

POSTSECONDARY EDUCATION

	<i>Page</i>
California Postsecondary Education Commission (Item 359)	1105
University of California (Items 360-377)	1108
Hastings College of Law (Item 378)	1174
California State University and Colleges (Items 379-382)	1181
California Maritime Academy (Item 383)	1242
Board of Governors of the California Community Colleges (Items 384-388)	1243
Student Aid Commission (Items 389-392)	1257

OVERVIEW OF POSTSECONDARY EDUCATION

Postsecondary education consists of formal instruction, research, public service, and other learning opportunities offered by educational institutions which are eligible for state fiscal support or which participate in state programs. Postsecondary education primarily serves persons who have completed or terminated their secondary education or who are beyond the age of compulsory school attendance.

This section presents data which relate 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, and student charges follows.

1. Organization

California's system of public postsecondary education is the largest in the nation and consists of 140 campuses serving approximately 1.5 million students. This system is separated into three distinct public segments—the University of California (UC), the California State University and Colleges (CSUC) and the California Community Colleges (CCC).

In addition to the public system, the California Postsecondary Education Commission (CPEC) reports that there are approximately 300 independent colleges and universities which serve an estimated 190,000 students. Enrollments in the independent colleges and universities range from a law school with five students to a comprehensive university enrolling over 27,000 students in fall 1978.

2. Enrollment

Table 1 shows the distribution of enrollment among the three public segments based on fall 1978 data. UC enrollments represented 8 percent

Table 1
California Public Postsecondary Education Enrollment (Headcount)
Fall, 1978

<i>Segment</i>	<i>Full-time</i>		<i>Part-time</i>		<i>Total</i>	
	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>	<i>Number</i>	<i>Percent</i>
University of California						
Undergraduate	84,305	93%	6,656	7%	90,961	100%
Graduate	35,067	95	1,853	5	36,920	100
					127,881	
					(8%)	

POSTSECONDARY EDUCATION—Continued

California State University and Colleges							
Undergraduate	167,752	70	70,508	30	238,260	100	
Graduate	15,065	22	52,850	78	67,915	100	
					306,175		
					(21%)		
California Community Colleges.....	285,133	27	762,034	73	1,047,167	100	
					1,047,167		
					(71%)		
Totals	587,322	40%	893,901	60%	1,481,223	100%	
					(100%)		

Source: CPEC, Postsecondary Education in California Information Digest, 1979.

of the state total, CSUC enrolled 21 percent and the CCC enrolled the remaining 71 percent. Part-time enrollees represented 6.7 percent of the CCC figures but only 6.7 percent of UC.

Table 2 compares historical head count and FTE (ADA for the CCC) enrollment figures for the three segments. Both UC and CSUC project slight declines in FTE enrollments in the budget year, although CSUC is projecting a head count increase. There are no reliable 1980-81 projections currently available for the CCC.

Table 2
California Enrollment in Public Higher Education
1975-76 to 1980-81

	Community College		CSUC		UC		Total	
	head count	ADA	head count	FTE	head count	FTE	head count	FTE/ADA
1975-76	1,284,407	768,902	332,427	236,067	124,028	120,540	1,740,543	1,125,169
1976-77	1,257,754	721,884	327,189	231,604	123,056	119,369	1,705,592	1,072,504
1977-78	1,321,739	718,303	333,348	234,074	121,719	117,940	1,776,775	1,070,332
1978-79	1,159,819	635,112	326,513	229,371	123,462	119,628	1,609,794	984,111
1979-80 est.....	1,234,047	655,435	327,402	230,860	127,177	122,104 ^a	1,688,626	1,008,399
1980-81	NA ^b	NA ^b	328,080	230,750	126,687	121,489	NA ^b	NA ^b
Percent Change 1979-80 to 1980-81	NA ^b	NA ^b	0.2%	-0.05%	-0.4%	-0.5%	-	-

^a Estimated actual enrollment.

^b There are no projections available on community college head count and ADA enrollments for 1980-81.

Ethnic Composition

Table 3 shows the latest available information on the ethnic distribution of students within each of the public segments. This data, compiled by CPEC, reflects voluntary self-designations made by students. Many students choose not to report their ethnic status. (For example, no response was received from 21.5 percent of CSUC undergraduate males.) The incidence of these "no responses" is shown in the table. CPEC reports that this data may exhibit statistically significant abnormalities due to high nonresponse rates but, inadequate as the data may be, it is the only source of annual statewide information on student ethnicity. CPEC advises that this data be used with caution.

Table 3
Percent Of Undergraduate/Graduate Students Enrolled by Ethnicity and Sex
Fall 1978

	<i>California State University and Colleges</i>		<i>University of California</i>		<i>California Community Colleges</i>	
	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>	<i>Male</i>	<i>Female</i>
Undergraduate:						
White	52.4	55.3	68.8	70.9	61.7	65.7
Black	5.1	7.0	3.0	4.3	8.7	8.4
Hispanic	6.9	6.5	5.4	4.8	10.3	8.8
Asian	6.4	6.7	10.9	10.8	4.9	3.9
American Indian	1.1	1.1	0.5	0.5	1.4	1.3
Other	2.7	2.8	1.4	1.0	2.7	2.3
Nonresident Alien	3.8	1.5	3.0	1.4	1.0	0.4
No Response	21.5	19.3	7.1	6.4	9.3	9.2
Graduate:						
White	49.8	55.7	55.2	64.4	—	—
Black	3.2	4.5	2.2	4.1	—	—
Hispanic	4.7	4.4	3.7	3.8	—	—
Asian	5.7	4.8	5.2	5.6	—	—
American Indian	0.9	0.8	0.3	0.5	—	—
Other	2.5	2.3	1.1	0.9	—	—
Nonresident Alien	5.4	2.0	12.7	6.5	—	—
No Response	27.7	25.6	19.6	14.3	—	—

Source: CPEC, Postsecondary Education in California Information Digest, 1979.

3. Expenditures

A summary of proposed expenditures for 1980-81 is shown in Table 4. Total support for all higher education will amount to nearly \$6 billion in the budget year. Of the total support budget, the state General Fund will provide \$3.033 billion, or 50.9 percent. The community college system will

Table 4
Summary of Proposed 1980-81
Budget for Higher Education
(in thousands)

	<i>State</i>		<i>Federal</i>	<i>Other^a</i>	<i>Total</i>
	<i>General Fund</i>	<i>Other State</i>			
California Postsecondary Education Commission	\$1,942	—	\$1,518	\$8	\$3,468
University of California	959,651	\$23,755	1,140,300	1,015,432	3,139,138
Hastings College of Law	6,211	—	897	1,900	9,008
California State University and Colleges	852,609	3,647	94,494	273,858	1,224,608
California Maritime Academy	3,004	—	696	1,253	4,953
Community Colleges	1,127,036 ^b	436	94,404 ^c	262,400 ^c	1,484,276
Student Aid Commission	83,028	1,769	12,430	—	97,227
Totals	<u>\$3,033,481</u>	<u>\$29,607</u>	<u>\$1,344,739</u>	<u>\$1,554,851</u>	<u>\$5,962,678</u>
Percent of Total	50.9%	0.5%	22.6%	26.0%	100%

^a Includes hospital fees, student fees, local property tax and miscellaneous fees.

^b Includes state property tax subventions of \$37 million.

^c These amounts are not reflected in the Governor's Budget.

POSTSECONDARY EDUCATION—Continued

receive the greatest share of this amount—37.2 percent. The only local support of higher education occurs in the community college system—an estimated \$262.4 million from property tax revenues (shown in column labeled “Other” in Table 4).

The second largest single support source for higher education is the federal government (22.6 percent)—primarily as a result of the support provided by the U.S. Department of Energy to three laboratories (\$778 million) within the UC system.

Table 5 shows state General Fund and local support for public higher education from 1974-75 to 1980-81. State General Fund and local support is budgeted to increase by 6.8 percent. The CCC revenues will increase by \$121.0 million (9.5 percent). State General Fund support for UC and CSUC is budgeted to increase by 5.9 percent and 3.8 percent, respectively. The UC and CSUC figures will go up significantly, however, if salary increase funds are provided. For example, the Department of Finance currently estimates that each 1 percent of salary increase will cost \$4.2 million for academics and \$4.1 million for nonacademics in UC and \$4.7 million and \$2.9 million, respectively, in CSUC.

4. Tuition and Fees

Tuition and fees are the two types of student charges utilized by California's system of higher education. 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 charge on students who are not legal residents of California, including foreign students.

The California Maritime Academy (CMA) is an exception to the free tuition policy. Tuition income usually is expended for instructional services at the academy, resulting in a direct offset to state funding requirements.

Table 6 shows the budgeted levels of tuition and fees at the various segments. Where these vary from campus to campus, a range is indicated.

As a basis of comparison, Table 7 shows the 1979-80 average cost of tuition and fees nationally as well as the average for the three California higher education segments. The figures do not include the costs of non-resident tuition or auxiliary service fees.

Table 5
State and Local Funds Budgeted for Higher Education Operating Expenses^a
(in millions)

	California State University of California		California Community Colleges			Other Higher Education Agencies ^c	Totals	
	State General Fund	University and Colleges State General Fund	State General Fund ^b	Local	Total State and Local	State General Fund	State and Local	
1974-75	\$515	\$482	\$410	\$334	\$744	\$48	\$1,455	\$1,789
1975-76	586	538	485	367	852	59	1,668	2,035
1976-77	684	605	508	481	989	66	1,863	2,344
1977-78	737	666	570	667	1,237	78	2,051	2,718
1978-79	767	683	847	307	1,154	80	2,377	2,684
1979-80 est.	906	821	1,024	244	1,268	90	2,841	3,085
1980-81 Governor's Budget	960 ^d	852 ^d	1,127	262	1,389	94 ^d	3,033 ^d	3,295 ^d
1980-81 Increase over 1979-80	5.9%	3.8%	10%	7.4%	9.5%	4.5%	6.8%	6.8%

^a Excludes all capit. outlay.

^b Includes state property tax subventions totaling \$32 million in 1978-79, \$24 million in 1979-80 and \$37 million in 1980-81. State property tax subventions in prior years are included in local totals.

^c Includes Hastings School of Law, California Maritime Academy, Student Aid Commission and the Postsecondary Education Commission.

^d Excludes salary increase funds.

POSTSECONDARY EDUCATION—Continued

Table 6
Basic Academic Year Student Charges 1980-81
(estimated)

<i>Fee</i>	<i>UC</i>	<i>CSUC</i>	<i>CCC</i>	<i>CMA</i>
Tuition—nonresident/foreign	\$2,400	\$2,160	\$1,690	\$1,290
Education fee:				
Undergraduate	300	—	—	645
Graduate	360	—	—	—
Registration fee	430	162	—	—
Application fee	25	25	—	15
Campus mandatory fees	30-102	10-60	—	145
Auxiliary service fees:				
Room and board	1,632-2,215	1,630-2,189	—	2,100
Parking	30-108	36	0-40	—
Health	—	—	1-10	96

Table 7
Tuition and Fees, 1979-80

California:	
Community Colleges	—
CSUC	\$207
UC	748
National:	
Public two-year	389
Private two-year	2,043
Public four-year	680
Private four-year	2,923
Proprietary	2,321

Source: CEEB, *Student Expenses at Postsecondary Institutions, 1979-80*.

Nonresident Students

In all three segments, nonresident students pay tuition based on a computation of the average cost of instruction per full-time equivalent student (FTE, used by CSUC and UC) or per unit of average daily attendance (ADA, used by community colleges). Table 8 shows recent trends in nonresident tuition.

Table 8
Trends in Nonresident Tuition
1976-77 to 1980-81

	<i>CCC^a</i>	<i>CSUC</i>	<i>UC</i>
1976-77	NA	\$1,440	\$1,905
1977-78	NA	1,575	1,905
1978-79	\$1,389	1,710	1,905
1979-80	1,540	1,800	2,400
1980-81 (est.)	1,690	2,160	2,400

^a Figures presented are statewide averages; actual charges set by individual community college districts.

As Table 8 shows, nonresident tuition charges for 1979-80 are \$2,400 in the UC, \$1,800 in the CSUC, and an average of \$1,540 in the community colleges. Each community college district sets its own tuition charge, which may be based on either (a) the district's average cost of instruction per ADA or (b) the comparable figure for the state as a whole.

Although all three segments are consistent in basing nonresident tuition on the average cost of instruction, they differ markedly in the timing of adjustments to these fees. The CSUC bases its nonresident tuition on the *projected* average cost of instruction for the budget year. Tuition in the UC and community colleges, however, lags behind actual costs. Legislation to encourage greater consistency in the timing of tuition increases would be justified.

Table 9 shows that, in 1978-79, nonresident students accounted for 3.6 percent and 4.1 percent of all undergraduates in the CSUC and UC, respectively.

Table 9
CSUC and UC Student Residency
(Headcount), 1978-79

	CSUC		UC	
	Amount	Percent	Amount	Percent
Undergraduate				
California.....	229,753	96.4%	83,877	95.9%
Nonresident	8,507	3.6	3,608	4.1
Other U.S.	(3,113)	(1.3)	(2,232)	(2.6)
Foreign	(5,394)	(2.3)	(1,376)	(1.6)
Total undergraduate.....	238,260	100.0%	87,485	100.0%
Graduate				
California.....	64,420	94.9%	30,171	83.9%
Nonresident	3,495	5.1	5,806	16.1
Other U.S.	(1,303)	(1.9)	(2,329)	(6.5)
Foreign	(2,192)	(3.2)	(3,477)	(9.7)
Total graduate	67,915	100.0%	35,977	100.0%
Grand Totals.....	306,175	100.0%	123,462	100.0%

Nonresident Graduate Students

In the four-year segments, nonresident graduate students pay the same tuition as nonresident undergraduates. In the UC system, nonresident students are especially concentrated at the graduate level. Table 9 shows that, in 1978-79, 16.1 percent of all graduate students enrolled in UC were nonresidents and, of these, 60 percent were foreign students.

