) program provided support to many of the students who otherwise would depend entirely on the EOP program. In 1973-74 BEOG support to CSUC students totaled \$553,000. This year, however, it is expected to increase to \$4.5 million. As a result, an ever greater amount of EOP grants funds may be returned unspent in 1974-75. BEOG support for 1975-76 is anticipated to increase even further and third-year students will be eligible for support for the first time. In light of this large influx of federal aid we recommend that the Chancellor's office evaluate the probable impact of the BEOG support on the EOP program and report to the fiscal committees during the budget hearings.

VI. INSTITUTIONAL SUPPORT

The institutional support program provides systemwide services to the other programs of instruction, organized research, public service and student support. The activities include executive management, financial operations, general administrative services, logistical services, physical plant operations, faculty and staff services and community relations.

Executive management consists of all systemwide program elements related to CSUC administration and long-range planning. The subprogram includes legal services, the trustees, the Chancellor's office, and the senior executive officers.

Financial operations includes the fiscal control functions, both for the Chancellor's office and the 19 campuses, and investment management.

General administrative services consists of all control management support functions. Included in the subprogram are administrative data processing, student admissions, and record management.

Logistical services provide for the procurement, distribution, maintenance and movement of supplies. Also included are health and safety elements.

Physical plant operations provides for the maintenance and expansion

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Table 31
California State University and Colleges
Educational Opportunity Program
Awards and Expenditures
1973-74 through 1975-76

	Actual Year 1973-74			Current Year 1974-75			Budget Year 1975-76		
	Number of grants	Average dollars/grant	Total grant dollars	Number of grants	Average dollars/grant	Total grant dollars	Number of grants*	Average dollars/grant	Total grant dollars
1st yr.	4,220	\$462	\$1,949,640	4,220	\$480	\$2,025,600	4,270	\$525	\$2,241,750
2nd yr.	2,898	231	669,438	3,376	249	840,624	3,376	275	928,400
3rd yr.	1,342	240	322,080	2,240	258	577,920	2,703	275	743,325
4th yr.	1,074	240	257,760	1,107	258	285,606	1,790	275	492,250
Totals	9,534		\$3,198,918	10,943		\$3,729,750	12,139		\$4,405,725
Totals, Administration and Counseling.....			\$1,807,385			\$1,823,852			\$2,036,495
TOTALS, PROGRAM COSTS			\$5,006,303			\$5,553,602			\$6,442,220

*The number of EOP grants is based upon a 1.2% growth in first-year eligible students and assumes an 80% continuance rate.

of campus grounds and facilities. Included are utilities operations, campus planning, repairs, grounds and custodial services.

Faculty and staff services include funds budgeted for overtime and reclassifications.

Community relations consists of those functions which provide for (1) maintaining relationships with the general community and the alumni, and (2) fund raising. The governmental affairs office in Sacramento is also included.

Table 32 shows the estimated expenditures for 1975-76.

Fullerton Pilot Project

We recommend that state support for the Fullerton pilot project be eliminated for a 1975-76 General Fund savings of \$85,621.

Chapter 1164, Statutes of 1971 (Senate Bill 1239), required the CSUC system "to initiate a pilot management planning and budgeting system." In addition, it mandated that the CSUS consider the concept that "more efficiency may ensue if more decision making power is decentralized to the campus and department level." Finally, the act suggested that "Budgeting by standardized formulas may not necessarily be the most effective way to determine resource needs or their governance." Central to these concerns was the need for the development of a management system and sophisticated cost-benefit data.

In response to this legislation, a management model developed by the National Center for Higher Education Management Systems (NCHEMS), was selected for pilot implementation on one campus. California State University, Fullerton was selected as the test campus, and the School of Business Administration and Economics was selected as the test unit. Implementation of this model began on July 1, 1972 and it was operational by September, 1972.

The Chancellor's office provided approximately \$38,000 to initiate the project during 1972-73. The next year, 1973-74, the Legislature budgeted approximately \$65,000 to continue the project. For 1974-75, \$81,842 in state support was provided.

Because the pilot project was entering its third year of operation, the 1974 Committee on Conference requested that the Chancellor's office "critically evaluate the effectiveness of the Fullerton pilot project" and specifically "*determine its applicability systemwide*". The report was to be submitted to the Legislature by December 1, 1974. At the date of this writing the report has not been submitted but we have received advanced drafts of the evaluation report prepared by the Chancellor's office and have been fully briefed on its conclusions and recommendations. After a thorough review of the report we have concluded that the three years of effort have not produced any tangible results which have "applicability systemwide". Further, the report could point to no specific results which were forthcoming. Consequently, we recommend that state support for the Fullerton pilot project be terminated for a 1975-76 General Fund savings of \$85,621.

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

Table 32
Institutional Support Expenditures
1973-74 to 1975-76

Institutional Support Program Elements	Personnel			Expenditures			Change	
	1973-74	1974-75	1975-76	1973-74	1974-75	1975-76	Amount	Percent
A. Executive Management.....	757.5	786.4	791.7	15,800,660	17,451,978	18,210,835	758,857	4.3%
B. Financial Operations	674.9	696.4	701.5	9,229,749	9,701,470	9,950,958	249,488	2.6
C. General Administrative Services.....	1,346.9	1,448.1	1,496.9	19,757,621	23,412,217	24,518,907	1,106,690	4.7
D. Logistical Services	966.0	1,001.5	994.9	20,876,670	22,249,643	24,371,230	2,121,587	9.5
E. Physical Plant Operation.....	3,125.1	3,399.5	3,462.1	47,753,577	54,680,975	58,928,408	4,247,433	7.8
F. Faculty and Staff Services.....	—	—	—	2,333,048	4,979,256	3,458,012	-1,521,244	-30.1
G. Community Relations	76.7	74.1	76.1	1,832,004	2,019,221	2,246,239	227,018	11.2
Total Program Costs.....	6,947.1	7,406.0	7,523.2	117,583,329	134,494,760	141,684,589	7,189,829	5.3
General Fund.....	6,322.7	6,755.4	6,851.9	96,785,208	112,047,309	118,088,370	6,041,061	5.4
Reimbursements	—	—	—	7,905,954	8,517,881	8,429,094	-88,787	-1.0
Parking Revenue Fund	168.6	185.7	186.0	2,123,804	2,455,509	2,673,800	218,291	8.9
Dormitory Revenue Fund	271.4	264.9	267.1	4,981,583	5,455,891	5,985,407	529,516	9.7
Continuing Education Revenue Fund.....	184.4	200.0	218.2	3,089,780	3,534,170	4,023,918	489,748	13.9
Auxiliary Organizations	—	—	—	2,697,000	2,484,000	2,484,000	—	—

Chancellor's Office

The Chancellor is the chief executive officer of the CSUC Board of Trustees. He is responsible for the implementation of all policy enacted by the board. The chief responsibilities of the Chancellor and his staff include:

- (1) Compilation of the annual budget request,
- (2) Fiscal management of the approved budget within guidelines established by the Legislature and other control agencies,
- (3) Formulation of salary proposals.

Table 33 lists the major divisions in the Chancellor's office and breaks out the 1973-74 and proposed 1974-75 positions and expenditures. There is a net increase of four General Fund positions.

Table 33
Chancellor's Office Expenditures
Governor's Budget

	1974-75		1975-76		Change	
	Positions	Dollars	Positions	Dollars	Positions	Dollars
Chancellor's office						
Personnel:						
Executive office	14.5	\$337,745	14.5	\$350,193	—	\$12,448
Legal Affairs.....	17.5	394,009	16.5	420,637	-1.0	26,628
Academic Affairs.....	61.3	1,324,120	62.3	1,341,994	1.0	17,874
Faculty and staff	31.0	639,074	31.0	706,779	—	67,705
Business affairs	113.5	1,845,923	115.5	1,879,787	2.0	33,864
Physical planning	21.8	499,610	21.8	514,092	—	14,482
Government affairs	8.0	128,354	8.0	132,993	—	4,639
Institutional research....	13.0	274,519	13.0	278,319	—	3,800
Public affairs	4.0	103,952	4.0	112,534	—	8,582
Subtotal	284.6	\$5,547,306	286.6	\$5,737,328	2.0	\$190,022
Operating expense and equipment	—	1,211,745	—	1,599,684	—	387,939
Total	284.6	\$6,759,051	286.6	\$7,337,012	2.0	\$577,961
Audit staff						
Personnel	11.0	\$235,098	11.0	\$235,840	—	\$742
Operating expense and equipment	—	73,842	—	73,360	—	-482
Total	11.0	\$308,940	11.0	\$309,200	—	\$260
Information systems						
Personnel	105.0	\$1,553,892	108.0	\$1,770,244	3.0	\$216,352
Operating expense and equipment	—	3,697,657	—	3,689,193	—	-8,464
Total	105.0	\$5,251,549	108.0	\$5,459,437	3.0	\$207,888
Grand Total	400.6	\$12,319,540	405.6	\$13,105,649	5.0	\$786,109
Funding sources						
General Fund	343.6	\$11,249,604	347.6	\$11,928,275	4.0	\$678,671
Reimbursements	57.0	1,069,936	58.0	1,177,374	1.0	107,438

Chancellor's House

In December of 1972, the trustees took action to accept a gift of a \$300,000 home in Bel Air, California, to be used as the Chancellor's residence. An item of \$8,000 for groundskeeping expense at the home was proposed in both the 1973-74 and 1974-75 budgets, but was deleted by the Legislature on each occasion. Again this year \$8,000 is proposed in the

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

budget for "exterior upkeep and grounds maintenance" of the Chancellor's residence. We question whether a state expense for this purpose can be justified unless it can be shown that the residence would be used extensively for CSUC functions. We should also point out that in 1974-75 the Legislature eliminated all state support for the homes of the UC president, vice president and chancellors.

Relocation of the Chancellor's Office

The 1975-76 Budget provides \$233,815 to cover the costs of relocating the Chancellor's office in Long Beach. However, the trustees amended their original request and asked for an additional \$257,280, bringing the total request to \$491,095. The amendment was submitted because the State Board of Control has adopted rules and regulations liberalizing the benefits available to employees when their headquarters is relocated. The new benefits include "compensation for brokerage fees, prepayment penalty fees and escrow fees associated with the sale of residences." Table 34 details the relocation costs contained in the amended trustees' request.