Because of (a) the greater costs of instruction associated with graduate education and (b) the greater financial rewards typically accruing to individuals who pursue graduate education, legislation to increase nonresident graduate student tuition should be considered. It is possible however, that if graduate nonresident tuition were increased to reflect fully the actual costs of graduate instruction, the numbers of outstanding students applying for graduate admission from out-of-state might decline significantly. A more modest increase, setting graduate nonresident tuition at 150 percent of proposed 1980-81 nonresident tuition, would increase General Fund revenues without adversely affecting nonresident enrollments. The new nonresident tuition for graduate students would total \$3,600 at UC and \$3,240 at CSUC. Assuming that nonresident graduate students continued to attend UC and CSUC in their current numbers, the increased revenue to the General Fund would exceed \$10 million in 1980-81.

POSTSECONDARY EDUCATION—Continued

Foreign Students

Nonresident foreign students in all three segments pay the same tuition as other nonresident students. Thus, for the purpose of charging tuition, no distinction is made between a student who is a resident of England and one who is a resident of New England. Similarly, resident aliens (who possess a work permit and have lived in California for at least a year) pay the same fees as other California residents. Resident aliens are enrolled in all three higher education segments, but complete data on them does not exist.

Enrollments of nonresident foreign students have been increasing. As Table 10 shows, these enrollments have increased in the CSUC from 1,029 in 1960 to 9,501 in 1978, and now account for approximately 3 percent of headcount enrollment. The UC system shows a similar trend, with nonresident foreign student enrollments growing from 4,403 in 1976 (the earliest year for which data is available) to 6,129 in 1979.

Table 10
Trends in Nonresident Foreign Student Enrollment
(Headcount), CSUC and UC
1960-1979

Fall Term, Year	CSUC		UC	
	Number	Percentage of Total Enrollment	Number	Percentage of Total Enrollment
1960	1,029	1.1%	NA	NA
1965	2,452	1.6	NA	NA
1970	5,108	2.1	NA	NA
1975	7,393	2.4	NA	NA
1976	7,992	2.6	4,403	3.5%
1977	9,418	3.0	4,720	3.7
1978	9,501	3.1	5,137	4.3
1979	NA	NA	6,129	5.1

For the California Community Colleges it is estimated that 24,500 nonresident foreign students were enrolled in 1978, approximately 2 percent of total headcount enrollment.

The Determination of Residency

Foreign students admitted to the U.S. on student visas pay nonresident tuition each year they are in attendance at the three higher education segments. In contrast, most nonresident students from other states within the U.S. are only "technical nonresidents" who are in the process of establishing California residency and, as a result, they usually pay nonresident tuition for one year.

Under the current statutory definition of residency, virtually all nonresident students from other states are eligible for resident status after one year. All a student need do to obtain residency is live in the state one year (the first year of academic attendance plus the summer months) and show intention to remain in California through such actions as registering to vote in California, obtaining a California driver's license, joining local organizations, etc.

A number of other states apply an additional criterion in the determination of residency: financial independence. Oregon, for instance, stipulates that to obtain residency status students must verify that they are not being significantly supported or claimed as a federal or state tax deduction by their parents or guardian if their parents or guardian reside out-of-state.

We do not have the data to determine the precise savings which would result from adoption of a financial independence test for residency status. However, in 1976-77 (the latest year for which data are available), there were over 6,000 undergraduates and 7,500 graduate students who were from other states at the time of their admission to UC or CSUC. If 2,000 of these students were not financially independent and continued in attendance, the annual savings to the General Fund in 1980-81 would exceed \$4.5 million, with a corresponding increase in reimbursements. Legislation in this area appears justified.

**CALIFORNIA POSTSECONDARY
EDUCATION COMMISSION**

Item 359 from the General Fund	Budget p. E 76
Requested 1980-81	\$1,942,383
Estimated 1979-80.....	1,854,774
Actual 1978-79	1,685,259
Requested increase (excluding amount for salary increases) \$87,609 (+4.7 percent)	
Total recommended reduction	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis page

1. Eligibility Study. Recommend CPEC conduct a study on impact of new standards for admission to UC and CSUC. 1106

GENERAL PROGRAM STATEMENT

The California Postsecondary Education Commission (CPEC) is composed of 15 members. It is an advisory body to the Legislature and the Governor with responsibility for postsecondary planning, evaluation and coordination. No person who is regularly employed in any administrative, faculty, or professional position by an institution of public or private postsecondary education may be appointed to the commission.

Postsecondary institutions advise the commission through a special committee, consisting of the chief executive officer of each public segment, the Superintendent of Public Instruction, the association or associations for private universities and colleges and the Council for Private Postsecondary Education Institutions.

**CALIFORNIA POSTSECONDARY
EDUCATION COMMISSION—Continued**
ANALYSIS AND RECOMMENDATIONS

The budget proposes an appropriation of \$1,942,383 from the General Fund for support of the commission in 1980-81, which is \$87,609, or 4.7 percent, more than estimated current year expenditures. This amount will increase by the amount of any salary or staff benefit increase approved for the budget year. Table 1 presents a summary of expenditures and funding sources for the commission.

Table 1
CPEC Expenditures and Funding Sources

Program	Actual	Estimated	Proposed	Change	
	1978-79	1979-80	1980-81	Amount	Percent
1. Information Systems	\$323,906	\$296,763	\$364,721	\$67,958	22.9%
2. Coordination and Review	286,793	232,085	266,680	34,595	14.9
3. Planning and Special Projects.....	421,400	545,995	474,619	-71,376	-13.0
4. Federal Programs.....	1,648,320	1,749,451	1,588,002	-161,449	-9.2
5. Executive	289,440	316,259	331,584	15,325	4.8
6. Staff Services	251,946	309,918	350,025	40,107	12.9
7. Commission Activities.....	28,364	51,824	49,824	-2,000	-3.9
8. W.I.C.H.E.	39,000	39,000	42,500	3,500	9.0
Totals	\$3,289,169	\$3,533,795	\$3,459,955	\$-73,840	-2.1%
General Fund.....	\$1,685,259	\$1,854,774	\$1,942,383	\$87,609	4.7%
Federal funds.....	1,603,910	1,679,021	1,517,572	-161,449	-9.6
Reimbursements	—	7,500	8,000	500	6.7
Positions.....	51.1	55.6	57.1	1.5	2.7

Table 1 shows that, although CPEC is budgeted a 4.7 percent General Fund increase, expenditures will decline by 2.1 percent due to reductions in federal support for Title I University Community Service Grants.

Table 2 shows proposed General Fund changes in 1980-81.

The Governor's Budget requests additional funds for the following purposes: (1) one new professional staff position in the Information Systems unit to maintain and develop new data bases, (2) a new commission publication, and (3) various information systems equipment. Our analysis indicates that these changes are justified. *We recommend approval.*

Eligibility Study

We recommend that the California Postsecondary Education Commission (CPEC) be directed to study the current admissions standards of the University of California (UC) and the California State University and Colleges (CSUC) in relation to the admission guidelines established in the Master Plan for Higher Education, with special attention to (a) eligibility rates by sex, ethnicity and income and (b) the effects of the added emphasis on standardized entrance examination test scores. The report should be made to the Joint Legislative Budget Committee by November 1, 1980.

Although the UC Regents have the power to establish their own admission standards, both UC and CSUC have adopted standards that are consistent with guidelines established in the Master Plan for Higher Educa-

Table 2
California Postsecondary Education Commission
Proposed 1980-81 General Fund Budget Changes

	<i>Cost</i>	<i>Total</i>
1979-80 Current Year Revised		\$1,854,774
1. Base Line Adjustments		
A. Increase in Personnel Costs		
1. Salary Adjustments	\$7,898	
2. OASDI	1,802	
3. Salary Savings Reduction	7,090	
4. Section 27.2 Restored	<u>37,295</u>	
Subtotal		\$54,085
B. Nonrecurring Items		
1. Off Campus Study	\$ -19,614	
2. Student Financial Aid	<u>-58,636</u>	
Subtotal		\$ -78,250
C. Price Increase		\$34,710
D. WICHE Dues Increase		<u>\$3,500</u>
Total, Base Line Adjustments		\$14,045
2. Budget Change Proposals		
A. New Positions	\$41,564	
B. Purchase Equipment	18,500	
C. Increase General Expense	6,000	
D. Increase Printing	<u>7,500</u>	
Total, Budget Change Proposals		\$73,564
Total Changes, 1980-81 Proposed Expenditures		<u>\$1,942,383</u>

tion in California. UC attempts to limit freshman admissions to the top 12.5 percent of California's high school graduates. CSUC attempts to limit freshman admissions to the top 33.3 percent of California's high school graduates.

CPEC's authorizing legislation directs it to (a) "act as a clearinghouse for postsecondary education information" and (b) "review all proposals for changes in eligibility pools for admission to public institutions and segments of postsecondary education." CPEC last reviewed eligibility rates in 1976, based on 1974-75 high school graduates. The review indicated that UC was admitting students from the top 14.8 percent, and CSUC was admitting students from the top 35 percent.

In response to the review, both UC and CSUC took action to reduce the estimated eligibility pool. In 1977 the UC Board of Regents adopted changes in undergraduate admissions based on a report made by the Board of Admissions and Relations with Schools (BOARS), a UC faculty committee. The new admissions standards increased the importance of standardized test scores (ACT or SAT) for freshman applicants, and required a fourth year of approved study in English. The CSUC system also changed its undergraduate admissions policies to put greater emphasis on standardized test scores.

There has been no follow-up study to show (a) if these changes have brought the two public institutions into compliance with the state master plan or (b) the impact any changes have made on the first year enrollments. We recommend that CPEC conduct such a study by November 1, 1980, using existing commission resources.

**CALIFORNIA POSTSECONDARY
EDUCATION COMMISSION—Continued**

Delay of Legislative Reports.

The following three legislative reports requested in the Supplemental Report of the 1979 Budget Act have been delayed until February 1980:

(1) *The Community College Transfer Student Study* which requires CPEC to develop plans for estimating and describing students who transfer from community colleges to four-year institutions.

(2) *The Joint Doctoral Program Study* which requires CPEC to review the CSUC Joint Doctoral Program.

(3) *The Program and Facilities Sharing Study* which requires CPEC to evaluate community college facilities and provide alternatives for increased coordination and sharing of facilities amongst community colleges and high schools.

In addition, the *Report on Off-Campus and Extended Education* (Items 321-322, Supplemental Report, 1978 Budget Act) due January 1, 1980 will be provided sometime before 1980-81 budget hearings.

UNIVERSITY OF CALIFORNIA

Items 360-371 from the General Fund, and Items 372-377 from various funds

Budget p. E 81

Requested 1980-81	\$965,968,704
Estimated 1979-80.....	906,530,939
Actual 1978-79	767,673,491
Requested increase (excluding amount for salary increases) \$59,437,765 (+6.6 percent)	
Total recommended reduction	\$7,641,936

1980-81 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount
360	Support	General	\$944,929,272
361	Integrated Pest Management	General	1,616,898
362	Space Related Research	General	1,025,506
363	Institute of Appropriate Technology	General	118,155
364	State Data Program	General	144,647
365	Undergraduate Teaching Excellence	General	1,569,690
366	Fresno-San Joaquin Medical Education Program	General	89,411
367	Berkeley-San Francisco Medical Education Program	General	856,559
368	Riverside-UCLA Biomedical Program	General	803,606
369	Teaching Hospital Loan	General	4,115,600
370	Drew Postgraduate Medical Program	General	3,634,160
371	California College of Podiatric Medicine	General	747,100
372	Institute of Transportation Studies	Driver Training	577,100
		Penalty Assessment	

Items 360-377

POSTSECONDARY EDUCATION / 1109

373	Mosquito Control Research	California Water	100,000
374	Deferred Maintenance	COFPHE	5,000,000
375	Institute of Appropriate Technology	Energy and Resources	141,000
376	Energy Institute	Energy and Resources	250,000
377	Utilities Conservation	Energy and Resources	250,000
	Total		\$965,968,704

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis page

1. *Graduate enrollments. Reduce Item 360 by \$1,360,800.* 1122
Recommend no increase in 1980-81 over the 1979-80 budgeted general campus graduate enrollments.
2. *Instructional Computing. Reduce Item 360 by \$800,000.* 1127
Recommend deletion of augmentation as an unnecessary enrichment in light of other funding sources.
3. *Instructional Equipment Replacement Program. Delete General Fund appropriation of \$9,895,300 and increase Capital Outlay Fund for Public Higher Education (COFPHE) by \$9,895,300 in Item 360.* 1129
Recommend that support for this program be provided by COFPHE.
4. *Medical Residents. Reduce Item 360 by \$802,197.* 1135
Recommend that state support for 99 medical residents be deleted. Also recommend annual report by UC on medical residents.
5. *Graduate Academic Students. Reduce Item 360 by \$235,000.* 1136
Recommend that state support for 37 health science graduate academics be deleted.
6. *Riverside Medical Program. Reduce Item 368 by \$132,113.* 1138
Recommend class size not be increased from 24 to 28 students.
7. *Health Science Tuition. Reduce General Fund and increase reimbursements to Item 360 by \$635,000.* 1139
Recommend that a \$1,000/year health science tuition fee for medicine, veterinary medicine and dentistry students be phased in over two years beginning with a \$500 fee in 1980-81.
8. *Drew/UCLA Medical Education Program. Reduce Item 370 by \$237,407.* 1143
Recommend proposed Drew budget be reduced to reflect anticipated budgetary savings associated with the phased-in hiring of new faculty.
9. *Drew/UCLA Medical Education Program.* 1144
Recommend that the Division of Health Professions submit a report on the planned expansion of medical residency program at Drew.
10. *California Space Institute. Reduce Item 362 by \$520,000.* 1147
Recommend proposed augmentation be deleted.
11. *Institute of Transportation Studies. Delete Driver Pen-* 1150

UNIVERSITY OF CALIFORNIA—Continued

- alty Assessment Fund support of \$577,100 and increase Transportation Planning and Research Account by \$577,100 in Item 372. Recommend that support for the Institute be provided by the Transportation Planning and Research Account rather than the Driver Training Penalty Assessment Fund.*
12. *Institute of Industrial Relations. Reduce Item 360 by \$159,389.* Recommend that the California Public Employee Relations Program be supported primarily by subscribers. 1152
 13. *Energy Institute. Reduce Item 376 by \$100,000.* Recommend that UC use currently budgeted Special Regents' Program funds to partially support Energy Research Institute. 1153
 14. *Appropriate Technology Program. Reduce Item 375 by \$90,630.* Recommend that this program be funded in a reduced amount for 1980-81. 1154
 15. *California Writing Project.* Recommend UC submit an annual report on this project. 1157
 16. *Farm Management Program. Reduce Item 360 by \$360,000.* Recommend that this program be supported by fees. 1158
 17. *Disabled Student Services. Reduce Item 360 by \$513,000.* Recommend deletion because other funding sources are available. 1164
 18. *Student Affirmative Action Program. Reduce Item 360 by \$1,889,000.* Recommend that the General Fund augmentation for replacement of Educational Fee funds be deleted. 1166
 19. *Mesa-like Program. Augment Item 360 by \$192,600.* Recommend augmentation to continue program in 1980-81. Also recommend evaluation of program. 1166
 20. *Utilities Operations.* Recommend that the augmentation of \$250,000 for utilities conservation be contingent on demonstrated reductions in energy consumption. 1170

Summary of Legislative Analyst's Recommended Fiscal Changes

Activity	Program Changes		Funding Impact	
	Reductions	Augmentations	General Fund	Other Fund
Graduate enrollments	\$-1,360,800		\$-1,360,800	
Instructional computing	-800,000		-800,000	
Instructional equipment replacement			-9,895,300	\$+9,895,300 ^a
Medical residents	-802,197		-802,197	
Riverside Medical Program	-132,113		-132,113	
Graduate academic students	-235,000		-235,000	
Health science tuition			-635,000	(+635,000) ^b
Drew/UCLA Medical Program	-237,407		-237,407	
California Space Institute	-520,000		-520,000	
Institute of Industrial Relations	-159,389		-159,389	
Energy Institute	-100,000			\$-100,000 ^c
Appropriate Technology Program	-90,630			-90,630 ^c
Farm Management Program	-360,000		-360,000	

Disabled student services.....	-513,000		-513,000	
Student affirmative action			-1,889,000	(+1,889,000) ^d
MESA-Like Program		\$+192,600	+192,600	
Totals	\$-5,310,536	\$+192,600	\$-17,346,606	\$+9,704,670

- ^a Increase in COFPE funds.
- ^b Increase in student fees.
- ^c Reductions from proposed Energy and Resources Fund.
- ^d Increase in funds from university sources.

GENERAL PROGRAM STATEMENT

The University of California (UC) is the land grant State University of the State of California. Established in 1868, it has constitutional status as a public trust to be administered under the authority of an independent 26 member governing board—the Regents of the University of California.

A broadly based curriculum leading to the baccalaureate degree is offered by the University. In addition, the Donahoe Higher Education Act of 1960 (Master Plan) gave the university exclusive jurisdiction in public higher education over instruction in the professions of law, medicine, dentistry and veterinary medicine. The university has sole authority to award doctoral degrees in all disciplines, although it may award joint doctoral degrees with the California State University and Colleges. The Donahoe Act also designated the University as the primary state-supported academic agency for research.

Administrative Structure

The university encompasses eight general campuses and one health science campus. Overall responsibility for policy development, planning and resource allocations rests with the President of the University, who is directly responsible to the Regents. Primary responsibility for individual campus management has been delegated to the Chancellor of each campus. This includes the management of campus resource allocations as well as campus administrative activities.

The academic senate has the delegated authority to determine conditions of admission (subject to the constraints of the Master Plan) and degree requirements, and to approve courses and curricula. Responsibility for administering research activities rests in three organizations: (1) academic departments, (2) agricultural research stations and (3) organized research units.

Admissions

Admissions as a first year student is limited to the top one-eighth (12½ percent) of California's high school graduates. Nonresident freshmen applicants must be in the upper one-sixteenth of their state's high school graduates to be admitted. The university is permitted to waive the admission standards for up to 6 percent of the incoming freshman enrollment.

California transfer students are required to have at least a 2.4 average in prior academic work to be eligible for admission to advance standing. The minimum requirement for admission to a graduate program is possession of a valid 4-year degree from an accredited institution.

1980-81 Budget Overview

Table 1 shows the total UC budget for the 1979-80 and 1980-81 fiscal years. The 1980-81 budget, which totals \$3.14 billion, has three compo-

Table 1
Proposed UC Expenditure Budget for 1980-81

Support Budget	<i>Personnel</i>		<i>Change</i>	<i>Expenditures</i>			
	<i>1979-80</i>	<i>1980-81</i>		<i>Estimated</i>	<i>Proposed</i>	<i>Change</i>	
				<i>1979-80</i>	<i>1980-81</i>	<i>Amount</i>	<i>Percent</i>
1. Instruction							
A. General Campuses	12,327.46	12,571.22	243.76	\$360,573,124	\$367,790,368	\$7,217,244	2.0%
B. Health Sciences	4,663.90	4,770.28	106.38	158,874,041	163,985,491	5,111,450	3.2
C. Summer Sessions	360.02	360.02	—	5,659,396	5,659,396	—	—
D. University Extension	1,208.99	1,208.03	—	41,704,702	41,704,702	—	—
2. Research	2,630.03	2,630.03	—	84,718,721	86,243,521	1,524,800	1.8
3. Public Service	1,204.98	1,218.48	13.50	38,789,188	39,656,988	867,800	2.2
4. Academic Support							
A. Libraries	2,183.38	2,193.88	10.50	67,066,510	67,273,060	206,550	0.3
B. Organized Activities—Other	2,592.78	2,592.78	—	67,762,525	70,176,525	2,414,000	3.6
C. Teaching Hospitals and Clinics	14,477.31	14,477.31	—	451,141,619	494,357,619	43,216,000	9.6
5. Student Services and Financial Aid							
A. Activities	2,850.76	2,850.76	—	70,620,597	71,442,597	822,000	1.2
B. Financial Aid	—	—	—	31,982,939	32,063,939	81,000	0.3
6. Institutional Support							
A. General Administration and Services	6,249.25	6,258.25	9.00	119,161,879	119,461,879	300,000	0.3
B. Operation and Maintenance of Plant	3,207.75	3,368.75	161.00	99,009,378	102,868,978	3,859,600	3.9
7. Independent Operations (Auxiliary Enterprises)	1,709.62	1,709.62	—	87,267,395	91,736,395	4,469,000	5.1
8. Special Regents' Programs	—	—	—	19,453,924	23,250,703	3,796,779	19.5
9. Unallocated Adjustments							
A. Provisions for Allocation	-809.00	-949.00	-140.00	23,564,125	38,333,738	14,769,613	62.7
B. Fixed Costs and Economic Factors	—	—	—	—	39,426,170	39,426,170	—
Totals, Support Budget	54,857.23	55,261.37	404.14	\$1,727,350,063	\$1,855,432,069	\$128,082,006	7.4%
Sponsored Research and Other Activities	—	—	—	464,388,000	504,941,000	40,553,000	8.7
Department of Energy Laboratories	—	—	—	778,765,000	778,765,000	—	—
Grand Totals	54,857.23	55,261.37	404.14	\$2,970,503,063	\$3,139,138,069	\$168,635,006	5.7%

ANALYSIS AND RECOMMENDATIONS

nents: (1) the support budget for continuing operations (\$1.86 billion), (2) Sponsored Research and Other Activities (\$500 million), and (3) the three Department of Energy laboratories (\$780 million).

The sources of funding for the support budget are shown in Table 2. As the table indicates, the increase proposed for the UC support budget in 1980-81 is \$128,082,006, or 7.4 percent of estimated current year expenditures. The proposed increase would be funded as follows:

- State General Fund appropriations: \$+53,758,965,
- University general funds: \$+7,794,553, and
- Other university revenue sources: \$+66,528,488.

The source of funds for individual programs is shown in Table 3.

The individual components of the proposed state General Fund increase are shown in Table 4. The amount of the increase—\$53,758,965—will increase by the amount of any salary or staff benefit increase approved for the budget year. (See faculty salary discussion under Item 488.) The Department of Finance currently estimates that each 1 percent of UC salary increase will cost \$4.2 million for academics and \$4.1 million for nonacademics.

Table 2
UC Revenues—Total Support Budget

	<i>Estimated</i> 1979-80	<i>Proposed</i> 1980-81	<i>Change</i>	
			<i>Amount</i>	<i>Percent</i>
General Funds:				
State Appropriations	\$905,891,639	\$959,650,604	\$53,758,965	5.9%
University General Funds:				
Nonresident tuition	19,000,189	20,605,882	1,605,693	8.5
Other student fees	3,900,000	4,705,040	805,040	20.6
Other current funds	1,848,300	3,223,300	1,375,000	74.4
Funds Used as Income:				
Federal overhead	26,494,500	30,305,000	3,810,500	14.4
Department of Energy—overhead & management	1,835,545	1,911,865	76,320	4.2
Prior year balances	4,623,606	4,745,606	122,000	2.6
Other	712,326	712,326	—	—
Totals, General Funds	\$964,306,105	\$1,025,859,623	\$61,553,518	6.4%
Restricted Funds:				
State Appropriations:				
Transportation research	\$539,300	\$577,100	\$37,800	7.0%
Mosquito research	100,000	100,000	—	—
Deferred maintenance	—	5,000,000	5,000,000	—
Energy research	—	641,000	641,000	—
Federal Appropriations	9,281,092	9,281,092	—	—
Federal Grants	6,426,493	5,442,493	-984,000	-15.3
University Sources:				
Student fees	129,490,672	138,789,307	9,298,635	7.2
Sales and services	27,665,170	28,953,170	1,288,000	4.7
Teaching hospitals	408,848,514	451,368,514	42,520,000	10.4
Organized activities	31,974,317	33,733,317	1,759,000	5.5
Endowments	15,922,294	15,922,294	—	—
Auxiliary enterprises	86,310,350	90,779,350	4,469,000	5.2
Other	10,164,105	10,164,105	—	—
Prior year balances	12,821,651	13,607,704	786,053	6.1
Special Regents' programs	23,500,000	25,213,000	1,713,000	7.3
Totals, Restricted Funds	\$763,043,958	\$829,572,446	\$66,528,488	8.7%
Totals, Revenue (Support Budget)	\$1,727,350,063	\$1,855,432,069	\$128,082,006	7.4%

Table 3
Source of Funds by Program
(1980-81 Governor's Budget)

	<i>State and Other General Funds</i>	<i>Federal Funds</i>	<i>Student Fees and Tuition</i>	<i>Sales and Services</i>			<i>Endowments</i>	<i>Other Sources</i>	<i>Total</i>
				<i>Teaching Hospitals</i>	<i>Educational Activities</i>	<i>Auxiliary Enterprises</i>			
Instruction:									
General campuses	\$363,093,082	\$335,799	\$302,814	—	\$165,315	—	\$1,477,688	\$2,415,670	\$367,790,368
Health sciences	138,278,786	4,015,804	—	—	19,322,211	—	784,385	1,584,305	163,985,491
Summer session	—	—	5,659,396	—	—	—	—	—	5,659,396
University extension	—	—	41,704,694	—	—	—	8	—	41,704,702
Total Instruction	\$501,371,868	\$4,351,603	\$47,666,904	—	\$19,487,526	—	\$2,262,081	\$3,999,975	\$579,139,957
Research	\$75,276,256	\$2,419,495	—	—	\$779,461	—	\$4,561,668	\$3,206,641	\$86,243,521
Public Service:									
Community service	\$437,255	—	\$2,458,049	—	\$5,036,124	—	\$595,439	\$654,291	\$9,181,158
Cooperative extension	20,630,065	\$6,525,798	—	—	215,000	—	4,507	—	27,375,370
Drew Postgraduate Medical School California College of Podiatry Medicine	2,353,360 747,100	— —	— —	— —	— —	— —	— —	— —	2,353,360 747,100
Total Public Service	\$24,167,780	\$6,525,798	\$2,458,049	—	\$5,251,124	—	\$599,946	\$654,291	\$39,656,988
Academic Support:									
Libraries	\$66,218,319	—	—	—	\$25,500	—	\$873,726	\$155,515	\$67,273,060
Museums and galleries	1,163,875	—	—	—	116,368	—	158,376	—	1,438,619
Intercollegiate athletics	—	—	\$937,597	—	101,016	—	—	—	1,038,613
Ancillary support—general campus Ancillary support—health sciences	2,617,715 31,593,997	— —	211,841 —	— —	1,409,106 31,860,507	— —	— 6,127	— —	4,238,662 63,460,631
Total Academic Support	\$101,593,906	—	\$1,149,438	—	\$33,512,497	—	\$1,038,229	\$155,515	\$137,449,585
Teaching Hospitals	\$42,886,343	—	—	\$451,368,514	—	—	\$102,762	—	\$494,357,619
Student Services:									
Social and cultural activities	\$639,482	—	\$10,382,917	—	\$90,382	—	\$27,614	\$426,518	\$11,566,913
Supplemental educational services	500,080	—	1,519,883	—	—	—	—	25,016	2,044,979