There is some question as to whether the State Board of Control's new rules and regulations are applicable to a relocation move of so short a distance. If they do apply, however, the additional funds should be allocated from the special statewide budget appropriation for price increases.

Academic Senate

The Academic Senate is the official organization representing the CSUC faculty. The full-time faculty on each campus selects its representatives, who total 50 systemwide. The full Academic Senate meets on the average of five times each year. Selected representatives regularly attend meetings of the Board of Trustees and are consulted on various matters affecting academic policy.

The 1975-76 Budget provides \$309,187 for support of the Academic Senate. These funds provide primarily for meeting expense and release time from teaching duties for the senate's principal officers. Release time is provided because members of the senate are expected to participate in administrative matters of the CSUC system and attend numerous Academic Senate committee meetings each year.

OASDI Rate Change not Budgeted

We recommend that the 1975-76 Budget be augmented by \$1,129,566 to cover increased OASDI expenses.

A change in the level of taxable salaries and wages was instituted by the Federal Government after issuance of the Department of Finance Price Letter. The maximum taxable salaries and wages for OASDI was raised from \$13,200 to \$14,100, which in the CSUC system translates to a change from 4.1 percent to 4.26 percent in the rate applied to all salaries and wages. This generates a need for \$1,129,566 in additional funds. Since good budgeting practice dictates that sufficient funds be allocated to meet anticipated expenditures, we recommend that the budget be augmented by \$1,129,566 to cover the increased OASDI expenses.

Table 34
1975-76 Amended Trustees' Budget
Chancellor's Office
Costs Associated with Moving to Long Beach

	<i>1975-76 Amended Budget</i>		<i>Annualized Six Month Cost</i>
	<i>One Time Cost</i>	<i>Six Month Cost</i>	
PERSONAL SERVICES			
Salaries and Wages			
Building Service Engr. (Eff 1/1/76) 1.0		\$6,438	\$12,876
Salary Savings		-193	-386
Staff Benefits		958	1,916
Total Personal Services		\$7,203	\$14,406
OPERATING EXPENSES & EQUIPMENT			
Contractual Services:			
Employee Moving	\$77,700		
Employee Relocation	257,280		
Office Moving	79,920		
Security Contract		31,614	64,000
Grounds Maintenance		5,550	11,000
Communications	10,000	16,000	32,000
Equipment—Food Service	5,828		
Total O E & E	\$430,728	\$53,164	\$483,892
TOTALS			\$491,095

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

VII. INDEPENDENT OPERATIONS

The independent operations program contains a variety of auxiliary organizations and special projects, performed by college employees for private and public agencies, which are not an integral part of the primary instructional function. Included are dining halls, book stores, college unions and campus foundations. No General Fund support is provided. Table 35 shows the estimated expenditures for 1975-76.

Table 35
Independent Operations Expenditures
1973-74 to 1975-76

	Actual 1973-74	Estimated 1974-75	Proposed 1975-76	Change	
				Amount	Percent
Expenditures.....	\$8,632,777	\$8,641,560	\$10,069,888	\$1,428,328	16.5%
Man-Year	383.9	447.0	525.4	78.4	17.5%
Funding:					
General Fund	—	—	—	—	—
Reimbursements	6,245,100	6,391,560	7,819,888	1,428,328	22.3%
Auxiliary Organiza- tions.....	2,387,677	2,250,000	2,250,000	0.0	0.0%

CALIFORNIA MARITIME ACADEMY

Item 348 from the General
Fund

Budget p. 974

Requested 1975-76	\$1,663,169
Estimated 1974-75.....	1,450,505
Actual 1973-74	1,232,084
Requested increase \$212,664 (14.7 percent)	
Total recommended reduction	\$122,320

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis
page

1. Budget Format. Recommend workload, special program and policy change data be included. 797
2. Training Ship. Recommend report on alternatives to current training ship costs. 797
3. Student Housing. Recommend termination of housing of students aboard the training ship. 798
4. *Rent. Reduce \$112,320.* Recommend increase in student rent to that charged at California State University and Colleges. 799
5. Capital Outlay. Recommend reversion of \$6.2 million to allow proper programming and complete legislative review. 799
6. *Food Services. Reduce \$10,000.* Recommend elimination of two proposed positions and report on actions taken to reduce food service costs. 800

GENERAL PROGRAM STATEMENT

The California Maritime Academy (CMA), located at Vallejo, was established in 1929 and is one of six institutions in the United States providing a program for students who seek to become licensed officers in the U.S. Merchant Marine. The academy receives some federal support for this program.

In response to legislation (Chapter 1069, Statutes of 1972) CMA prepared a five-year academic plan designed to expand the curriculum, provide accredited degrees in marine and maritime sciences and increase the number of graduates. This plan was reviewed and approved by the Legislature and Governor for its initial year of funding (1974-75). By 1978-79 (end of the five-year transition period) the academy will enroll 468 students and be on a four-year academic program consisting of approximately eight regular semesters, three 10-week sea training periods, a two-week internship and a final four-week seminar to prepare for license board examinations. A total of 27.5 FTE faculty positions will be required for the two fully accredited programs of Marine Engineering Technology and Nautical Industrial Technology.

Sea Training periods are conducted each year aboard a merchant-type ship loaned California by the federal Maritime Administration (MARAD). 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.

CMA is governed by an independent seven member board of governors appointed by the Governor to four-year terms. Two members are educators, three are public members and two represent the maritime industry. The board sets admission standards and appoints a superintendent who is the chief administrative officer of the academy.

ANALYSIS AND RECOMMENDATIONS

The proposed 1975-76 budget for the academy is \$2,511,749. This includes \$1,663,169 from the General Fund, an increase of \$212,664 or 14.7 percent over the current year's estimated expenditures. Federal funds and reimbursements comprise the balance of the funding sources as shown in Table 1.

Table 1
Maritime Academy Budget Summary

Programs	Actual	Estimated	Proposed	Change	
	1973-74	1974-75	1975-76	Amount	Percent
Instruction	\$528,767	\$689,894	\$700,881	\$10,987	1.6%
Academic support	314,156	365,022	386,333	21,311	5.8
Student services	437,018	529,983	738,231	208,248	39.3
Institutional support	501,492	565,080	686,304	121,224	21.5
Totals	\$1,781,433	\$2,149,979	\$2,511,749	\$361,770	16.8%
<i>Funding Sources</i>					
General Fund	1,232,084	1,450,505	1,663,169	212,664	14.7%
Reimbursements	337,651	438,278	501,880	63,602	14.5
Federal funds	211,698	261,196	346,700	85,504	32.7
Totals	\$1,781,433	\$2,149,979	\$2,511,749	\$361,770	16.8%
Positions	85.8	95.1	98.6	3.5	3.7%

CALIFORNIA MARITIME ACADEMY—Continued**Enrollment**

Table 2 summarizes CMA applications, enrollment and graduates for a four-year period. It indicates that enrollment is scheduled to increase by 47 students or 15 percent in 1975-76.

Table 2
CMA Enrollment Statistics

	1972-73	1973-74	1974-75 (est.)	1975-76 (est.)
Applications	195	230	320	n.a.
Plan enrollment.....	n.a.	n.a.	313	360
Budgeted enrollment.....	230	240	313	360
Average enrollment	221	240	300	n.a.
Graduates	60	52	61	105

Progress Toward Accreditation

The 1972 Budget Bill Committee on Conference recommended the "instructional program be redesigned to provide an accredited degree in marine or maritime sciences or other related academic areas and that annual reports on progress toward this goal be submitted to the Joint Legislative Budget Committee."

This year's report highlights the achievement of "candidate" status for the marine engineering technology curriculum by the Engineer's Council for Professional Development (ECPD) and initial steps toward accreditation for the nautical industrial technology curriculum by the National Association for Industrial Technology (NAIT). Granted last year, "candidate" status was continued by the Western Association of Schools and Colleges (WASC). Full regional WASC accreditation is anticipated in the spring of 1977 immediately followed by ECPD and NAIT accreditation. The 1975-76 Governor's Budget continues to support the five-year academic master plan with the addition of 1.5 new instructor positions.

Student Aid

Beginning in 1973-74 the Legislature augmented the academy budget to initiate student aid programs. Table 3 shows the growth of these programs since that time. Approximately \$6,600 in General Fund support is budgeted for continuing these programs.

Table 3
CMA Student Aid Summary

Program	1973-74		1974-75		1975-76(est.)	
	Dollars	Students	Dollars	Students	Dollars	Students
Basic Educational Opportunity Grant	\$895	3	\$12,000	18	\$32,000	40
National Direct Student Loan	21,270	30	33,425	50	35,000	50
College Work Study	1,461	8	13,495	40	15,000	40
Supplemental Educational Opportunity Grant	12,650	22	20,950	30	22,000	30
State Scholarships.....	1,600	4	5,600	14	10,000	25
Federal Insured Loans	40,310	30	130,000	100	180,000	150
Other Loans	2,000	2	4,000	4	6,000	6
Other Scholarships.....	0	0	1,000	2	5,000	10
Totals.....	\$80,186	"	\$220,470	"	\$305,000	"

* Students are not totaled because each student usually receives more than one form of aid.

Revised Budget Format

It is recommended that future budget formats include workload, special program and policy change data.

A new budget format has been developed and presented for the first time. The four programs in Table 1 are consistent with the program classification structure now used by the California State University and Colleges. However, this format does not provide for adequate supporting detail. For example, the budget document should reflect changes in numbers of students, graduates, drop-outs, tuition, student fees, student aid and costs per student. In addition, we believe sea training and continuing education are unique programs which warrant separate identification for analysis. This recommendation would require future budgets to include (1) traditional workload related statistics noted above (2) separate expenditure schedules for the sea training and continuing education programs and (3) proposed policy change summaries.

Past, current and proposed funding support, cost per student and student tuition and fee schedules are shown in Table 4.

Table 4
CMA Funding, Cost and Tuition Summary

	1971-72	1972-73	1973-74	1974-75 (est.)	1975-76 (est.)
Percent federal support	17.5%	13.6%	11.9%	12.1%	13.8%
Percent state support	62.6%	69.7%	69.2%	67.5%	66.2%
Percent student support	19.9%	16.7%	18.9%	20.4%	20.0%
Gross cost/student	\$5,602	\$6,541	\$7,423	\$7,167	\$6,977 ^a
General Fund cost/student	\$3,507	\$4,561	\$5,134	\$4,835	\$4,620 ^a
Tuition and fees (resident) ^b	\$1,493	\$1,493	\$1,677	\$1,805	n.a.
Tuition and fees (nonresident) ^b	\$1,650	\$1,650	\$1,977	\$2,180	n.a.

^a Assumes enrollment projection of 360 is met.

^b Average per year based on three year-program through 1973-74 and four-year program thereafter.

Alternatives to Training Ship

We recommend the academy board investigate alternatives to current training ship costs and report their findings to the Joint Legislative Budget Committee by December 1, 1975.

Previous budgets identified costs related to maintaining and operating the academy training ship. These General Fund and student costs approximate \$400,000 annually in addition to federal drydocking expenditures of about \$250,000. The ship is clearly one of the most expensive training aids maintained in postsecondary education and contributes substantially to the high costs per student shown in Table 4. We believe the failure of the federal government to refurbish the ship, modernize its equipment or increase its financial support warrants an investigation of less costly and perhaps more effective alternatives. These include (1) having students intern on commercial ships, (2) leasing a commercial ship for the required

CALIFORNIA MARITIME ACADEMY—Continued

cruise, (3) reducing the number of cruises (only two cruises of 12 weeks or one of six months is required during the four years), (4) sharing a ship with one or more other maritime academies, (5) seeking partial or full reimbursement of training ship costs from commercial maritime interests, the U.S. Merchant Marine, U.S. Coast Guard or marine unions and (6) shifting the academy's academic mission to accredited maritime related degrees without a license component, thereby eliminating the sea training requirement.

These alternatives suggest that viable options may exist to the training ship which is being subsidized increasingly by the General Fund and student fees. Our recommendation would require the board to undertake a comprehensive study and report its findings and recommendations to the Legislature for reducing or eliminating state costs related to the sea training period required for Coast Guard licensing and the year-round maintenance of the ship.

Substandard Student Housing

It is recommended that the academy policy requiring all students to live on the campus for all four years be changed to eliminate the current substandard and inequitable housing of students on the training ship. (Reduce expenditures and offsetting reimbursements by \$218,000.)

Current academy policy requires all students to reside on campus. The one existing housing facility accommodates 208 students. The remaining enrolled students (92) are berthed on the ship in large group compartments without natural light and with inadequate restroom provisions or heating. Nevertheless, students on the ship are assessed the same housing fees as those living in the residence facility. We believe this to be inequitable. We also understand federal regulations prohibit use of the ship for housing students.

The residence requirement, like several other restrictions on age, physical condition, marital status, citizenship and the necessity to agree in writing to apply for and accept a Naval Reserve commission are based on federal policies related to licensure in the U.S. Merchant Marine. We are not certain that such policies are consistent with legislative desires or appropriate to the new four-year accredited programs now under development at the academy.

For example, in previous years we have suggested the possibility of the academy site being utilized for contract research and graduate training in cooperation with or under the cognizance of the California State University and Colleges. If the current mission were expanded, student output could be increased and cost benefit comparisons with other institutions improved. Thus, the academy may be unduly restrictive in planning only for programs tailored to federal training policies. Insofar as required campus living may be an important component in training students for ship-board employment, we believe such training could be accomplished within the first year or two at the academy and is certainly unnecessary for four full years. Given the opportunity, we believe sufficient upperclass students would choose to live off campus, thereby eliminating the necessity

of housing students on the ship. For these reasons we have questioned also the necessity for building a new residence facility and have recommended in a subsequent section that funds appropriated last year for these purposes be reverted to the General Fund.

If 360 students are enrolled as scheduled, and only 208 live on campus, projected reimbursements from the 152 remaining students would be reduced by \$240 each for annual rent and \$1,195 each for annual board. Because charges are now related to costs, expenses would also be reduced by a similar amount. Thus, our recommendation would require an offsetting reduction of \$218,000 in both reimbursements and expenses.

Rent Increase Recommended

We recommend the governing board of the academy increase student room fees from \$20 per month to \$65 for an increase in reimbursements of \$112,320 and a General Fund savings of \$112,320.

The 1974 Budget Bill Committee on Conference recommended the academy review, change and report on tuition and fee schedules. The report indicated room rent had been increased from \$10.50 to \$20.00 per month. This increase appears to be inadequate in comparison with room fees at California State University and Colleges (CSUC) campuses which range from \$585 to \$780 for an academic year of about nine months. Our recommendation would set the CMA rent at the lowest CSUC rent of \$65 per month. Increased rent reimbursements from the 208 students living in the housing facility would allow a reduction in General Fund support expenditures of \$112,320.

Revert 1974-75 Capital Outlay Appropriation

We recommend reversion of the capital outlay program under Item 398, Budget Act of 1974, to allow proper programming and complete review by the Legislature.

Last year we expressed concern over the proposal to appropriate the full \$6.2 million for this program without additional project justification or more definitive project programs. We also noted that three of the projects totaling \$3,419,000 are of the type not normally funded by the state. We cautioned that even if, on a policy basis, it was desirable to proceed with the program, it would not be necessary on a timing basis to appropriate the total \$6.2 million in 1974-75. The full request was eventually approved and we still raise the same concerns.

Of the amount appropriated only \$50,000 has been expended. This amount was used in an attempt to develop more definitive project programs but this attempt was unsatisfactory because no guidelines or standards were used. We believe that if these projects are to be constructed, they should be programmed in accordance with California State University and College guidelines. The current programs do not reflect these guidelines. Funding in an orderly manner should proceed only after the programs are developed using these criteria and the individual projects have been reviewed by the Legislature.

The Governor's Budget indicates a one-year moratorium should be placed on major capital expenditures at the academy "pending review of the academy's educational role." Hence, reversion of the prior appropriation will not delay any justified projects.

CALIFORNIA MARITIME ACADEMY—Continued**Food Services**

We recommend the elimination of two proposed food service positions for a General Fund savings of \$10,000. We further recommend that a comprehensive report be submitted to the Joint Legislative Budget Committee by December 1, 1975 on actions taken and future alternatives for reducing food service costs at the academy.

The Legislature last year asked the academy to report on costs and potential savings which could result from contracting food services through a private firm. The report indicates the four private food service firms which investigated the academy's operation believed they could provide better food service at less cost. The academy took no action because of a legal opinion that it would be unconstitutional to contract for services currently performed by civil service employees.

We believe civil service costs should be competitive with the private sector. However, the report suggests that this is not the case and that a potential exists for improved efficiency in the academy's food service operations. To subsidize this apparent current inefficiency by the addition of two more temporary food service positions is unwarranted and we have recommended their elimination from the budget. In addition, we believe the academy can and should immediately improve the cost-effectiveness of its food service operations. Further, we know of no restrictions preventing the academy from contracting with a concessionaire to run a cafeteria where students could purchase their own meals thereby reducing or eliminating the need for state subsidized food services for students. Our recommendation calls for a report to the Legislature on actions taken and possible alternatives for future reductions in food service costs.

BOARD OF GOVERNORS OF THE CALIFORNIA COMMUNITY COLLEGES

Items 349 and 351 from the

General Fund

Item 350 from the Community Colleges Credential Fund

Budget p. 978

Requested 1975-76	\$384,811,214
Estimated 1974-75.....	334,642,069
Actual 1973-74 ^a	7,358,898
Requested increase \$50,169,145 (15 percent)	
Total recommended reduction	\$22,000

^a Does not include community college apportionments which were transferred from the Department of Education to the Board of Governors by Chapter 940, Statutes of 1973, effective July 1, 1974.

1975-76 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount	<i>Analysis page</i>
349	Board of Governors	General	\$1,526,428	803
351	Extended Opportunity Program	General	6,849,255	806
—	Local Apportionments (statute)	General	373,785,400	808
—	New College assistance (statute)	General	2,650,131	808
			\$384,811,214	
350	Community Colleges Credentialing	Credential	237,357	804

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

	<i>Analysis page</i>
1. Credential Fees. Recommend credential application fees be reduced to eliminate overcharges.	804
2. Elimination of Credentials. Recommend legislation to eliminate specified credentials for individuals with a master's degree.	804
3. Credentials Processing. Recommend two new positions be approved on a temporary rather than permanent basis.	805
4. <i>Facilities Planning. Reduce Item 349 by \$22,000.</i> Recommend workload reduction and elimination of one requested position.	805
5. EOP (Item 351). Recommend review and report on changes in the current formula for allocating EOP funds between student grants and student services.	806
6. Apportionments. Recommend study and report from Post-secondary Education Commission on alternative funding procedures for community colleges.	809

GENERAL PROGRAM STATEMENT

The Board of Governors of the Community Colleges was created by Chapter 1549, Statutes of 1967, to provide leadership and direction for the continuing development of community colleges within the overall structure of public postsecondary education in California. The board is composed of 15 members appointed by the Governor for four-year terms. The functions of this board are specifically designed to preserve local autonomy in the relationship between the board and the 70 governing boards of California's 100 community colleges.

The Chancellor's office is the administrative staff of the board. Small regional offices working under the occupational education unit are located in Los Angeles, Oakland, and Sacramento. The board serves primarily as a planning, coordinating, reporting, advising and regulating agency. It directly administers a credentialing program, the state-funded Extended Opportunity Program (EOP), certain aspects of federally funded occupational programs and, since July 1, 1974, state apportionments to local community college districts.

Enrollments

Table 1 shows enrollment and average daily attendance (ADA) statistics since 1969. Community colleges are projecting an increase of 26,517 ADA (4.1 percent) for 1975-76.