Counseling and career guidance	3,865,606	—	10,850,009	—	229	—	—	2,035,271	16,751,115
Financial aid administration	597,490	—	6,286,950	—	—	—	—	336,892	7,221,332
Student admissions and records	10,692,082	—	—	—	—	—	—	1,322,170	12,014,252
Student health services	—	—	11,193,878	—	—	—	—	3,696,125	14,890,003
Employee benefits	2,283,530	—	4,670,473	—	—	—	—	—	6,954,003
Total Student Services	\$18,578,270	—	\$44,904,110	—	\$90,611	—	\$27,614	\$7,841,992	\$71,442,597
Institutional Support:									
Executive Management	\$29,060,043	—	—	—	—	—	\$194,873	\$559,381	\$29,814,302
Fiscal operations	13,070,055	—	—	—	\$838,466	—	—	2,809,891	16,718,412
General administrative service	22,250,040	—	\$260,159	—	2,175,431	—	15,285	7,191,312	31,892,227
Logistical services	16,971,076	—	—	—	—	—	—	2,106,741	19,077,817
Community relations	5,225,034	—	—	—	—	—	603,915	200,642	6,029,591
Employee benefits	15,759,017	—	—	—	—	—	54,364	116,149	15,929,530
Total Institutional Support	\$102,335,265	—	\$260,159	—	\$3,013,897	—	\$868,442	\$12,984,116	\$119,461,879
Operation and maintenance of plant	\$102,263,416	—	—	—	—	—	\$306,663	\$298,899	\$102,868,978
Student financial aid	—	—	\$29,164,732	—	—	\$2,000	2,823,666	73,541	32,063,939
Auxiliary enterprises	—	—	850,538	—	—	90,880,662	3,195	2,000	91,736,395
Unallocated Adjustments:									
Provisions for allocation	\$17,960,349	\$1,426,689	\$12,335,377	—	\$551,371	\$-103,312	\$3,328,028	\$2,835,236	\$38,333,738
Program Maintenance: fixed costs and economic factors	39,426,170	—	—	—	—	—	—	—	39,426,170
Total Unallocated Adjustments ..	\$57,386,519	\$1,426,689	\$12,335,377	—	\$551,371	\$-103,312	\$3,328,028	\$2,835,236	\$77,759,908
Special Regents' Programs	—	—	—	—	—	—	—	23,250,703	23,250,703
Totals, Budgeted Programs	\$1,025,859,623	\$14,723,585	\$138,789,307	\$451,368,514	\$62,686,487	\$90,779,350	\$15,922,294	\$55,302,909	\$1,855,432,069
Sponsored and other restricted activi- ties	—	\$346,811,000	—	—	—	—	\$57,775,000	\$100,355,000	\$504,941,000
Dept. of Energy Laboratories	—	778,765,000	—	—	—	—	—	—	778,765,000
Totals, Budgeted & Extramural Pro- grams	\$1,025,859,623	\$1,140,299,585	\$138,789,307	\$451,368,514	\$62,686,487	\$90,779,350	\$73,697,294	\$155,657,909	\$3,139,138,069

UNIVERSITY OF CALIFORNIA—Continued

Table 4
UC General Fund Support
Summary of Changes from 1979-80 Budget

1979-80 Base Budget		\$905,891,639
Program Changes		
A. To Maintain Existing Budget		32,280,617
a. Price increases	\$19,758,000	
b. Merit increases and promotions	15,702,000	
c. Malpractice insurance	835,000	
d. General risk/liability insurance	292,000	
e. Social security	2,156,000	
f. Annuitant health insurance	473,000	
g. University of California Retirement System	157,800	
h. Public Employees Retirement System	52,370	
i. UC income adjustment	-7,145,553	
B. Workload Changes		8,860,690
a. General campus instruction	3,284,540	
b. Health sciences instruction	3,205,000	
c. Health sciences capitation replacement	984,000	
d. Academic support—libraries	206,550	
e. Academic support—other	105,000	
f. Teaching hospitals	196,000	
g. Operation and maintenance of plant	609,600	
h. Student services	70,000	
i. Student affirmative action	200,000	
C. Budget Change Proposals		12,617,658
a. General campus instruction	3,932,704	
b. Health sciences instruction	618,450	
c. Organized research	1,096,000	
d. Public service	867,800	
e. Academic support—other	550,000	
f. Teaching hospitals	500,000	
g. Institutional support	300,000	
h. Operation and maintenance of plant	3,000,000	
i. Student services	513,000	
j. Student affirmative action	1,889,000	
k. UC income adjustment	-649,296	
Total Change		<u>\$53,758,965</u>
Total 1980-81 Support		<u>\$959,650,604</u>

Faculty and Staff

Unlike other state agencies, the Legislature does not exercise position control over UC. Rather, the state appropriates funds to UC based on various workload formulas, such as one faculty member for every 17.48 undergraduate and graduate students. UC determines how many faculty and teaching assistants (TAs) will actually be employed. Thus, review of actual and budgeted position totals is not as meaningful for UC as it is for the Department of Education or other state agencies.

Table 5 shows estimates of the number of faculty and staff for the past, current and budget years. The proposed budget provides sufficient funds

for UC to add 581 new positions (94 new general campus faculty, 59 medical faculty, 118 TAs and 309 new staff positions). The increases are based on both workload and new programs.

Table 5
Estimated UC Faculty and Staff^a

	<i>Estimated</i> 1978-79	<i>Estimated</i> 1979-80	<i>Proposed</i> 1980-81	<i>Change</i>	
				<i>Number</i>	<i>Percent</i>
General Campus faculty	6,414	6,128	6,222	94	1.5%
Health Sciences faculty	1,952	2,028	2,087	59	2.9
Teaching assistants	1,582	1,802	1,921	118	6.7
Staff	<u>44,189</u>	<u>43,961</u>	<u>44,271</u>	<u>309</u>	<u>0.7</u>
Totals	54,136	53,920	54,501	581	1.1%

^a Details may not add to total due to rounding.

UC Positions and Salary Saving

The number of positions shown in Table 5 for 1980-81 does not include those estimated positions that will not be filled during the year (commonly referred to as "salary savings"). Because UC positions are not controlled, salary savings is not a meaningful concept in this budget.

The Governor's 1980-81 Budget increases the estimated number of position savings by 140 positions (see Table 1). We know of no reason to do this except that it allows the budget to show a lower number of positions supported in the budget statewide. This is because the position count is based on the number of positions after adjustments for salary savings. The increase in the number of position savings shown in the budget has no fiscal significance. It does, however, tend to obscure the impact of the General Fund increase on staffing. In 1980-81, the General Fund increase will support 581 new positions, not the 404 net increase shown in the Governor's Budget.

Control Section Reductions: 1978-79

Control Sections 27.1 and 27.2 of the 1978 Budget Act directed the Department of Finance not to allocate \$96.4 million of the General Fund support which was provided in the act, in order to hold down state spending. The savings were intended to be permanent rather than one-time. UC's share of the reductions made pursuant to the control sections was \$15.4 million. The Legislature restored \$2.3 million of the 1978 reductions when it passed the 1979 Budget Bill. The Governor vetoed the \$2.3 million augmentation and further reduced the UC budget by an additional \$1.3 million.

The Supplemental Report of the 1979 Budget Act directed UC to submit a report showing by campus, the specific reductions made pursuant to the control sections of \$15.4 million and the Governor's unspecified reduction of \$1.3 million. UC reports that it assigned a percentage of the reduction to each campus and to systemwide administration. Table 6 shows the distribution of these reductions.

UNIVERSITY OF CALIFORNIA—Continued

Table 6
1978-79 and 1979-80 Undesignated Reductions by
Campus and Systemwide Location
 (in millions)

	<i>Total 1979-80 Budget</i>	<i>Amount Reduction</i>	<i>Percent Reduction</i>
Berkeley	\$164.1	\$2.7	1.7%
Davis	128.8	2.2	1.7
Irvine	60.8	1.0	1.6
Los Angeles	203.4	3.3	1.6
Riverside	45.7	.7	1.5
San Diego	80.3	1.3	1.6
San Francisco	74.6	1.2	1.6
Santa Barbara	59.0	1.0	1.7
Santa Cruz	32.1	.6	1.9
Systemwide:			
Agriculture	25.4	.4	1.6
Administration and programs	30.4	2.3	7.6
Totals	\$904.6	\$16.7	1.9%

Table 7 shows the reductions by budget program.

Table 7
1978-79 and 1979-80 Undesignated Reductions by
Budget Program
 in millions

	<i>Total 1979-80 Budget</i>	<i>Amount Reduction</i>	<i>Percent Reduction</i>
Instruction	\$468.6	\$4.8	1.0%
Organized research	74.0	0.4	0.5
Organized activities/public service	57.6	0.5	0.9
Hospitals	42.2	0.1	0.2
Libraries	65.6	0.4	0.6
Operation and maintenance of plant	98.5	1.6	1.6
Institutional support	101.5	5.2	5.1
Student services	15.1	0.8	5.3
Provisions for allocations	-18.5	2.9	—
Totals	\$904.6	\$16.7	1.9%

In their 1980-81 budget, the Regents requested that \$4.8 million estimated reduction in instruction be restored. UC, however, has not been able to accurately estimate the number of faculty affected by this reduction, although it is sure that no tenured full-time faculty have been laid off. Based on the historical percentage of instruction expenditures used to support faculty (60 percent) approximately \$2.9 million of the \$4.8 million is related to faculty. The Governor's Budget does not include the funds requested by the Regents to restore the reduction in instruction.

Budget Presentation

The university budget is separated into nine program classifications. The first three, Instruction, Research, and Public Service, encompass the primary higher education functions. The next four, Academic Support, Student Services and Financial Aid, Institutional Support, and Independent Operations provide supporting services to the three primary func-

tions. The remaining two program classifications, Special Regents Programs and Unallocated Adjustments include special resource allocations and budget reporting procedures which affect all of the other seven programs.

I. INSTRUCTION

The Instruction program includes (1) enrollment, (2) general campuses instruction, (3) health science instruction, (4) summer session, and (5) university extension.

ENROLLMENT

Overview

General campus and health science enrollments are the primary indicators of instructional workload. Table 8 shows the recent trends in UC enrollment, expressed in full-time equivalent (FTE) students. A full-time student in UC takes an average of 15 units during each of three quarters. Thus, one FTE would be one student attending full-time, two students each attending one-half time, etc. In practice, most UC students attend full-time, although the average course load has decreased slightly in recent years.

As shown in Table 8, since 1974-75 UC enrollment has increased 5.7 percent, a little more than 1 percent per year. The greatest growth has occurred in the health sciences (23.9 percent), reflecting the phased development of major health science centers on five of the nine campuses.

Enrollment Up in Current Year

Each fall, UC surveys each of the nine campuses to determine how actual enrollments compare to the enrollment estimates on which the current year UC budget is based. Control Section 28.9 of the annual Budget Act stipulates that if the enrollment exceeds by 2 percent or more the enrollment upon which the budget was based, UC may request a supplementary state appropriation. Conversely, if enrollments decline by 2 percent or more, the UC budget may be reduced.

Table 9 shows that the general campus enrollment for 1979-80 was budgeted at 107,136. The revised estimate, based on the recent fall survey, indicates that actual enrollment will be 109,669, 2,563 students, or 2.4 percent above the budgeted level. The Department of Finance has notified us that it will seek a deficiency appropriation of \$1,248,000 to cover the marginal costs related to the additional students. The proposed augmentation follows the accepted methodology.

1980-81 Budgeted Enrollment

Table 9 shows the budgeted enrollment for each campus in 1979-80 and the proposed level of 1980-81. An increase of 311 students (2.5 percent) is anticipated in the health sciences, while 1,637 additional students (1.5 percent) are expected at the general campuses. Total projected enrollment is 1,948 students (1.6 percent) above the 1979-80 *budgeted* level, and 615 students (-0.5 percent) below the *revised* level. The projected number of general campus students in 1980-81—both undergraduate and graduate—is 926 less than the current estimate for 1979-80. UC anticipates a decline of 836 undergraduate students (-1 percent) and 90 graduate students (-0.4 percent).