**BOARD OF GOVERNORS OF THE
CALIFORNIA COMMUNITY COLLEGES—Continued**

Table 1
Student Enrollment and ADA in Community Colleges

Year	Total enrollment	Fall graded students		Ungraded students	Total ADA	Percent increase ADA
		Full-time	Part-time			
1969-70.....	704,768	258,998	343,919	101,851	464,565	10.9%
1970-71.....	825,129	282,388	269,553	173,188	517,339	11.3
1971-72.....	873,784	295,646	299,590	178,548	552,208	6.7
1972-73.....	921,953	281,740	429,216	210,997	573,593	3.9
1973-74.....	1,010,823	306,070	546,747 ^a	158,006 ^a	609,459	6.3
1974-75 (est.).....	1,135,000	318,000	655,000	162,000	646,758	6.1
1975-76 (est.).....	1,225,000	325,000	735,000	165,000	673,275	4.1

^a Major change due to elimination of adult permissive tax (Chapter 209, Statutes of 1973).

ANALYSIS AND RECOMMENDATIONS
Board of Governors Budget Summary

The board's total General Fund budget as proposed for 1975-76 is \$384,811,214. This includes \$1,526,428 (Item 349) for the support of the board, \$6,849,255 (Item 351) for the extended opportunity program which is administered by the board and \$376,435,531 from continuing statutory authorizations consisting of (a) state apportionments to local districts (\$373,785,400) and (b) assistance to new community college districts (\$2,650,131). In addition to General Fund monies, \$237,357 will be transferred from the community colleges Credentials Fund (Item 350) for support of the credentialing activity and \$1,131,059 will be received from reimbursements. Thus, the combination of all funding sources would provide the board a total of \$386,179,630 for expenditure during 1975-76. Table 2 sets forth total program expenditures, funding sources, positions and proposed changes.

Table 2 Board of Governors Program Budget Summary

Programs	Actual 1973-74	Estimated 1974-75	Proposed 1975-76	Change	
				Amount	Percent
I. Board of Governors Support					
Executive	\$408,164	\$488,552	\$527,457	\$38,905	8.0%
Programs and operations	1,799,655	2,420,685	2,367,387	(53,298)	(-2.2)
II. Extended Opportunity Program.....	6,170,500	6,170,500	6,849,255	678,755	11.0
III. Community College Ap- portionments					
Regular	(281,676,246) ^a	326,578,774	373,785,400	47,206,626	14.5
New District.....	(326,370) ^a	549,173	2,650,131	2,100,958	382.6
Totals.....	\$8,378,319	\$336,207,684	\$386,179,630	\$49,971,946	14.9%
Funding Sources					
Support Budget Act appro- priation	\$1,188,398	\$1,343,622	\$1,526,428	\$182,806	13.6%
EOP Budget Act appropria- tion.....	6,170,500	6,170,500	6,849,255	678,755	11.0
Credentials Fund	—	254,080	237,357	(16,705)	(-6.6)
Reimbursements.....	1,019,421	1,116,010	1,131,059	15,049	1.4
Federal funds	—	195,525	—	(195,525)	100.0
District apportionment ap- propriations	(282,002,616) ^a	327,127,947	376,435,531	49,307,584	15.1
Totals.....	\$8,378,319	\$336,207,684	\$386,179,630	\$49,971,964	14.9%
Positions	94.4	112.3	113.3	1.0	0.1%

^a Reported under Department of Education in 1973-74. Expenditures shown here for comparison purposes only and not included in totals.

Table 2 shows one new position being requested for 1975-76. However, because positions administratively established during the current year are proposed for continuation, nine new positions are subject to legislative review for the first time.

I. BOARD OF GOVERNORS SUPPORT PROGRAM (ITEM 349)

Executive

We noted last year that a major reorganization of the chancellor's office had resulted in the assignment of three major operational units to one of two vice chancellors, leaving the legal counsel and director of governmental affairs reporting to the other vice chancellor. As a result of a special review by the State Personnel Board, one vice chancellor position was downgraded to an assistant chancellor. The budget proposes continuation of this position and the reclassification of another administrator position to assistant chancellor. We also note that these two assistant chancellor positions supervise a total of 10 personnel. By contrast, the other three assistant chancellors supervise up to 30 personnel each. As a result we believe that a potential for further savings through duty consolidation may exist.

Programs and Operations

Table 3 summarizes the programs and operations budget with its proposed personnel changes.

Table 3
Programs and Operations Budget Summary

<i>Elements</i>	<i>Positions</i>			<i>Change</i>	
	<i>Actual 1973-74</i>	<i>Estimated 1974-75</i>	<i>Proposed 1975-76</i>	<i>Amount</i>	<i>Percent</i>
1. Administrative and fiscal services	14.5	20.8	21.8	1.0	4.8%
2. Credentials	7.6	11.0	9.0	(2.0)	(-18.2)
3. Academic affairs	7.4	9.4	9.4	0	0
4. Facilities planning	10.1	10.9	11.9	1.0	9.2
5. Student personnel services	6.6	8.1	8.1	0	0
6. Occupational education	30.2	33.5	33.5	0	0
Totals	76.4	93.7	93.7	0	0
<i>Expenditures</i>					
General Fund	\$6,951,053	\$7,025,570	\$7,848,226	\$822,656	11.7%
Federal funds	—	195,525	—	(195,525)	(-100.0)
Credentiaial Fund	—	254,080	237,357	(16,723)	(-6.6)
Reimbursements	1,019,102	1,116,010	1,131,059	15,049	1.4
Totals	\$7,970,155	\$8,591,185	\$9,216,642	\$625,457	7.3%

**BOARD OF GOVERNORS OF THE
CALIFORNIA COMMUNITY COLLEGES—Continued**

Although Table 3 suggests two new positions are offset by equal reductions, it should be noted that seven positions administratively established during 1974-75 are proposed for continuation in 1975-76. Each has been identified in the element analyses which follow.

1. Administrative and Fiscal Services Element

The budget proposes to add one limited term position (to June 30, 1976) to review and improve attendance accounting practices. \$37,510 is also added for the development and implementation of an apportionments data processing system. Last year we noted that earlier assurances by the chancellor's office that there would be no increased costs in the transfer of the apportionments function from the Department of Education would have resulted in manual processing and a reduction in informational services. An augmentation was provided to continue the previous level of automated services during the current year. Expenditures now proposed under this element will insure that the same level of service provided by the Department of Education will be maintained by the Chancellor's office in the budget year.

2. Credentials Element (Item 350)

We recommend that the Board of Governors review and adjust the credential application fee to eliminate overcharges and credential fund surpluses. (Reduce Credential Fund revenues \$120,000.)

The 1974 Budget Bill Committee on Conference directed the chancellor's office to "review and adjust the credential application fee to eliminate overcharges and credential fund surpluses." However, no adjustment in the \$15 fee was made and it is estimated that \$75,000 or \$3 per applicant in excess fees will be collected from the 22,000 applicants during the current year. The Governor's Budget indicates further that a surplus of \$189,000 is anticipated for 1975-76 based on the current \$15 fee. However, the administrative cost for processing each credential is estimated at slightly less than \$10. We believe the chancellor's office possesses the flexibility to protect applicants from any excessive overcharges. To insure that legislative intent is met, our recommendation would reduce Credential Fund revenues by \$120,000 thereby allowing fees to be reduced to \$10 for 1975-76.

Eliminate Credentials For Holders of Masters Degrees

We recommend legislation to eliminate the requirement for individuals with a master's degree from an accredited institution to be credentialed for employment in community colleges as chief administrative officers, supervisors or instructors.

Currently, applicants who possess a master's degree in a field other than education meet all professional and experience requirements for a lifetime instructor (teaching) credential. Applicants who possess a master's degree and can also demonstrate two year's experience in dealing

predominately with persons who have completed their elementary and secondary education requirements, meet professional and experience requirements for a lifetime chief administrative officer and/or supervisory credential.

Based on past experience, we estimate approximately 53 percent of all instructor credentials, 97 percent of all supervisor and 100 percent of all chief administrative officer credentials are granted to applicants possessing the master's degree. Because the awarding of a credential is virtually assured in these three classifications for holders of master's degrees, we estimate that this unnecessary administrative processing accounts for approximately 30 percent of this section's workload.

When we made this recommendation in 1973, corrective legislation was subsequently introduced (AB 1168). Concurrently, the Board of Governors directed the chancellor to sponsor legislation to improve the relevancy of credentialing to classroom teaching needs, combine the chief administrative office and supervisor credential into one administrative credential and develop an in-service training program to utilize excess credential fees. The original legislation based on our recommendation was subsequently withdrawn from consideration. Since that time legislation sponsored by the Chancellor's office to accomplish the board's objectives has been unsuccessful.

Further, community colleges represent the only segment of higher education requiring administrative and teaching credentials. This requirement appears to have carried over from prior years when community colleges were part of public secondary education and administered by the State Board of Education. Therefore, we suggest the current teaching and administrative credentialing requirement for holding of the master's degree (1) is not representative of higher education, (2) limits local autonomy, (3) is inadequate by itself for local hiring purposes, and (4) is unnecessarily expensive for applicants.

Workload May Decline

We recommend the proposed two new credentials processing positions be approved on a temporary basis until June 30, 1976 and not on a permanent basis as requested.

Given favorable consideration and enactment of our preceding recommendation for eliminating the requirement for certain credentials, we estimate credential section workload will be reduced by 30 percent. Under these circumstances this recommendation is also supportive of the preceding recommendation. If legislation is not enacted, these temporary positions can be resubmitted for permanent approval next year.

3. Academic Affairs Element

The budget proposes no change beyond normal cost increases.

4. Facilities Planning Element

We recommend elimination of the proposed associate construction analyst position for a General Fund savings of approximately \$22,000.

This new position request is based in part on an anticipated increase of 11 percent in the number of construction plans submitted for review.

**BOARD OF GOVERNORS OF THE
CALIFORNIA COMMUNITY COLLEGES—Continued**

Traditionally, construction requests are based on enrollment projections two years after estimated occupancy of the building. Although community college enrollment will continue to rise until 1980, enrollment is projected subsequently to decline below current levels and not exceed the current level again until the 1990's. As a consequence, our community college construction policy has been to build only for current enrollment needs, thereby avoiding the excess capacity that would result from a policy of continuing to build up to the peak 1980 enrollment projections. Based on this policy we believe the chancellor's office should discontinue accepting for review all capital construction projects other than those justified on current enrollment requirements. This would reduce the facilities planning workload about 20 percent and make the proposed position unnecessary.

5. Student Personnel Services Element

The budget proposes no change beyond normal cost increases.

6. Occupational Education Element

In addition to normal cost increases the budget proposes to continue on a permanent basis three positions that were administratively established during the current year. Justification for the positions relates to new and expanded responsibilities resulting from federal program guidelines. This element is totally reimbursed from federal funds received under an inter-agency agreement with the State Department of Education which is the direct recipient of Vocational Education Act funds.

II. EXTENDED OPPORTUNITY PROGRAM (ITEM 351)

Last year the Governor's Budget failed to provide an inflation allowance for the Extended Opportunity Program (EOP). The Legislature augmented the budget by \$468,500 for inflation which the Governor subsequently vetoed. This year the budget includes \$678,755 which is an 11 percent inflation allowance over the current year. These changes are summarized in Table 4.

Table 4
Extended Opportunity Program Summary

Year	Annual appropriation	Students served	Average expenditure/student
1969-70	\$2,870,000	13,943	\$206
1970-71	4,350,000	19,725	221
1971-72	3,350,000	19,459	172
1972-73	4,850,000	19,800	245
1973-74	6,170,500	25,083	246
1974-75 (est.)	6,170,500	23,917	258
1975-76 (est.)	6,849,255	23,917	286

Increased Support for Student Services

We recommend the Chancellor's office review and change as deemed appropriate for 1975-76 its current formula for allocating Extended Opportunity Program (EOP) funds between grants and student services.

We also recommend the results of this review, changes and future implications be reported to the Joint Legislative Budget Committee by December 1, 1975.

The Governor's Budget reflects a traditional policy to allocate EOP funds in the following manner: student grants, 60 percent; student services, 30 percent; administration and special projects, 10 percent. Table 5 shows recent substantial increases in community college grant aid from sources other than EOP.

Table 5
Community College Grant Financial Aid
(Without EOP)

Program	1973-74	1974-75	Change	
			Amount	Percent
College opportunity grant *....	\$1,672,000	\$2,136,000	\$464,000	2.8%
Basic educational opportunity grant	2,343,000	11,650,000	9,307,000	397.2
Grants to veterans	56,028,000	61,000,000	4,972,000	8.9
Other grants	5,590,000	6,158,000	568,000	10.2
Totals.....	\$65,633,000	\$80,944,000	\$15,311,000	23.3%

* State funds; other programs shown are federally funded.

Of special note in Table 5 is the large increase in expenditures under the federally funded Basic Educational Opportunity Grant program (BEOG). This relatively new basic aid program is intended to assist all students with substantial need by paying up to one-half of the costs of attending college. We estimate that virtually all EOP students qualify for a BEOG which is greater than the average EOP grant. Although the student may still have unmet financial need, we believe the dramatic increase in the availability of new federal grant aid warrants a reassessment of the percentages under which EOP aid is allocated.

For example, because of increased grant aid, many more disadvantaged students are probably entering community colleges. Experience has shown the need to support these students with special tutorial services, remedial courses and counseling programs. Because EOP is the only state program funding such services specifically designed for disadvantaged students, we believe the dramatic increase in federal grant aid has created a situation whereby increased funding of student services may be required to maintain the traditional balance. Our recommendation would require the chancellor's office to review this situation, make appropriate changes in EOP allocations between grants and services and report to the Legislature.

EOP Cost Effectiveness Report

Last year the Supplementary Report of the Committee on Conference Relating to the Budget Bill directed: "The Chancellor's Office submit to the Joint Legislative Budget Committee by December 1, 1974 an implementation report on the procedures established to permit annual evaluation of the EOP projects and allocation of funds on a cost effective and priority basis."

The report, received January 8, 1975, indicates that a cost-effectiveness formula was employed in the allocation of funds during 1974-75. The

**BOARD OF GOVERNORS OF THE
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formula consisted of ratios comparing district and statewide costs, number of students served, grade point averages and retention rates for EOP students. In addition, the Chancellor's staff will consult with colleges where extreme cost deviations may indicate unique problems or efficiencies. A computerized student and program data collection procedure has been instituted in 1974-75.

In the current year allocations, cost-effectiveness procedures influenced only ten percent of the funds. We assume that the improved data base and system refinements will allow substantial future increases in the application of this component.

III. COMMUNITY COLLEGE APPORTIONMENTS

As a result of Chapter 940, Statutes of 1973, responsibility for the administration and preparation of various reports relating to state support of local community college districts was transferred from the Department of Education to the Board of Governors. The system of apportionments is controlled by constitutional and statutory provisions and has three components:

1. *Derivation.* The amount of money authorized for annual transfer from the General Fund to the State School Fund for support of community college districts is referred to as the derivation of the funds. The derivation formulas are based on certain statutory and constitutional amounts per pupil in average daily attendance (ADA) in the preceding year. The statutory rate bears no relationship to the current level of district expenditures; rather it is simply an automatic device to facilitate the annual transfer of funds.

2. *Distribution.* After the State School Fund is derived, it is distributed into various categories for educational programs and activities specified by statute.

3. *Apportionment.* The total amount authorized for transfer from the State School Fund to local community college districts is based on an apportionment formula. A major component of the formula is the foundation program which is designed to guarantee from state and local funds a prescribed level of financial support for all public school pupils. It is important to note that the foundation program does not represent the total amount spent by school districts for each unit of ADA but merely guarantees a minimal level of support.

The foundation program consists of the following three elements:

(a) *Basic Aid.* Existing law requires that basic aid of \$125 per ADA be paid from state funds to all districts of the state regardless of their relative wealth, as measured by assessed valuation.

(b) *District Aid.* In each district of the state a computational tax rate of \$0.39 for regular community college students and \$0.24 for defined adults is used to determine the local contribution to the foundation program. It should be noted that district aid is a measure of the relative financial ability of a school district and does not represent the total amount of local support raised by school district taxes.

(c) *Equalization Aid.* The third component of the foundation pro-

gram is state equalization aid. The amount of state equalization paid to a school district is determined by subtracting the sum of basic aid plus district aid from the guaranteed total foundation program. Districts in which the combined total of basic and district aid exceed the guaranteed foundation program level do not receive state equalization aid.

Recent Changes

Enactment of Chapter 209, Statutes of 1973, provided for periodic inflation increases in the foundation programs and for tax relief. The regular foundation program will increase from \$1,080 per ADA to \$1,143 in 1975-76 and the defined adult foundation program will increase from \$595 to \$637. These increases are reflected under regular apportionments in Table 6. Substantial increases also occur in assistance to new community colleges. These expenditures primarily result from voter approved plans for bringing nondistrict territories into existing community college districts. Legislation provides for the eventual inclusion of virtually all nondistrict territory into districts by September 1975.

Table 6
Community Colleges Apportionment Summary

	<i>Actual</i> <i>1973-74*</i>	<i>Estimated</i> <i>1974-75</i>	<i>Proposed</i> <i>1975-76</i>	<i>Change</i>	
				<i>Amount</i>	<i>Percent</i>
<i>Regular Apportionments</i>					
Grades 13-14, equaliza- tion aid	\$183,602,023	\$217,350,400	\$254,403,800	\$37,053,400	17.1%
Grades 13-14, basic aid	62,015,250	65,737,500	68,437,500	2,700,000	4.1
Defined adults, equaliza- tion aid	14,529,284	18,799,600	24,378,700	5,579,100	29.7
Defined adults, basic aid..	15,412,500	16,732,500	17,437,500	705,000	4.2
Subtotals	\$275,559,057	\$318,620,000	\$364,657,500	\$46,037,500	14.5%
<i>Special Education</i>					
Physically handicapped....	\$1,300,179	\$2,000,000	\$2,500,000	\$500,000	25.0%
Mentally retarded.....	2,336	5,600	8,400	2,800	50.0
Special transportation	2,718	4,500	9,000	4,500	100.0
Educationally hand- icapped	60,390	100,000	150,000	50,000	50.0
Handicapped adults	644,917	1,718,674	1,823,900	105,226	6.1
Adjustments	—	—500,000	—550,000	—50,000	(—10.0)
Subtotals	\$2,010,540	\$3,328,774	\$3,941,300	\$612,526	18.4%
<i>Special Apportionments</i>					
State teachers' retirement	\$4,106,649	\$4,630,000	\$5,186,600	\$556,600	12.0
Assistance to new commu- nity colleges	326,370	549,173	2,650,131	2,100,958	382.6
Subtotals	\$4,433,019	\$5,179,173	\$7,836,731	\$2,657,558	51.3%
GRAND TOTALS.....	\$282,002,616	\$327,127,947	\$376,435,531	\$49,307,584	15.1%

* Previously reported under Department of Education; transferred to Board of Governors effective July 1, 1974 by Chapter 940, Statutes of 1973.

Community College Funding Problems Persist

We recommend the California Postsecondary Education Commission study alternative funding procedures for community colleges and report its findings and recommendations to the Joint Legislative Budget Committee by December 1, 1976.

**BOARD OF GOVERNORS OF THE
CALIFORNIA COMMUNITY COLLEGES—Continued**

Chapter 209 did not change the imposition of traditional elementary and secondary school funding procedures on community colleges. As a result, problems which continue to persist in public grade school funding also exist in community college funding (e.g., inequities between district financial resources). In addition, community colleges perform different missions (e.g., transfers to baccalaureate degree programs, occupational programs, apprenticeship programs, community service programs, police in-service training programs) each of which has different cost factors and should warrant different types and levels of support. Thus, elementary and secondary school funding procedures are not very logical for community colleges and the complexity of existing formulas is extremely difficult to understand or control.