Table 8
UC Full-Time Equivalent Students (FTE)
1974-75 to 1979-80

	<i>Actual</i>					<i>Budgeted Revised</i>	<i>Revised Estimate 1979-80 (11/19/79)</i>	<i>Percent change 74-75 to 79-80 Revised</i>
	<i>1974-75</i>	<i>1975-76</i>	<i>1976-77</i>	<i>1977-78</i>	<i>1978-79</i>			
General Campus								
Undergraduate	81,917	85,610	84,243	82,988	83,931	83,731	85,700	4.6%
Graduate	23,618	24,341	23,996	23,555	23,779	23,405	23,999	1.6
Subtotals	105,535	109,951	108,239	106,543	107,710	107,136	109,699	3.9%
Health sciences	10,016	10,700	11,130	11,397	11,918	12,405	12,405	23.9%
Totals	115,551	120,651	119,369	117,940	119,628	119,541	122,104	5.7%

Table 9
Full-Time Equivalent Students (FTE)
(Three Quarter Average)

	<i>Actual</i> <i>1978-79</i>	<i>Budgeted</i> <i>1979-80</i>	<i>(Revised)</i> <i>(1979-80)</i>	<i>Governor's Budget</i>		
				<i>Proposed</i> <i>1980-81</i>	<i>From 79-80</i>	<i>Percent</i> <i>Budgeted</i> <i>Change</i>
Berkeley						
General Campus						
Undergraduate	18,826	18,690	(19,331)	18,850	160	0.9%
Graduate	7,801	7,567	(7,848)	7,498	-69	-0.9
Health Sciences	714	788	(788)	813	25	3.2
Subtotals	27,341	27,045	(27,967)	27,161	116	0.4%
Davis						
General Campus						
Undergraduate	12,052	12,200	(12,374)	12,300	100	0.8 %
Graduate	2,873	2,927	(2,926)	2,955	28	1.0
Health Sciences	1,807	1,915	(1,915)	1,971	56	2.9
Subtotals	16,732	17,042	(17,215)	17,226	184	1.1%
Irvine						
General Campus						
Undergraduate	7,333	7,500	(7,350)	7,486	-14	-0.2%
Graduate	1,239	1,223	(1,177)	1,236	13	1.1
Health Sciences	990	1,032	1,032)	1,059	27	2.6
Subtotals	9,562	9,755	(9,559)	9,781	26	0.3%
Los Angeles						
General Campus						
Undergraduate	17,309	17,224	(17,838)	17,468	244	1.4%
Graduate	7,242	7,136	(7,325)	7,369	233	3.3
Health Sciences	3,750	3,813	(3,813)	3,886	73	1.9
Subtotals	28,301	28,173	(28,976)	28,723	550	2.0%
Riverside						
General Campus						
Undergraduate	3,045	3,010	(2,953)	2,963	-47	-1.6%
Graduate	1,249	1,239	(1,297)	1,298	59	4.8
Health Sciences	35	44	(44)	56	12	27.3
Subtotals	4,329	4,293	(4,294)	4,317	24	0.6%
San Diego						
General Campus						
Undergraduate	8,105	8,187	(8,415)	8,450	263	3.2%
Graduate	1,271	1,225	(1,226)	1,248	23	1.9
Health Sciences	957	1,035	(1,035)	1,085	50	4.8
Subtotals	10,333	10,447	(10,676)	10,783	336	3.2%
San Francisco						
Health Sciences	3,665	3,778	(3,778)	3,846	68	1.8%
Subtotals	3,665	3,778	(3,778)	3,846	68	1.8%
Santa Barbara						
General Campus						
Undergraduate	11,884	11,901	(11,968)	11,905	4	-
Graduate	1,767	1,741	(1,818)	1,886	145	8.3%
Subtotals	13,651	13,642	(13,786)	13,791	149	1.1%
Santa Cruz						
General Campus						
Undergraduate	5,377	5,019	(5,471)	5,442	423	8.4%
Graduate	337	347	(382)	419	72	20.7
Subtotals	5,714	5,366	(5,853)	5,861	495	9.2%

UNIVERSITY OF CALIFORNIA—Continued

Total University						
Undergraduate	83,931	83,731	(85,700)	84,864	1,133	1.4%
Graduate	23,779	23,405	(23,999)	23,909	504	2.2
General Campus	107,710	107,136	(109,699)	108,773	1,637	1.5%
Health Sciences	11,918	12,405	(12,405)	12,716	311	2.5%
Totals.....	119,628	119,541	(122,104)	121,489	1,948	1.6%

Student Ethnic Data

The student ethnic composition of UC's students is shown in Table 10.

Table 10
UC Student Ethnic Group Distribution^a
(Undergraduates only)

Ethnic Group	1976	1977	1978
Hispanic	5.3%	5.5%	5.6%
Black	4.1	4.1	4.0
Other Minority	10.9	11.9	12.5
White	79.6	78.5	78.0
Totals	100.0%	100.0%	100.0%

^a Data supplied by UC. Information obtained from voluntary survey. 91.4 percent of undergraduates responded to survey in 1976; 92.1 in 1977 and 93.0 percent in 1978. Data is for fall term only and excludes foreign nonresidents. Details do not add to total, due to rounding.

As Table 10 shows, Hispanics increased as a proportion of UC students by 0.3 percent, while the percentage of Blacks decreased by 0.1 percent, over the period 1976-1978. The largest increase over the period has been in Asian students who are included in the other minority category.

Delete Budget Increase for Graduate Enrollment

We recommend no increase in 1980-81 over the 1979-80 budgeted general campus graduate enrollments (23,405 FTE), for a General Fund savings of \$1,360,800. (Reduce Item 360 by \$1,360,800.)

In September the Regents proposed a 1980-81 graduate enrollment of 23,500 FTE students. They revised that total to 23,909 FTE in November after determining that graduate enrollments in 1979-80 exceeded the budgeted level by 594 students. The budget for 1980-81 includes funding for 23,909 FTE graduate students, which is 504 more than the number budgeted in 1979-80.

Table 11 compares 1979-80 budgeted and revised graduate enrollments to both the Regents' initial request for 1980-81 and the level included in the budget.

In the past, the Legislature has taken the position that graduate enrollments, unlike undergraduate enrollments, can and should be controlled. Thus, the level of graduate enrollment is a policy issue, not merely a projection of demand. In fact, as recently as 1978, the Legislature refused to fund the level of graduate students proposed by UC.

Table 11
Comparison Graduate FTE Enrollments for 1979-80 and 1980-81

	1979-80		Difference Budgeted to Actual	1980-81		
	Budgeted	Revised Estimate		Regents' Budget	Governor's Budget	Difference between Governor's and Regents' Budget
Berkeley	7,567	7,848	281	7,499	7,498	-1
Davis	2,927	2,926	-1	2,954	2,955	1
Irvine	1,223	1,177	-46	1,237	1,236	-1
Los Angeles	7,136	7,325	189	7,222	7,369	147
Riverside	1,239	1,297	58	1,220	1,298	78
San Diego	1,225	1,226	1	1,231	1,248	17
Santa Barbara ..	1,741	1,818	77	1,792	1,886	94
Santa Cruz	347	382	35	345	419	74
Totals	23,405	23,999	594	23,500	23,909	409

UC maintains that the budget should provide for an increase in graduate enrollment above the 1979-80 *budgeted* level, for two reasons:

- (1) student demand in particular fields has increased, and
- (2) the campuses require additional enrollment to maintain strong core graduate programs.

We recommend that expansion of graduate enrollment be funded only when such an expansion is justified on a program-by-program basis. Beyond the undergraduate level, it is no more appropriate to base UC funding on "student demand" that it would be to fund other state programs on the basis of client demand.

Our analysis cannot substantiate the need to fund higher enrollment levels because of "core program" requirements. For example, we can find no justification for a 233 FTE budgeted increase at UCLA which currently has 29 percent of its students at the graduate level.

For these reasons, we recommend no increase in 1980-81 graduate enrollment over the 1979-80 budgeted level (23,405), for a General Fund savings of \$1,360,800 (each new graduate student requires \$2,700 in new General Fund support annually).

GENERAL CAMPUS INSTRUCTION

Overview

Included under this subprogram is the cost of faculty (other than 1980-81 pay increases), teaching assistants and related instructional support for the eight general campus programs.

Table 12 shows the general campus instruction budget by program element. The 1980-81 budgeted General Fund increase of \$7.2 million results from:

- additional faculty, TAs and instructional support related to enrollment (\$3.3 million),
- an augmentation to enrich the TA-to-student ratio (\$1.1 million),
- an increase in support for the Equipment Replacement Program (\$2 million), and
- additional support for instructional computing (\$0.8 million).

Table 12
Instruction—General Campus
(in thousands)

Elements:	1979-80 Budget			1980-81 Governor's Budget			Change	
	General Funds	Restricted Funds	Total	General Funds	Restricted Funds	Total	Amount	Percent
1. Faculty	\$175,768	—	\$175,768	\$177,067	—	\$177,067	\$1,299	0.7%
2. TAs	22,326	—	22,326	23,672	—	23,672	1,346	6.0
3. Instructional support	97,306	\$2,872	100,178	98,437	\$2,872	101,309	1,131	1.1
4. Other	—	1,825	1,825	—	1,825	1,825	—	—
5. Equipment replacement program	7,397	—	7,397	9,397	—	9,397	2,000	27.0
6. Instructional computing	3,564	—	3,564	4,364	—	4,364	800	22.4
7. Employee benefits	49,515	—	49,515	50,156	—	50,156	641	1.3
Totals	\$355,876	\$4,697	\$360,573	\$363,093	\$4,697	\$367,790	\$7,217	2.0%
<i>Personnel (FTE)</i>								
Academic								
Faculty			6,128			6,222	94 ^a	1.5%
TAs			1,802			1,921	18 ^b	6.6
Other Academic			357			357	—	—
Staff			4,006			4,071	65 ^c	1.6
Totals			12,294			12,571	277	2.3%

^a Includes 24 FTE faculty which were added to the budget in 1979-80 due to the enrollments over 2 percent above the 1979-80 budgeted enrollments. Since these FTE were added after the final 1979 Budget Act, they will not be formally authorized until the 1980-81 budget.

^b As with faculty, 9 TA positions were added after the 1979 Budget Act and will not be formally authorized until 1980-81.

^c As with faculty and TAs, 21 support staff were added after the 1979 Budget Act and will not be formally authorized until 1980-81.

Faculty

Table 13 shows the 1979-80 budgeted general campus instructional faculty, the percentage with tenure and the faculty/student ratio on the eight general campuses. Although the state budgets one additional faculty for each 17.48 students, the ratio on individual campuses is determined by UC fund allocations. The range in 1979-80 is from a low of 13.68 at Riverside to 19.87 at San Diego.

Table 13
Percentage of Tenure FTE Faculty, 1979-80 Budget
Instruction—General Campuses

	<i>Total Instructional Faculty FTE</i>	<i>Total Tenure FTE</i>	<i>Percent Tenure FTE</i>	<i>Student/ Faculty Ratios</i>
Berkeley.....	1,583.06	1,158.18	73.16%	16.59
Davis.....	803.87	517.04	64.32	18.82
Irvine.....	444.13	308.10	69.37	19.64
Los Angeles.....	1,450.93	932.72	64.28	16.79
Riverside.....	310.51	244.06	78.60	13.68
San Diego.....	486.46	309.13	63.55	19.87
Santa Barbara.....	717.75	459.07	63.96	19.01
Santa Cruz.....	331.75	233.55	70.40	16.17
Totals.....	6,128.46	4,161.85	67.91%	17.48

Table 14 shows the changes in (1) general campus enrollment (undergraduate and graduate FTE) (2) faculty FTE and (3) student/faculty ratios since 1966-67. The systemwide budgeted faculty/student ratio has remained essentially unchanged over the last six years.

Table 14
UC Student/Faculty Ratio
as Budgeted

	<i>Students</i>	<i>Faculty</i>	<i>Student/ Faculty Ratio</i>
1966-67.....	75,811	5,152.00	14.71
1967-68.....	81,282	5,294.00	15.35
1968-69.....	84,203	5,455.75	15.43
1969-70.....	89,442	5,634.15	15.88
1970-71.....	94,780	5,752.02	16.48
1971-72.....	98,441	5,656.16	17.40
1972-73.....	98,949	5,679.59	17.42
1973-74.....	99,637	5,721.75	17.41
1974-75.....	104,203	5,959.50	17.49
1975-76.....	106,672	6,098.09	17.49
1976-77.....	108,001	6,174.76	17.49
1977-78.....	108,374	6,199.01	17.48
1978-79.....	107,909	6,172.01	17.48
1979-80 (Estimated).....	107,136	6,128.46	17.48

Faculty Time Use Study

In the 1977-78 Analysis, we presented internal UC data which indicated that the amount of time UC faculty were spending in classroom instruction had been declining in recent years. A UC faculty committee was

UNIVERSITY OF CALIFORNIA—Continued

formed to review the accuracy of the data. It determined that there were substantial variations in the quality of the data from campus to campus, and that no valid conclusion could be drawn from this information.

The Legislature agreed to forego action based on these data if UC would conduct a comprehensive annual survey of faculty workload. (The discarded data had been collected by UC each year since 1972 in response to a similar state request.) UC agreed and contracted with a private research firm for a new survey in 1977-78 and for annual follow-up surveys thereafter. The same firm conducted the 1977-78 and 1978-79 surveys.

Direct Student Contact Hours Decline

Table 15 shows how faculty time use changed between 1977-78 and 1978-79.

Table 15
Comparison of Details of Instructional Activities for Regular Faculty
With 100 Percent Instruction and Research Responsibilities^a
Winter and Spring Quarters

	<i>1977-78</i> <i>Hours</i> <i>Per Week</i>	<i>1978-79</i> <i>Hours</i> <i>Per Week</i>	<i>Change</i>
Direct student contact			
Regularly scheduled course instruction	5.9	5.3	-0.6
Noncredit instruction	0.8	0.7	-0.1
Supervising independent/special study	2.4	2.2	-0.2
Student advising	3.5	3.3	-0.2
Giving oral exams	0.3	0.3	—
Subtotal, All Direct Student Contact	13.0	11.8	-1.2
Course preparation	10.5	11.0	0.5
Other instructional activities	5.0	4.5	-0.5
Totals, All Instructional Activities ^b	28.6	27.3	-1.3

^a University of California Faculty Time-Use Study 1978-79, page 35.

^b Details do not add to total, due to rounding.