We believe alternatives to the existing apportionment process can be devised that would simplify and improve the funding of local community colleges. Further, the magnitude of annual General Fund increases (\$43 million in 1974-75 and \$46 million in 1975-76) suggests that any improvement in the allocation of state funds could bear substantial rewards in specified program improvements and statewide equity. Our recommendation would have the California Postsecondary Education Commission study various funding alternatives to the present apportionment process and report its findings and recommendations for change to the Legislature by December 1, 1976.

STATE SCHOLARSHIP AND LOAN COMMISSION

Items 352 and 353 from the
General Fund. Item 354 from
the Guaranteed Loan Fund

Budget p. 992

Requested 1975-76	\$55,439,160
Estimated 1974-75.....	46,115,069
Actual 1973-74	35,591,491
Requested increase \$9,324,091 (20.2 percent)	
Total recommended reduction	\$50,000

1975-76 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount	Analysis page
352	Commission administration	General	\$1,715,123	811
353	Commission awards	General	46,717,804	811
354	Guaranteed Loan program	Guaranteed Loan	22,927	821
—	Real Estate program	Special Deposit	10,000	823
—	Continuing appropriations	General	4,216,000	817, 821
—	State Student Incentive Grant program	Federal	2,757,306	813
			<u>\$55,439,160</u>	

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS*Analysis
page*

1. Scholarships. Recommend special review of proposed funding changes pending receipt of cost information. 816
2. *Graduate Fellowships. Reduce Item 353 by \$1,000,000.* 817
Recommend maintaining program at current level of funding.
3. College Opportunity Grants. Recommend corrective legislation to limit award levels in first two years to that established for community colleges. 819
4. *College Opportunity Grants. Augment Item 353 by \$950,000.* 820
Recommend fully funded maintenance allowance as provided for under existing law.
5. Medical Contracts. Recommend special review of the participation of Loma Linda University pending receipt of Attorney General's opinion. 821
6. Medical Contracts. Recommend \$482,400 in unreported savings be (1) reappropriated for other student aid purposes or (2) added to the General Fund Surplus. 822
7. Clinical Training. Recommend \$90,000 in unreported savings be (1) reappropriated for other student aid purposes or (2) added to the General Fund Surplus. 822

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. Since then, eight more programs have been implemented under the commission's administrative cognizance. In addition, a Bilingual Teacher Development Grant program was established by Chapter 1096, Statutes of 1973, a California Community Service Fellowship program was established by Chapter 1471, Statutes of 1974 and a new Tuition Grant program was established by Chapter 1528, Statutes of 1974. These three programs have not received any funds.

ANALYSIS AND RECOMMENDATIONS

Funding for the commission incorporates the following Budget Bill items. Item 352 funds all administrative and support type expenses. Item 353 funds all student awards and institutional payments. Item 354 appropriates funds from interest earned on federal deposits to offset administrative costs of the Guaranteed Loan Program. Table 1 displays the source of funding for all proposed commission expenditures.

Table 1 Budget Bill and Expenditure Reconciliation

<i>Item</i>	<i>Funding Source</i>	<i>Amount</i>
352	General Fund administration	\$1,715,123
353	General Fund awards	46,717,804
	Continued appropriation, Graduate Fellowship program	1,000,000
	Continued appropriation, Medical Contract program	3,216,000
	Subtotal General Fund expenditures	\$52,648,927
354	Guaranteed Loan Reserve Fund	22,927
	Special deposit funds	10,000
	Federal State Student Incentive Grant program	2,757,306
	Total expenditures, all funds	\$55,439,160

STATE SCHOLARSHIP AND LOAN COMMISSION—Continued

It should be noted that Medical Student Contract program awards were funded through the budget process in 1972-73 (\$660,000) and in 1973-74 (\$1,203,600). Administrative support is still funded through the budget process but awards are now funded until 1977-78 by a continuing appropriation contained in Chapter 1112, Statutes of 1973. As shown in the above schedule, \$3,216,000 of the original appropriation of \$12,863,400 is scheduled for expenditure in 1975-76 providing a carry forward balance of \$10,560,000.

Expenditures identified in the Governor's Budget as "administration distributed" include only executive and central staff costs. Additional administrative costs for each program are not included under this category. In contrast, the Budget Bill (Item 352) combines all administrative costs (commission personnel, operating expense and equipment) under one category.

A summary of expenditures by program, funding sources, personnel positions and proposed changes is set forth in Table 2. For continuing operation of the commission and all of its programs, \$55,439,160 is budgeted for 1975-76. Of this amount \$52,648,927 is from General Fund sources. This represents an increase of \$9,318,156 or 21.5 percent over estimated 1974-75 General Fund expenditures.

Table 2
State Scholarship and Loan Commission Budget Summary

Programs	Actual 1973-74	Estimated 1974-75	Proposed 1975-76	Change From 1974-75	
				Amount	Percent
1. State scholarship	\$27,496,037	\$33,428,160	\$38,193,918	\$4,765,758	14.3%
2. Graduate fellowship	1,042,746	1,124,955	2,123,599	998,644	88.8
3. College opportunity grant	5,642,620	7,292,902	10,669,262	3,376,360	46.3
4. Occupational training	526,983	957,898	1,089,246	131,348	13.7
5. Guaranteed loan	14,455	21,992	22,927	935	4.3
6. Peace officers	5,215	18,354	17,501	(853)	(4.7)
7. Medical contract	600,720	2,868,456	3,239,214	370,758	12.9
8. Clinical training	207,123	293,333	0	(293,333)	(100.0)
9. Real estate scholarship ..	0	5,000	10,000	5,000	100.0
10. Tuition grant	0	29,038	0	(29,038)	(100.0)
11. Research	55,592	74,981	73,493	(1,488)	(2.0)
Total expenditures	\$35,591,491	\$46,115,069	\$55,439,160	\$9,324,091	20.2%
<i>Funding Sources</i>					
General Fund	\$35,577,036	\$43,330,771	\$52,648,927	\$9,318,156	21.5%
Guaranteed Loan Fund	14,455	21,992	22,927	935	4.3
Real Estate Fund	0	5,000	0	(5,000)	(-100.0)
Special Deposit	0	0	10,000	10,000	—
Federal State Student Incentive Grant funds	0	2,757,306	2,757,306	0	0
Total funds	\$35,591,491	\$46,115,069	\$55,439,160	\$9,324,091	20.2%
Positions	91.3	107.9	109.8	1.9	1.8%

Federal SSIG Allocations

For the first time federal funds in the amount of \$2,981,391 were received by the commission during the current year under the State Student Incentive Grant (SSIG) program. However, the Governor's Budget indicates a receipt of only \$2,757,306. The difference of \$224,085 results from a subsequent redistribution of unused SSIG funds from other states. It is assumed these current year unreported funds will be applied against a deficit in the State Scholarship program which is discussed later. The SSIG program provides federal matching money for new or expanded state student aid programs. Table 3 shows 1974-75 allocation of these funds. The same funding level and allocation is proposed for 1975-76. We anticipate some increase in SSIG allocations may be announced by the time budget hearings begin.

Table 3
Allocation of SSIG Funds

<i>State Programs</i>	<i>Allocation</i>
State scholarships.....	\$799,006
College opportunity grants.....	1,788,700
Occupational training grants	169,600
Total	<u>\$2,757,306</u>

I. ADMINISTRATION

Of 10.4 new positions which were administratively added during the current year, the proposed budget would discontinue 3.6 positions which were assigned to (1) special one time BEOG workload and (2) the Tuition Grant program. The budget proposes to continue the remaining 6.8 positions and add 5.5 new workload related positions. Two would be added to the State-Scholarship program, and 3.5 added to the College Opportunity Grant program.

II. AWARDS AND CONTRACTS**Master Plan for Student Aid and Public Assistance to Private Institutions**

Last year the Conference Committee on the Budget Bill requested the commission, in coordination with the staff of the Postsecondary Education Commission, to prepare a master plan for the administration and coordination of all publicly funded student aid. Supporting detail in the 1974-75 Analysis included these plan components specified and integrated objectives for all state programs, coordinating guidelines for federal, state segmental and institutional programs and recommendations for combining, eliminating or strengthening existing programs and for new programs to fill unmet needs. The plan should also develop and recommend standardized reporting and need analysis procedures and prescribe the appropriate levels of administration (i.e., state, regional, segmental or institutions) staffing and training for all state-funded programs. Inherent in such a plan would be considerations concerning appropriate levels of state assistance to students at private universities and colleges.

STATE SCHOLARSHIP AND LOAN COMMISSION—Continued

An interim progress report received in November 1974 again restates problems which exist in state and national student aid administration and requested a minor augmentation (\$12,500) to accomplish a final report by June 30, 1975. However, the interim report provides no guidance for ongoing student aid funding or program decisions and suggests the commission may experience difficulties in developing a comprehensive master plan by June 30.

Two other recent reports do address the tuition gap and increasing state subsidies to private universities and colleges which were subjects of discussion last year. In May, 1974 the Association of Independent California Colleges and Universities (AICCU) published a report titled, "Measures of California Independent College and University Financial Condition." It contains 17 general criteria which tend to suggest some private institutions may be experiencing a deterioration in fiscal capacity. A subsequent report, "Independent Higher Education in California: Development of State Policy," published in November as a staff report to the Joint Legislative Committee on Postsecondary Education addresses some of the fiscal issues raised in the AICCU report. The legislative staff report states:

"Future public policy decisions regarding independent higher education should be supported and preceded by the development of a thoughtful policy foundation. Development of this framework requires action on the following sequential steps: (1) legislative determination of goals regarding state aid to private higher education, (2) delineation of policies that will serve as guidelines for and means toward accomplishment of determined goals, (3) development of useful criteria for assessing the condition of independent institutions, (4) development of comprehensive and verifiable data which indicate the financial condition of independent institutions, (5) design of programs effective in approaching goals and shorter range objectives, and (6) determination of criteria for evaluating the effectiveness of state programs in approaching determined goals."