The 1978-79 survey found that among all regular full-time faculty, the average amount of time spent on UC-related activities was 61.4 hours per week. The comparable figure in the 1977-78 survey was 62.5 hours. A comparison of the data for these two years found the only statistically significant difference in time use was a decline of 1.2 hours per week in direct student contact. The survey report does not include any reasons for this decline, and UC can think of no policy change within the university that would account for a decline in contact hours.

We will continue to monitor changes in faculty time use, and report significant changes to the Legislature in next year's Analysis.

Teaching Assistant Augmentation Provided

The 1980-81 Governor's Budget proposes a \$1.1 million augmentation for an additional 92 FTE Teaching Assistants (TAs). Since 1968-69 the TA/undergraduate ratio has decreased from 1/40.82 to 1/46.46. In addition, between 1971-72 and 1977-78, undergraduate enrollments increased by 25 percent in laboratory disciplines but by only 5 percent in nonlabora-

tory disciplines. This is significant because laboratory courses are more TA-intensive. Thus, over the past 10 years the need for TAs appears to have increased, while the TA/undergraduate ratio has declined. At the present time, the TA/undergraduate ratio is the second lowest of the eight UC comparison institutions.

In our Analysis of the 1979-80 budget, we recommended an augmentation to support 92 FTE teaching assistants. The Legislature provided funds for this purpose, but the Governor vetoed the entire amount. In the budget for 1980-81, he has requested that the Legislature provide the funds he deleted last year. We recommend approval of the \$1.1 million.

Instructional Computing

Instructional computing is essentially decentralized among the campuses. Computer services are provided by large central campus computer centers and by hundreds of mini and micro computers which have been obtained by the campuses to support the growing demand for computer instruction and research activities.

Authority to acquire equipment costing less than \$100,000 has been delegated to the individual campus. For acquisitions between \$100,000 and \$500,000, review and approval of systemwide staff is required. All procurements over \$500,000 are forwarded to the computer policy board for approval.

Delete Augmentation

We recommend that the augmentation for instructional computing be deleted, for a General Fund savings of \$800,000 (Reduce Item 360 by \$800,000).

The 1980-81 Governor's Budget proposes an increase of \$800,000 for the instructional use of computers (\$300,000 for equipment, \$200,000 for consultants and \$300,000 for computer time). In the 1979 Budget Act, the Legislature provided an additional \$500,000 for instructional computing, bringing state General Fund support for this program to \$3,663,527.

We recommend that the Legislature delete the requested augmentation of \$800,000 for the following reasons:

1. *Alternative Sources of Funds Available.* For each budgeted faculty member, UC receives a lump sum of unrestricted "instructional support." This permits UC maximum flexibility to meet its academic needs. As an integral part of the instructional program, computing should compete with other university and campus priorities from funds now available for instructional support.

2. *Need for More Cost-Effective Procurements.* The university needs to find more cost-effective ways to procure computer resources. For example, UC recently obtained a number of minicomputers from a leading vendor at a discount of 18 percent (which is the vendor's standard discount for multiple acquisition). By contrast, the California State University and Colleges (CSUC) system through a competitive procurement process purchased 19 computers from this same vendor and received a 62 percent discount.

Further, CSUC expects to achieve a 50-80 percent discount as a result of a new competitive bid to acquire medium to large-scale computers for

UNIVERSITY OF CALIFORNIA—Continued

the computer centers at each campus. Comparable savings can be realized by UC through improved cooperation among campuses without jeopardizing the system's commitment to campus decentralization. In any event, it is unreasonable for the state to have to subsidize the higher costs of decentralization, should cooperation not be feasible.

Administrative Computing

There has been a major shift in policy in the area of administrative computing. Previously, a highly centralized system existed for both the planning and operation of administrative computer centers.

A 1976 UC task force report determined that this approach was unsatisfactory because it met neither systemwide nor campus requirements for timely and accurate management information. Based on this study, UC adopted a plan which called for a shift to a decentralized approach. Our review of the 1976 plan led us to conclude that campus autonomy in the development of computing systems for administrative purposes would not be the most cost-effective or satisfactory approach to meeting the system's needs in the absence of active systemwide coordination and policy development.

Campus Accomplishments. Our campus reviews indicate that considerable progress has been made. Substantial upgrades in computer capacity have occurred on each campus and a number of new systems for financial management and other administrative functions have been installed. Other systems are in various stages of development, and campus administrators appear to be receiving improved information.

Central Leadership. While the campuses are making progress, the central information systems group is not exercising the leadership and control necessary to develop universitywide information. The Assistant Vice President for Information Systems position is vacant and until recently, the duties assigned to this position were being performed on a half-time basis.

Progress in developing and promulgating common universitywide data standards has generally lagged behind the campus development of systems. Further, the installation of a new payroll system, which was obtained for use by all campuses, is behind schedule. This has forced most campuses to rely on an antiquated payroll system which is inadequate.

Finally, we found few instances in which there was a sharing of administrative systems among campuses except in the area of student records. Similarly, little sharing of computer resources to process administrative programs was evident. These activities should also be a responsibility of the systemwide information systems staff.

The Legislature should be concerned with this situation for two reasons: (1) the absence of a coordinated administrative information system may adversely effect the quality of data available from UC and (2) state General Fund support of this activity which began at \$661,000 in 1976-77, continues to receive automatic price and salary adjustments each year. We will continue to monitor this project.

Instructional Equipment Replacement Program (Item 360)

We recommend that the source of funding for the Instructional Equipment Replacement Fund be shifted from the General Fund to the COFPHE fund. (Reduce Item 360 by \$9,895,300 and establish new COFPHE fund item.)

The 1980-81 Governor's Budget requests a \$2 million General Fund augmentation for instructional equipment. This would bring to \$9,895,300 the total amount of funds annually available to UC to replace obsolete instructional equipment. Support for this program has grown steadily since its inception in 1976-77. If the added \$2 million augmentation is approved, UC will have available 80 percent of the \$12.3 million it estimates as necessary to maintain its inventory, currently valued at approximately \$270 million.

We recommend that the additional \$2 million be provided for this program. We recommend however, that the Legislature fund the entire program from the COFPHE fund, for the following reasons. First, COFPHE fund revenues are projected to increase much faster than the need for those facilities traditionally supported by the fund. Second, use of funds from this source will increase the amount of General Fund money available to the Legislature in meeting high priority state needs. The recommendation is an extension of current policy. When new buildings are completed the initial complement of equipment is purchased with COFPHE funds.

Undergraduate Teaching Excellence Program (Item 365)

The Governor's Budget continues a special appropriation to support a universitywide program begun in 1973-74 for the improvement of undergraduate education. Since 1973-74, the General Fund support has supplemented ongoing instructional improvement projects financed from Regents' funds. For 1978-79, a special \$300,000 augmentation was provided to improve undergraduate education by expanding teaching assistant (TA) training programs. The funding sources and programs are shown in Table 16. The university has chosen not to provide an inflation adjustment for the program from the Regents' Fund. *We recommend approval as budgeted.*

Table 16
Undergraduate Teaching Excellence Program

	<i>Actual 1978-79</i>	<i>Estimated 1979-80</i>	<i>Proposed 1980-81</i>
General Fund:			
Undergraduate teaching excellence.....	\$1,410,000	\$1,467,000 ^a	\$1,569,690
TA training program	300,000	318,000	318,000
Regents' Fund:			
Instructional Improvement Program.....	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Totals.....	\$2,710,000	\$2,785,000	\$2,887,690

^a Includes allocation of \$1,381,700 and price increase funds of \$85,300.

Table 17
Instruction—Health Sciences Program
Summary of Expenditures and Personnel
 (in thousands)

Program Elements	1979-80 Budget			1980-81 Governor's Budget			Change		
	General Funds	Restricted Funds	Total	General Funds	Restricted Funds	Total	General Funds	Restricted Funds	Total
1. Faculty	\$65,024	\$17,853	\$82,877	\$66,570	\$19,141	\$85,711	\$1,546	\$1,288 ^b	\$2,834
2. Instructional support	50,141	5,613	55,754	52,826	4,629	57,455	2,685	- 984 ^c	1,701
3. Employee benefits	18,306	1,937 ^a	20,243	18,882	1,937 ^a	20,819	576	-	576
Totals	\$133,471	\$25,403	\$158,874	\$138,278	\$25,707	\$163,985	\$4,807	\$304	\$5,111
<i>Personnel (FTE)</i>									
1. Academic									
Faculty			2,028			2,087			59
Other academic			112			112			-
2. Staff			2,524			2,571			47
Totals			4,664			4,770			106 ^d

^d Includes Capitation Grants employee benefits which were included in various program elements in the Governor's Budget.

^b Compensation plan income.

^c Federal capitation grant income.

^d Does not include 18.33 FTE for Drew/UCLA undergraduate medical education program (10.00 FTE faculty, .70 FTE other academic, and 7.63 FTE staff).

HEALTH SCIENCE INSTRUCTION**1. Overview**

Included under this subprogram is the cost of faculty, teaching assistants and related instructional support for the five health science centers. The budgeted General Fund increase of \$4.8 million includes:

- \$3.2 million for workload related to enrollment growth of 311 FTE students (an additional 59 FTE faculty and related support),
- \$1 million for the replacement of federal capitation funds, and
- \$0.6 million for faculty and support related to the development of Drew/UCLA medical program.

Table 17 shows the health science instruction budget by program element.

Student/Faculty Ratios

The proposed budget increase would maintain the current year level of state support for the anticipated 1980-81 enrollments. The number of additional faculty was determined by applying university-approved student/faculty ratios for each health science school to the planned total enrollment.

These approved ratios are shown in Table 18.

Table 18
University Approved Student-Faculty Ratios
Health Sciences

Schools of Medicine:	
M.D. curriculum	3.5:1
House staff	
Campus and county hospitals.....	7:1
Other affiliated hospitals.....	10:1
Graduate academic and graduate professional	8:1
Family nurse practitioner	8:1
Allied health programs	20:1
Schools of Dentistry:	
D.D.S. curriculum	4:1
House staff	
Campus and county hospitals.....	7:1
Other affiliated hospitals.....	10:1
Dental hygienist.....	8:1
Graduate professional.....	4:1
Graduate academic.....	8:1
Schools of Nursing:	
B.S. curriculum	7.5:1
Graduate academic and graduate professional	8:1
Schools of Public Health:	
B.S. curriculum, graduate academic and graduate professional	9.6:1
Residents	7:1
School of Veterinary Medicine:	
D.V.M. curriculum	5.4:1

UNIVERSITY OF CALIFORNIA—Continued

House staff.....	7:1
Graduate academic and graduate professional	8:1
School of Pharmacy:	
Pharm.D. curriculum	11:1
House staff.....	7:1
Graduate academic.....	8:1
School of Optometry:	
O.D. curriculum, graduate academic and graduate professional	12.5:1

The overall student/faculty ratios budgeted for each school are shown in Table 19.

Table 19
Overall Student-Faculty Ratios
Health Sciences Schools

<i>Program</i>	<i>Budgeted 1977-78</i>	<i>Budgeted 1978-79</i>	<i>Budgeted 1979-80</i>	<i>Proposed 1980-81</i>
Medicine.....	5.78:1	5.76:1	5.76:1	5.67:1
Dentistry.....	4.73:1	4.74:1	4.74:1	4.69:1
Nursing.....	7.77:1	7.78:1	7.78:1	7.82:1
Optometry.....	12.68:1	12.67:1	12.59:1	12.58:1
Pharmacy.....	10.30:1	10.27:1	10.29:1	10.24:1
Public health.....	9.60:1	9.60:1	8.71:1	8.68:1
Veterinary medicine	5.98:1	5.97:1	5.97:1	5.95:1
Overall	6.18:1	6.17:1	6.12:1	6.06:1

Table 20 shows the allocation of the proposed faculty increases by campus and program.

Table 20
FTE Faculty—Health Sciences

	<i>Budgeted 1978-79</i>	<i>Budgeted 1979-80</i>	<i>1980-81</i>	
			<i>Governor's Budget Total</i>	<i>Increase</i>
Berkeley				
Health and medical sciences	13.74	13.86	15.36	1.50
Optometry.....	23.28	23.28	23.68	.40
Public Health	41.14	47.72	48.86	1.14
Totals, Berkeley	78.16	84.86	87.90	3.04
Davis				
Medicine	215.15	216.92	217.49	.57
Veterinary medicine.....	100.46	108.97	116.23	7.26
Totals, Davis	315.61	325.89	333.72	7.83
Irvine				
Medicine	167.31	176.52	185.90	9.38
Los Angeles				
Dentistry	99.70	101.70	102.34	.64
Medicine	418.54 ^a	435.48 ^a	442.78 ^{a, b}	7.30 ^b
Nursing.....	38.96	41.09	43.59	2.50
Public health.....	52.09	59.67	62.52	2.85
Totals, Los Angeles	609.29	637.94	651.23	13.29
Riverside				
Medicine	11.71	12.85	16.00	3.15

San Diego				
Medicine	190.37	200.48	210.92	10.44
San Francisco				
Dentistry	109.48	114.54	122.24	7.70
Medicine	341.70	345.81	348.61	2.80
Nursing	75.48	75.61	75.41	- 20
Pharmacy	52.46	53.46	55.46	2.00
Totals, San Francisco	<u>579.12</u>	<u>589.42</u>	<u>601.72</u>	<u>12.30</u>
Grand Totals	<u>1,951.57</u>	<u>2,027.96</u>	<u>2,087.39</u>	<u>59.43</u>

^a Includes 19 Instruction and Research basic sciences faculty teaching dentistry.

^b Does not include 10 FTE faculty for Drew/UCLA Undergraduate Medical Education Program.

Disregard for Legislative Intent

In the Supplemental Report of the 1979 Budget Act, the Legislature clearly set forth its intent regarding the number of medical residents and the number of graduate students in the health sciences. The 1980-81 budget for the university's health sciences program, as proposed by the Regents and approved by the Governor evidences a clear disregard for legislative intent.

Our analysis and recommendations for medical residents and health science graduate students are discussed separately, below. These two issues have major fiscal implications, amounting to \$1,037,197 in 1980-81 alone.

2. UC Medical Residents

Last year the Legislature expressed its intent in the Supplemental Report of the 1979 Budget Act that the number of medical residents supported in 1980-81 be 12 less than the number supported in the current year, with the reduction to be made in the nonprimary care area. The Governor's Budget, however, proposes an increase of 87 residents. The difference between what the Legislature implied it would support and what the Governor's Budget requests amounts to \$802,197 from the General Fund.

Background. In the 1979-80 budget, UC proposed to increase the number of medical residents funded by the state, from 4,290 to 4,388, for an increase of 98 residents. Our analysis led us to conclude that this increase was not warranted.

We did not, however, recommend that funding for these new residencies be deleted from the 1979-80 budget because UC informed us that the 1979-80 resident assignments would be made before legislative hearings were held. So as not to disrupt the plans made by UC or those selected for the new residencies, we recommended that the Legislature put UC on notice that the reduction would take place in 1980-81.

In acting on the 1979-80 budget, the Legislature stated its intent that the number of residencies supported in 1980-81 be 12 (rather than 98) less than the 1979-80 figure. The reduction was to be in the nonprimary care area.

1980-81 Budget Proposal. In September 1979, the Regents proposed an increase of 103 medical residents for 1980-81. The Governor's Budget included funding for 87 of these 103 residents. The net increase of 87 residents consists of (1) an increase of 93 residents in primary care, (2) an

UNIVERSITY OF CALIFORNIA—Continued

increase of 6 residents in nonprimary care where there are demonstrated shortages, and (3) a net decrease of 12 in other nonprimary care specialties.

Table 21 shows the number of medical residents (1) supported in 1978-79, (2) supported in 1979-80, (3) proposed to be supported in 1980-81.

As the table shows, the budget proposes 99 more residents than the Legislature indicated it would support. UC did not formally advise the Legislature that it intended to ignore the supplemental language. The totals by specialty for the past, current and budget year are shown in Table 22.

Table 21
Medical Residents

	1978-79	1979-80	1980-81		Increase Over Legislative Intent
			Legislative Intent	Governor's Budget	
Primary care	1,898	1,992	1,992	2,085	93
Nonprimary care.....	2,390	2,396	2,384	2,390	6
Totals	4,288 ^a	4,388	4,376	4,475	99

^a The 1978-79 budgeted total was 4,290.

Table 22
University of California
Medical School House Staff by Specialty

	Actual 1978-79	Budgeted 1979-80	Proposed 1980-81	Change
Primary Care				
Family Practice	465	514	519	5
Internal medicine	842	875	909	34
Obstetrics and gynecology	205	215	237	22
Pediatrics	296	323	327	4
Flexible.....	90	65	93	28
Totals, Primary Care	1,898	1,992	2,085	93
Nonprimary Care				
Allergy and immunology	10	12	10	-2
Anesthesiology	172	162	169	7
Dermatology	51	56	52	-4
Emergency medicine *	40	52	54	2
Internal medical specialties.....	366	370	369	-1
Neurological surgery.....	31	30	31	1
Nuclear medicine	16	24	25	1
Occupational medicine *	3	4	10	6
Ophthalmology.....	81	73	74	1
Orthopedic surgery.....	116	120	120	—
Otolaryngology.....	63	65	66	1
Pathology.....	167	157	164	7
Pediatric specialties	97	94	92	-2
Physical medicine and rehabilitation *	32	34	32	-2
Plastic surgery	18	18	17	-1
Psychiatry and neurology				
Psychiatry	313	302	307	5

Child psychiatry.....	54	60	56	-4
Neurology	90	87	85	-2
Radiology				
Diagnostic radiology	195	184	185	1
Therapeutic radiology	20	28	28	—
Surgery—general.....	394	401	385	-16
Thoracic surgery	11	12	12	—
Urology.....	49	50	46	-4
Vascular surgery	1	1	1	—
Totals, Nonprimary Care.....	<u>2,390</u>	<u>2,396</u>	<u>2,390</u>	<u>-6</u>
Totals	4,288	4,388	4,475	87

* Shortage specialties

Increase in Residents Not Justified

We recommend that the number of medical residents be reduced by 99, for a General Fund savings of \$802,197. (Reduce Item 360 by \$802,197.) We further recommend that supplemental report language be adopted which requires UC to submit by November 1 of each year a report on all proposed changes in medical residencies. This report should be submitted to the Division of Health Professions Development within the Office of Statewide Health Planning and Development, the Department of Finance and the Joint Legislative Budget Committee.

We also recommend that the division review this material and make recommendations on the proposed levels to the legislative fiscal committees and the Department of Finance by December 1 of each year.

Our analysis indicates that an increase in the number of residents is not warranted, for the following reasons:

- California has more than an adequate supply of physicians using any generally accepted standard.
- While some specialties, notably primary care, should be increased the increase can and should come about through reductions in those specialties where there is an oversupply.
- The total supply of residents can be increased reasonably quickly in the future if the supply of physicians in California should begin to fall below generally accepted standards.

On this basis we recommend deleting funds for 99 resident positions for a General Fund savings of \$802,197.

Reporting. Recent information indicates that some primary care residents are more likely than others to choose a nonprimary care specialty as their ultimate field. The two areas where a primary care resident is more likely to become a nonprimary care specialist are (1) internal medicine and (2) "flexible". Of the proposed increase in primary care residents, (93), 62 are in these two areas. We recommend that UC provide the budget committees with the following prior to hearings:

- Reasons why family practice interns will increase by only five in 1980-81.
- Available information on short-term career paths of internal medicine and flexible interns.

We also recommend that UC be required to submit the following information by November 1 of each year to the Division of Health Professions Development:

UNIVERSITY OF CALIFORNIA—Continued

- The total number of residents by specialty and school.
- Projected changes in the number of residencies for each school, disaggregated by
 1. medical specialty
 2. type of facility (university operated, county operated, community operated).
- Information on whether the changes proposed are net changes or simply a change in the status of affiliation without an actual change in the number of positions at the hospital.
- A brief narrative description of the changes to accompany tabular displays of data and information.

The Division of Health Professions Development has been charged by the Legislature with the responsibility to monitor and report on health manpower in California. It is the state agency on which the Department of Finance and the Legislature should rely for an evaluation of future requests for expansion in health science disciplines. Therefore, we proposed that the Division be directed to evaluate future UC requests for growth in health science disciplines and report to the legislative fiscal committees and the Department of Finance by December 1 of each year.

3. Graduate Academic Students

We recommend the deletion of state support for 37 health science graduate academic students for a General Fund savings of \$235,000. (Reduce Item 360 by \$235,000.)

Health science graduate academic students are masters degree and PhD students. They obtain degrees in a wide variety of disciplines—from Scientific Nutrition to Biochemistry—but the largest percentage of students are in basic physical and biological sciences. The Governor's Budget proposes funding for a total of 1,092 health science graduate academic students in 1980-81 a reduction of four from the current year.

Background. In the 1979-80 budget, UC proposed to increase the number of health science graduate academic students by 41 over the 1978-79 level. Our analysis led us to conclude that this increase was not warranted. We did not, however, recommend that funding for this additional enrollment be deleted from the 1979-80 budget because UC would have made commitments to these students prior to budget hearings. So as not to disrupt the plans made by UC or those students selected to fill the additional 41 places, we recommended that the Legislature put UC on notice that the reduction would take place in 1980-81. The Legislature approved our recommendation, and the Supplemental Report of the 1979 Budget Act requested UC to budget health science graduate academic students in 1980-81 at a level 41 less than 1979-80.

UC maintains that most of these students will be in disciplines where future employment possibilities are good. UC also makes the point that these additional students are necessary to help "balance" the student body of the newer schools.

Increases Not Needed. Our analysis indicates that increases in these

programs would not serve the public generally, and are not necessary to meet the state's obligation to provide educational access. At a time when the state is striving to restrain budget growth our analysis revealed no need to further expand these programs.

While it may be true, that the employment prospects of these students are good, it is not a compelling reason for supporting them at taxpayers' expense. Because of the high quality of UC graduate programs, most UC graduate students (other than those who are in the humanities) are able to find employment related to their training. If general campus graduate enrollment were increased, most of these additional students would find work as well.

Furthermore, if "balance" at the newer schools is essential, it can be achieved by relatively minor reallocations of existing students.

We therefore recommend that legislative intent established last year be followed, and state support of \$235,000 for 37 health science graduate academic students be deleted from the budget.

4. Joint Medical Education Programs (Items 366-368)

The Budget Act of 1974 provided state support to three new UC medical education programs, for the first time. They were: the Berkeley-San Francisco Joint Medical Education program, the Riverside-UCLA Biomedical Program, and the Fresno-San Joaquin Medical Education Program. In subsequent years these programs have continued to receive state support. The funding of each program is shown in Table 23.

Table 23
Joint Medical Education Programs *

Program	Actual 1978-79	Estimated 1979-80	Proposed 1980-81	Change	
				Amount	Percent
Fresno-San Joaquin Program	\$79,000	\$87,900	\$89,411	\$1,511	1.7%
Berkeley-San Francisco Program.....	760,510	833,875	938,029	104,154	12.5
Riverside-Los Angeles Program.....	636,713	776,970	979,756	202,786	26.1

* Includes program support from the main support and separate budget items.

Funding the Fresno-San Joaquin Program (Item 366) and the Berkeley-San Francisco Program (Item 367) represent normal cost increases. *We recommend approval as budgeted.*

5. Riverside Medical Program (Item 368)

Overview

The Riverside medical education 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 program eliminates one-year from the typical eight-year period to obtain an MD degree. The Riverside campus provides the first five years of instruction including courses in the basic medical sciences, and an introduction to clinical medicine through its association with the San Bernardino County General Hospital. In the sixth and seventh years, a select number of students complete the requirements for the MD degree at Los Angeles.

UNIVERSITY OF CALIFORNIA—Continued**Change in Class Size**

There are no restrictions on enrollment in this program through the first three years. Only 24 students, however, are allowed to continue in the program at the end of the third year. This enrollment level (24 students) in the fourth and fifth year classes was agreed to by UC, the Department of Finance and the Legislature. In the current year, UC has increased the fourth year class to 28 students. The Governor's Budget proposes to provide state support to increase both the fourth and fifth year classes to 28 in 1980-81. The estimated state cost for these eight additional students is \$132,113 (each student requires \$16,154 in state support).

Increase in Class Size Not Justified

We recommend that state support for the class size increase in the Riverside Medical Program be deleted, for a General Fund savings of \$132,113. (Reduce Item 368 by \$132,113.)

UC states that the primary reason for increasing the class size at Riverside is to satisfy accreditation requirements that were made following a review conducted in October 1977. This review concluded that additional "core" faculty resources were needed. By increasing the fourth and fifth year class size to 28, UC assumed it would receive approximately two added faculty positions. (The medical school student faculty ratio is 3.5 students per faculty member, thus eight additional students generate 2.3 faculty positions.) A second reason given for the increase is to increase the supply of sixth year students from which the Drew Medical Program can draw. The Drew program, which is also affiliated with UCLA, will enroll its first class of third year medical students in 1982-83.

Our analysis indicates that the proposed increase in class size is not warranted, for the following reasons:

- UC's medical education programs are widely regarded as among the best in the country. At no time has UC ever advised the Legislature that the Riverside program is in any way inadequate.
- Accreditation reports do not serve as an adequate basis for making changes in a high calibre program such as UC's. These reports are highly subjective. They can also be influenced by the aspirations of the faculty and administration at the school being evaluated.
- There is no reason to believe that a school as prestigious as UCLA will have any trouble attracting qualified students to its program in the future. UCLA has always been able to attract transfer students from other universities both within and outside the state. While the Riverside class would increase the supply of eligible students for Drew, our analysis did not find any evidence that an increase is necessary to support the Drew program.
- If UC believes that additional "core faculty resources" are needed at Riverside, the campus can easily reallocate positions between departments. Riverside currently has a student/faculty ratio of 13.68, the richest of any campus. (The systemwide average is 17.48.)

For these reasons, we recommend that the Legislature delete eight

medical student positions at Riverside, for a General Fund savings of \$132,113.

6. Health Sciences Tuition

Until 1970-71 a special resident tuition was charged to students in medicine (\$250) and students in dentistry and pharmacy (\$200). This income was deposited in the UC General Fund and used as an offset to required state General Fund support. When the Regents imposed the educational fee in 1970-71 they terminated these charges effective with the 1971-72 academic year so that health science students would pay the same fees as all other graduate students. Because the effect of this decision was to eliminate over \$500,000 in annual revenue to the State General Fund, the Legislature has required the Regents to allocate annually to the General Fund an amount of Regents' funds equal to the lost revenue (currently \$732,000).

Reinstatement of Health Science Tuition Proposed

We recommend that a \$1,000/year health science tuition fee for medicine, veterinary medicine and dentistry students be phased in over two years beginning with a \$500 fee in 1980-81. This will produce a General Fund savings of approximately \$635,000 in 1980-81 and approximately \$3.2 million annually once fully established. (Reduce General Fund and increase reimbursements to Items 360 by \$635,000.)