The report concludes by recommending that the California Postsecondary Education Commission study the areas discussed for purposes of making recommendations to the Legislature and Governor and finally that "no increase in state aid to independent higher education be approved by the Governor and the Legislature prior to a comprehensive report by the commission."

1. State Scholarship Program

This program was established in 1955 when the State Scholarship and Loan Commission was created. Scholarships are granted to academically able students who are in need of financial assistance to meet their tuition and fee costs generally at four-year institutions. The commission usually administratively determines the award levels for each student on the basis of standardized need assessment formulas and procedures established by the national College Scholarship Service. Once an initial award is granted, a student may apply for annual renewal if he maintains academic eligibili-

ty and continues to meet financial need standards. Awarded scholarships are held in reserve for students while they are attending a community college.

Chapter 1034, Statutes of 1973, increased the number of new state scholarships from 3.5 percent to 4.25 percent of the previous year's high school graduates and the maximum award on January 1, 1974 was raised from \$2,200 to \$2,500. Table 4 summarizes the history of the program since 1970-71.

Table 4
State Scholarship Program Summary

Year	New awards	Total awards	Average award	
			Budgeted	Actual
1970-71	6,023	15,914	\$851	\$829
1971-72	9,214	20,201	770	804
1972-73	9,526	23,090	961	940
1973-74	11,193	27,403	1,010	972
1974-75 (est.)	13,221	32,185	992 ^a	1,056
1975-76 (est.)	13,691	36,347	1,025	n.a.

^a Reflects Basic Educational Opportunity Grant related reduction of \$42 in average award.

Current Year Deficit

Last year for the first time the budget anticipated that payments to needy students from the federal Basic Educational Opportunity Grant (BEOG) program would reduce the need for state funds for the scholarship program by \$1,350,000 but the actual reduction was only \$79,243. As a result, the final average grant will be more than the budgeted grant and the commission reports the program will experience a funding deficit of about \$1.5 million. How this will be resolved during the current year is unclear. Although we addressed this potential deficiency last year, the commission agreed with the federal BEOG offset estimated by the Department of Finance, and our recommendation for augmentation was rejected. For the budget year both the commission and finance agree to a BEOG offset of approximately \$100,000 which we believe to be more realistic.

Increasing Aid to Private Colleges

We have previously questioned the level of state benefits and savings offered in support of the commission's policy of continued diversion of students from public to private institutions, particularly as enrollment pressures subside in the public segments leaving underutilized instructional capacities and physical facilities. Table 5 shows recent levels of students and award dollars going to private institutions.

Table 5
State Scholarship Program at Independent Institutions

September of	Number of awards at independents	Percentage of all awards	Awards as percentage of independent FTE	Program expenditures at independents (000)	Percentage of all program expenditures
1972	10,621	46.0	16.7%	\$17,743	76.7%
1973	12,605	46.0	19.4	22,428	78.7
1974 (est.)	15,159	47.1	22.3	29,545	80.5

STATE SCHOLARSHIP AND LOAN COMMISSION—Continued

It is unclear at this time how the proposed changes in scholarship funding policy, discussed below, will affect the trends shown in Table 5.

Proposed Change in Scholarship Funding Policy

We recommend special review of proposed funding changes pending receipt of cost information related to specific policy options.

The Governor's Budget uses \$1,025 as the average scholarship award for funding in 1975-76 rather than the commission's projected average of \$1,101. However, in the past the Legislature has always supported the commission's estimate of the average award and, with few exceptions, this policy has also been supported by the Department of Finance and the Governor. Although the number of awards is a result of legislation and renewal experience, the average award level depends upon certain criteria used in the administrative process employed by the commission in its calculation. That is, by estimating and adjusting for such factors as tuition and fee increases, student living and personal expenses, student self-help expectations, and the amount and type of deductions against family and student income that will be allowed in determining unmet financial need, the commission administratively calculates an average award level. Based on an average award of \$1,101, the commission estimates it requires \$40,018,000 or \$2,722,000 more than the Governor's Budget would provide for 1975-76.

However, the Governor's Budget would base 1975-76 awards on the dollar level budgeted in 1974-75. This policy fails to recognize (1) the \$1.5 million deficit in the current year program base and (2) unavoidable 1975-76 tuition and fee increases at private institutions. Augmentation for these two components would be required to insure that students do not receive reductions in the current level of support. In addition, the new policy ignores components related to the impact of inflation on (1) room and board, (2) student self-help earnings, (3) personal expenses and (4) parental income which have been traditionally considered in establishing a student's need for financial assistance.

We have requested the commission to cost out the various components indicated above including several recently adopted changes that would serve to provide awards to applicants from higher income families. In addition, the commission is conducting a computer analysis on characteristics of the new applicant pool resulting from substantial increases in the numbers of applicants (approximately 40 percent). The commission reports this extraordinary growth has resulted from (1) the elimination of the maximum age restriction, (2) a requirement for all University of California students requesting financial aid to apply for a state scholarship, (3) the additional testing dates established for the annual competitive examination, (4) the publicity on increased potential for students from higher income families to qualify for an award and (5) the impact of the recession in terms of lower family resources and limited employment alternatives for students. Changes in the pool can influence many aspects

of the program including the numbers that attend private institutions and projected average award levels.

2. Graduate Fellowship Program

Financial assistance to graduate students began in 1965 with the establishment of the Graduate Fellowship program. Chapter 1597, Statutes of 1971, redesigned the program to parallel the objectives of the State Scholarship program and to consider critical manpower needs in making student awards. This program was changed also by Chapter 451, Statutes of 1974, which requires consideration of (1) parent's income in determining financial need and (2) student's "disadvantaged" characteristics in making awards.

Graduate Aid Should Not Take Priority Over Undergraduate Aid

We recommend the Graduate Fellowship program be maintained at its traditional funding level for a General Fund savings of \$1 million to be applied to deficiencies in undergraduate student aid programs.

Chapter 451, Statutes of 1974, provided \$1 million for "awards for graduate fellowships in 1975-76 above the 1974-75 level" which is reflected in the program summary shown in Table 6.

Table 6
Summary of Graduate Fellowship Program

Year	Applicants	Total Awards	Average Award	Award Expenditures
1973-74	4,072	638	\$1,507	\$961,525
1974-75 (est.)	4,253	578	1,730	1,000,000
1975-76 (est.)	7,000	1,200	1,666	2,000,000

Historically, the Legislature has supported full funding of undergraduate programs before considering increases in graduate programs. We have noted in the past that the Graduate Fellowship program was never funded at the authorized level of two percent of baccalaureate degrees awarded by California institutions of higher education but has been maintained at \$1 million for awards. We have suggested that this level may be warranted because graduate students, particularly those beyond the normal two-year master's programs, receive considerable special aid such as teaching and research assistantships. For example, the student financial aid resources survey (conducted by the commission and published in January, 1975) reports that in 1973-74, 61.1 percent of all full-time graduate and professional students at UC, 59.7 percent at CSUC and 43.4 percent at private colleges received at least one award in the form of either a fellowship, scholarship or grant, or in the form of a loan or employment aid. By contrast, approximately 40 percent of full-time *undergraduate* enrollment at UC and CSUC, 30 percent at community colleges, and 80 percent at private institutions received some form of institutionally monitored financial aid. In addition, Table 7 compares the commission's report on 1973-74 graduate student aid with undergraduate student aid and shows substantial disparities. The table excludes aid, such as GI benefits, which is not subject to institutional control or influence.

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Table 7
Comparison of Graduate and Undergraduate Student Aid
(1973-74)

<i>University of California</i>	<i>Graduate</i>	<i>Undergraduate</i>
All institutionally controlled or monitored aid	\$85,118,792	\$54,384,436
Net unduplicated recipients	19,429	32,992
Average award per recipient	\$4,381	\$1,648
<i>California State University and Colleges</i>		
All institutionally controlled or monitored aid	\$11,617,458	\$66,052,651
Net unduplicated recipients	10,142	98,137
Average award per recipient	\$1,145	\$673
<i>California Community Colleges</i>		
All institutionally controlled or monitored aid	n.a.	\$47,108,015
Net unduplicated recipients	n.a.	93,126
Average award per recipient	n.a.	\$505
<i>Private Universities and Colleges</i>		
All institutionally controlled or monitored aid	\$47,222,175	\$87,817,066
Net unduplicated recipients	11,301	51,607
Average award per recipient	\$4,178	\$1,701

Although the budget would provide an increase of \$1 million for the fellowship program as appropriated by Chapter 451, we question the policy of increasing graduate aid based on the comparative differences shown in Table 7 and the underfunding of the College Opportunity Grant program which is subsequently discussed.

3. College Opportunity Grant Program

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 more conventional academic methods.

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. Chapter 451, Statutes of 1974 increased the authorization of 2,000 new awards to 3,100 for 1974-75 through 1976-77 and provided for use of an award during a summer term. Table 8 summarizes COG participation since the program began in 1969.

Table 8
Summary of College Opportunity Grant Program Since 1969

<i>Year</i>	<i>Number of applicants</i>	<i>Number of new grants</i>	<i>Total grants</i>	<i>Average grant</i>
1969-70	2,034	1,000	1,000	\$833
1970-71	4,092	1,000	1,720	869
1971-72	5,926	1,000	2,293	941
1972-73	8,929	2,000	3,811	1,043
1973-74	9,341	2,000	4,762	1,116
1974-75	12,700	3,100	6,676	1,030
1975-76 (est.)	15,000	3,100	8,335	1,223

Federal BEOG Impact

We previously noted under the scholarship program how an overestimation in the impact of the federal Basic Educational Opportunity Grant (BEOG) program caused a major potential deficiency in the current year. Similarly, for the first time last year the Governor's Budget estimated that federal BEOG payments to needy students would reduce the state funds needed for the COG program by \$900,000. The actual offset was approximately \$500,000 but the remaining \$400,000 did not result in a deficiency because the average award level was overbudgeted in 1974-75. For 1975-76 the BEOG impact is estimated at approximately \$509,000 based on 1975-76 experience.

Community College COG Participation

We recommend corrective legislation to limit the first two years of COG awards to the dollar level authorized for community colleges regardless of where the student attends college.

We have questioned for the last three years whether the statutory objective of supporting students whose destination is community colleges was being effectively accomplished. Implementing statutes recognize public community colleges as the least expensive level of California higher education and expressed the intent "that the additional opportunities for education provided (by the COG program) shall be initiated primarily on the community college level."

Subsequent to the establishment of the COG program, Chapter 1516, Statutes of 1970, changed the program to allow any student awarded an initial grant on the basis of need and attendance at a community college to transfer to a four-year college without being eliminated from the program. In such cases no adjustment to the initial grant would be made during the first year although second year renewals would be based on the higher tuition and fees at the four-year institution. We believe Chapter 1516 was intended to give students greater freedom to attend the college of their choice. However, in effect it has also provided a financial incentive for students to maintain or increase their need by enrolling at or transferring to a more expensive four-year institution for their first two years. By 1972-73 it became necessary to resort to an arbitrary quota system to insure that at least 51 percent of new award recipients would actually enroll in a community college. Nevertheless, we do not believe this administrative quota system meets the spirit of the legislation or recognizes the savings inherent in community colleges. In addition, the present quota system is inequitable because it allows some students to begin their education at four-year colleges while restricting others to community colleges.

Our recommendation would serve to preserve freedom of choice, eliminate inequities, and free additional funds which could be used to aid more students. Beginning with new awards and their subsequent renewal the second year, students would be limited to an award level based on community college need. Exceptions for hardships and special programs allowed under the original program would be unchanged. Subsequent renewals during the third and fourth year would continue to be based on need computed for the four-year institution where the student was enrolled.

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The commission estimates this legislation would result in minor savings during its first year of implementation with increased savings of about \$1.5 million each year thereafter. As a consequence of the recommended legislation we believe increased numbers of students would apply, receive awards and attend community colleges.

Underfunded Maintenance Allowance

We recommend an augmentation of \$950,000 to fund the full student maintenance allowance of up to \$1,100 per year as provided for under existing law.

In addition to funding tuition and fees, Section 31265 of the Education Code states COG grants shall be "for living expenses, transportation, supplies and books, according to the student's financial needs, and shall not be in excess of \$1,100 per academic year." Therefore, the proposed 1975-76 average grant of \$1,223 consists of two components: (1) full payment of tuition and fees and (2) the additional maintenance allowance for other specified expenses. However, the program has been funded since its inception in 1969 using an arbitrary \$900 maintenance allowance ceiling rather than the \$1,100 authorized by statute. Because the \$900 ceiling has not been adjusted for inflation since 1969 and the commission reports many students have need for more than a \$900 maintenance allowance, we believe funding up to the maximum authorized level is warranted.

Further, we noted during the earlier discussion of the fellowship program that the most recent student financial aid survey reported that a larger percent of full-time graduate and professional students received aid than did undergraduate students at public institutions and Table 7 showed the large disparities between the average dollar awards given graduates and undergraduates in each segment. As a result, we would apply most of the \$1 million in new funds proposed in the Governor's Budget for the Graduate Fellowship program to fund the full \$1,100 authorized maintenance allowance in this program. For those COG recipients having a maintenance allowance need in excess of \$900, the commission estimates the projected 1975-76 average award of \$1,223 would be increased by \$114 and a General Fund augmentation of \$950,000 would be required.

4. Occupational Training Grant Program

This program was established by Chapter 987, Statutes of 1972. Its objectives include assistance to financially needy students who desire to undertake postsecondary occupational training. Grants up to \$2,000 for tuition and \$500 for related training costs may be awarded.

During 1973-74, the first year of the program, 500 grants were awarded at an average level of \$870. Chapter 451, Statutes of 1974 increased the number of new grants from 500 to 700 beginning with the current year. It is estimated that 977 new and renewal grants at an average award level of \$867 will be in effect during 1974-75. The Governor's Budget would provide for 1,000 new and renewal awards at an average grant level of \$972.

5. Guaranteed Loan Program (Item 354)

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. 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 administrative services for collecting outstanding loans. The federal government has directly administered subsequent student loan programs.

Funding is from a special appropriation (Item 354) from the State Guaranteed Loan Reserve Fund. The \$22,927 proposed for administrative support in 1974-75 is reimbursed from earned interest generated by federal funds deposited in the special fund reserve.

6. Dependents of Deceased or Disabled Peace Officers

This program was authorized by Chapter 1616, Statutes of 1969. The program goal is to assure a college education for financially needy dependent children of peace officers totally disabled or killed in the line of duty. The budget includes \$15,000 for stipends on the assumption there will be 15 grants averaging \$1,000. Three grants were awarded in 1972-73, three in 1973-74 and eight in 1974-75.

7. Medical Contract Program

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, minus federal capitation grants, for each student enrolled above a 1970-71 enrollment base. Chapter 1112, Statutes of 1973, provided \$12,863,400 to the commission to provide funding based on a schedule of program growth through 1977-78. The budget indicates 189 students were contracted for in 1974-75 at \$10,200 each (\$12,000 less \$1,800 federal capitation grant) for a total expenditure of \$1,927,800. The budget indicates a balance of \$10,560,000 remains for support of the program between 1975-76 and 1977-78. Table 9 is a summary of the program as funded.

Table 9
Medical Contract Program Summary of Students Funded

	1972-73	1973-74	1974-75	1975-76	1976-77	1977-78
Loma Linda University	30	60	90	120	120	120
Stanford University	11	22	33	44	50	50
University of Southern California	14	36	66	104	128	144
Totals	55	118	189	268	298	314

Loma Linda Problem Persists

We recommend special review of the participation of Loma Linda University in the Medical Contract program pending receipt of an Attorney General's opinion.

We noted last year that previous allocations for Loma Linda University

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were being held by the commission because of its failure to meet the legislative mandate that participating schools "have an affirmative action program approved by the State Fair Employment Practices Commission (FEPC) for the equitable recruitment of instructors and medical students." The FEPC has not been able to approve the school's program because of preferential employment practices toward members of the Seventh-Day Adventist Church.

Special legislation (Chapter 1282, Statutes of 1974) noted that Loma Linda did take the increased numbers of students in anticipation of reimbursement and it authorized the commission to retroactively make payments for 1972-73 and 1973-74 (\$918,000). For the current and future years this legislation also provided that the affirmative action program provisions would "not apply to the recruitment of instructors at sectarian medical schools and colleges." As of mid-January 1975, the commission has not made any payments to Loma Linda and has requested an opinion from the Attorney General on the effects of the previously mentioned legislation. If the opinion finds that the two objectives of Chapter 1282 (i.e., elimination of the FEPC requirement and retroactive contract payments) cannot be accomplished, we would recommend all funds appropriated for Loma Linda (\$5,940,000) revert to the General Fund.

Federal Capitation Grants

We recommend that \$482,400 of identifiable savings from the appropriation made by Chapter 1112, Statutes of 1973, be (1) reappropriated for other student aid purposes, or (2) added to the General Fund surplus.

As noted above, Chapter 1112, provided \$12,000 per student for the number of students scheduled in Table 9. However, the original legislation requires the \$12,000 to be reduced by the amount of any federal capitation funds. We believe federal capitation grants of approximately \$1,800 will be continued in 1975-76, thereby generating excess funds in the amount of \$482,400 (268 students \times \$1,800). The budget does not report this \$482,400 as savings but would carry it forward to future years. Because these funds cannot be spent in future years under provisions of the original appropriation, the balance could be reappropriated for other uses in 1975-76. We suggest these funds be used either to (1) fund the previously discussed deficiency in the State Scholarship program or (2) be added to the General Fund surplus.

8. Supervised Clinical Training Program

We recommend \$90,000 of identifiable but unreported savings from Chapter 251, Statutes of 1974, be (1) reappropriated to fund deficiencies in other student aid programs, or (2) be added to the General Fund surplus.

This is a follow-on program to an earlier one which was restricted to students who had attended a medical school in Mexico. This new program is designed to provide additional clinical training for graduates of any foreign medical school by giving California medical schools offering an approved clinical internship program \$10,000 for each special student trained for one academic year. Funding for the current year (\$293,222)

came from unexpended funds remaining in the original program which terminated December 31, 1974.

The enabling legislation sets forth a number of administrative requirements for the commission including a report to the Legislature by January 1, 1976 on the operation of the program. During the current year, funding under this program was provided for 20 students at UC Irvine and for one student for one quarter at Loma Linda University. Three students started late and will remain in the Irvine program until December 1975. The commission estimates current funds are sufficient to carry all enrolled students through the program, leaving an unexpended balance of \$90,000. Because these funds are indicated as expended in the Governor's Budget, they are available for reappropriation for other purposes.

9. Real Estate Scholarship Program

This program was established by Chapter 1171, Statutes of 1973. It provides that interest earned from an endowment of \$200,000 from the Real Estate Fund that has been placed in a special deposit account be used for "worthy and disadvantaged students enrolled in a real estate career oriented program in institutions in the California State University and Colleges." The commission estimates \$10,000 will be available for award during 1975-76.

10. Tuition Grant Program

This program was established by Chapter 1528, Statutes of 1974. Students enrolled in private accredited colleges who qualified under the academic standards of the State Scholarship program and met specified, but less stringent, financial need criteria would be eligible for grants up to \$900 or one-third of their annual tuition. This legislation was not funded when enacted.

On November 15, 1974 the Director of Finance, by Executive Order E 74-89, authorized the expenditure of \$29,038 from the Emergency Fund (Section 98 of the Budget Act) to allow the commission to solicit applications and obligate award funds up to \$1 million for 1975-76. Apparently a decision was made subsequently not to fund the program in 1975-76.

11. Research Program

The research program includes two permanent and one temporary position with proposed expenditures of \$73,493 in 1975-76. The Legislature allowed greater flexibility in submitting required research reports but the program still suffers from excessive delays. For example, the student aid inventory, due February 15, 1974 was received in January 1975 and the student resources survey due February 15, 1975 will also be late. We are informed that the commission is correcting its problems and that timely research reports may be anticipated in the future.