Currently, all UC students, both graduate and undergraduate, pay two major fees: the registration fee and the education fee. The registration fee varies by campus from \$372/year to \$393/year and supports a variety of services which include: health care, recreational activities, counseling and financial aid administration. The education fee, which supports student financial aid, is \$300/year for undergraduates and \$360/year for graduate students. Depending on the particular campus, a number of small incidental fees also exist, but total annual fees do not exceed \$825 on any campus.

Based on our review of the UC student fee structure, we recommend establishing a \$1,000/year health science tuition fee for students in medicine, veterinary medicine and dentistry. Our recommendation is based on three considerations: (1) the extremely high General Fund cost per student of these disciplines relative to other disciplines, (2) the high incomes earned by students who graduate in these disciplines, and (3) the current fees charged in other universities for these three programs.

High Per Student Costs

One way to illustrate the high cost of these three programs is to compare their state-funded student/faculty ratios with that for the general campuses. As shown below, these three programs have ratios over three times richer than the average of all general campus programs, both undergraduate and graduate. But just looking at student/faculty ratios understates the true cost difference.

	<i>Student/Faculty Ratio</i>
Medicine	3.5 to 1
Dentistry	4.0 to 1
Veterinary Medicine	5.4 to 1
General Campus	17.5 to 1

UNIVERSITY OF CALIFORNIA—Continued

A better way to illustrate the high cost of these programs is to compare the incremental General Fund cost of additional students. Table 24 shows that in 1979-80, the incremental cost of each additional Veterinary Medicine and Dentistry student is over \$10,000, more than four times the incremental cost of a general campus student. The cost of each additional Medicine student is over \$12,000, more than five times greater than the incremental cost of a general campus student. These figures also understate the true cost differential because these three programs have other support costs which are much higher than the average in other programs. The most prominent example is Clinical Teaching Support (CTS) funds, which help subsidize the hospital and clinic operations that are essential to all three programs. In 1979-80, \$45.5 million is budgeted for this purpose. CTS funds alone are equal to 5.7 percent of the entire 1979-80 General Fund budget for UC. According to the Governor's Budget, over \$13,000 in CTS funds are budgeted for each UC clinical student in medicine.

Table 24
Incremental Cost of Additional
Students in 1979-80

	<i>Incremental Cost per Student</i>
Medicine	\$12,629
Dentistry	10,081
Veterinary Medicine	10,772
General Campus	2,400

High Incomes for Medicine, Veterinary Medicine and Dentistry Practitioners

According to the American Medical Association, the average net income of physicians in the Pacific Region in 1976 was \$58,584. The American Dental Association (ADA) reports that the average net income of dentists in the Pacific Region in 1977 was \$44,706. Comprehensive information on the average income of veterinarians was not available, but a recent sample survey conducted by the American Association of Veterinary Medicine Colleges (AAVMC) indicated that in 1977 the average nationwide was approximately \$30,000.

Because these figures are simple averages, they can obscure significant variations in income within each profession. But these figures nevertheless indicate that upon graduation, students entering any of these professions are going to begin to earn annual incomes well in excess of most other individuals with or without college degrees.

Health Science Tuition and Fees in Other States

Unlike the UC, many other institutions already charge higher fees for medicine, dentistry and veterinary medicine students than for undergraduates. Table 25 shows the student tuition and fees for the eight institutions UC relies on for faculty salary comparisons. All but one of the eight have higher fees for undergraduates. This is true of the public as well as the private institutions in this group.

Table 26 shows the average student tuition and fees for all medicine, dentistry and veterinary medicine schools. The table shows that a \$1,000/year increase in UC medicine and dentistry fees would bring UC up to the average level of fees in public medicine and dentistry schools. UC fees would still be far below the average of private medicine and dentistry schools.

A \$1,000/year increase in UC veterinary medicine student fees would place UC fees approximately \$700 higher than the 1977-78 average fee in public veterinary medicine schools, but still below the average in the two private veterinary schools.

Table 25
Health Science Tuition and Fees
at UC Comparison Institutions
1978-79

	<u>Undergraduate</u>		<u>Medicine</u>		<u>Dentistry</u>		<u>Veterinary Medicine</u>	
	<i>Resident</i>	<i>Non-resident</i>	<i>Resident</i>	<i>Non-resident</i>	<i>Resident</i>	<i>Non-resident</i>	<i>Resident</i>	<i>Non-resident</i>
Stanford	\$5,130	\$5,130	\$5,388	\$5,388	—	—	—	—
Yale	5,150	5,150	5,480	5,480	—	—	—	—
Harvard	4,850	4,850	6,060	6,060	\$5,000	\$5,000	—	—
SUNY, Buffalo	930	1,380	3,167	4,367	3,000	4,000	—	—
Cornell	4,850	4,850	5,500	5,500	—	—	\$2,800	\$4,500
Michigan.....	1,020 ^a	3,244 ^a	2,790	5,390	2,080	4,160	—	—
Wisconsin, Madison	705 ^a	2,565 ^a	2,425	4,117	—	—	—	—
Illinois	814 ^a	1,986 ^a	2,256	5,840	1,317	2,907	—	—
Average	\$2,931	\$3,644	\$4,133	\$5,268	\$2,849	\$4,017	\$2,800	\$4,500
UC	825	2,730	825	2,730	825	2,730	825	2,730

^a Data are for 1977-78

Table 26
Health Science Tuition and Fees

	<u>Average Tuition and Student Fees</u>	
	<i>Resident</i>	<i>Nonresident</i>
<i>Medical Schools^a</i>		
All—121 schools	\$3,603	\$4,722
Public (72)	1,772	3,653
Private (49)	6,293	6,293
<i>Dental Schools^b</i>		
All—59 schools	3,020	4,078
Public (36)	1,773	3,348
Private (23)	4,972	5,220
<i>Veterinary Medical Schools^b</i>		
All—21 schools	1,363	2,507
Public (19)	1,146	2,331
Private (2)	3,425	4,175
UC Medical, Veterinary and Dental Schools ^a	825	2,730

^a 1978-79 tuition and fees.

^b 1977-78 tuition and fees.

UNIVERSITY OF CALIFORNIA—Continued

Tuition Deferrals Needed for Low-Income Students

If a \$500 tuition were charged in 1980-81 to all medicine, dentistry and veterinary students, it would raise approximately \$1.9 million. (Based on a total of 3,808 students: 2,548 in five medical schools, 816 in two dentistry schools, and 444 in one veterinary medicine school.) Under our recommendation, however, the actual revenue flowing into the General Fund would be less than this amount. This is because we also recommend that a tuition deferral option be provided.

Part of our rationale for a health science tuition is the high incomes of those graduating from the three programs. Many of the students in those programs, however, are from low income families, and the added fee would create a financial hardship which in some instances might preclude attendance. Therefore, we propose that a tuition deferral option similar to the one already in effect for the UC education fee be available to low income students.

Under this program, students defer fee payment until 9 months after graduation. The program, modeled after the federal National Direct Students Loan Program, charges a nominal 3 percent annual interest on the outstanding balance. UC estimates that up to 65 percent of the enrolled students in the three programs might be eligible for and elect to defer payment. This would reduce the General Fund reimbursement in 1980-81 to approximately \$665,000, with the remaining \$1.2 million to be repaid in latter years.

With a \$1,000/year tuition beginning in 1981-82, the annual savings to the General Fund would be approximately \$3.9 million. The actual cash flow in the early years of the program, however, would depend on the number of students who elected to defer payment.

Elimination of Health Science Tuition Offset

Once the \$1,000/year tuition fee is established for medicine, dentistry and veterinary students, we believe that UC should no longer be required to reimburse the General Fund for the previous health science tuition which the regents abolished in 1971-72 (see previous discussion). Elimination of this health science tuition offset would release \$730,000 annually in Special Regents funds, and reduce the annual General Fund savings from \$3.9 million to \$3.2 million.

7. Charles R. Drew Postgraduate Medical School (Item 370)

The Charles R. Drew Postgraduate School, founded in 1966, is a private nonprofit corporation which conducts educational and research programs in south central Los Angeles in collaboration with the Martin Luther King, Jr. County Hospital located in Watts. State general funds are provided to Drew under two separate contracts, each administered by UC.

As shown in Table 27 the 1980-81 Governor's Budget includes \$3,634,160 for Drew programs (Item 370), of which \$1,280,800 is for the medical program planning and development at Drew and \$2,353,360 is for the continuation of a separate public service program. The amount proposed for the public service program reflects normal price increase.

Table 27
Funding for UC/Drew Programs

	Actual 1978-79	Estimated 1979-80	Proposed 1980-81	Change	
				Amount	Percent
1. Drew/UCLA Medical					
Budget act appropriation.....	—	\$512,350	\$1,280,800	\$768,450	150.0%
Statutory appropriation.....	(\$150,000)	(241,216)	(107,095)	(-134,121)	(-55.6)
2. Public Service	2,105,160	2,165,860	2,353,360	187,500	8.7
Totals	\$2,105,160	\$2,678,210	\$3,634,160	\$955,950	35.7%

Drew UCLA Medical Education Program

During 1979, Drew and UCLA reached agreement on a new medical education program. As a result, UCLA will expand its third and fourth year medical school enrollment by 48 students (24 at each level), with the required clinical training for these students to take place at the Drew School. The additional students will be third year transfers from other medical schools, although the transfer students will not necessarily be the students who will participate in the Drew program. During 1979-80, 1980-81, and 1981-82, Drew and UCLA will develop the required physical facilities, recruit faculty and staff, and develop the curriculum. The 1979 Budget Act provided the Drew program with \$512,350 for 10 new faculty positions to develop a curriculum. (The Drew program is also scheduled to enroll 250 residents in 1981-82.)

The contract between UC and Drew stipulated a number of conditions that must be satisfied before funds will be released to Drew. Although no faculty have been hired to date, UC and Drew are hopeful that most of the positions will be filled by April 1, 1980. Even so, there will be savings in the current year estimated at \$400,000. This money will automatically revert to the state General Fund.

Anticipated Savings Not Budgeted

We recommend that the proposed Drew budget be reduced by \$237,407 to reflect anticipated budgetary savings associated with the phased-in hiring of 10 new faculty in 1980-81. (Reduce Item 370 by \$237,407.)

The Governor's Budget proposes an increase of \$768,450 for the Drew Medical Program in 1980-81—\$618,350 for program expansion and \$107,095 for merit and price adjustments. The amount for program expansion will provide Drew with an additional 10 faculty positions, raising the authorized faculty to 20.

By providing full-year funding for these positions, the budget assumes that all of them will be filled on July 1, 1980. Our analysis indicates that this is unlikely to occur. Given the importance of the curriculum to the success of the program, Drew intends to conduct a deliberate, thoughtful, national selection process to fill these faculty positions. This will not be completed by July 1.

We therefore recommend that the budget for this item be reduced by \$237,407 because the full amount requested will not be needed in the budget year. This assumes that Drew will add two faculty each month for the period September through January.

UNIVERSITY OF CALIFORNIA—Continued

Report Needed on Drew Residents

We recommend that the Division of Health Professions Development within the Office of Statewide Health Planning and Development report by December 1, 1980, on the need to add the current residents at the Martin Luther King, Jr. Hospital to the UC residency program in 1981-82.

The current phase-in plan for the Drew/UCLA medical program includes UC assuming control of the residency program at Martin Luther King, Jr. County Hospital in 1981-82. Currently, King Hospital trains approximately 250 medical residents. UC plans to request additional faculty to bring the current Drew residency program up to UC standards.

In order to evaluate the merits of this planned expansion in 1981-82 we recommend that the Division of Health Professions Development within the Office of Statewide Health Planning report on the need to add these additional residents. The report should be made available to the legislative fiscal committees and the Department of Finance by December 1, 1980.

SUMMER SESSION AND EXTENSION INSTRUCTION

Summer sessions are operated on all of the university campuses and offer regular degree credit courses to all qualified applicants. The program was initiated in response to the master plan for higher education, which 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. No General Fund support, however, is provided. Student fees and extramural funds pay the incremental costs associated with the summer programs.

In 1979-80 over 27,000 students are expected to enroll in summer programs.

Like summer sessions, University Extension is self-supporting, primarily through student fees. The goals of this program are: (1) to provide educational opportunities for adults, (2) to promote participation in public affairs, and (3) to provide solutions to community and statewide problems.

Extension programs are open to everyone and are offered throughout the state. In 1979-80, an estimated 375,500 people will enroll in one or more extension offerings.

II. RESEARCH**Overview**

The 1960 Master Plan for Higher Education designated UC as the "primary state-supported agency for research." Table 28 shows the major research activities supported by the state and the budget for each. The state General Fund budget for these research activities is \$75.3 million in 1980-81. The largest portion of UC's research budget (\$316.1 million) however is received from the federal government, private individuals, and foundations. These funds are not included in the support budget.

Approximately 53 percent of the General Fund support is spent on research in the agricultural sciences. The next largest component of the research budget is the Organized Research Units (ORUs). The remaining

Table 28
Research Program
Summary of Expenditures and Personnel
(in thousands)

<i>Elements</i>	<i>1979-80 Budget</i>			<i>1980-81 Governor's Budget</i>			<i>Change</i>		
	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>
1. Organized Research Units and Research Support									
General campuses.....	\$12,959	\$3,282	\$16,241	\$13,680	\$3,711	\$17,391	\$721	\$429	\$1,150
Health sciences.....	1,984	2,707	4,691	1,984	2,707	4,691	—	—	—
2. Agricultural sciences.....	40,550	3,471	44,021	40,925	3,471	44,396	375	—	375
3. Marine sciences.....	4,931	240	5,171	4,931	240	5,171	—	—	—
4. Individual faculty grants and travel.....	3,427	221	3,648	3,427	221	3,648	—	—	—
5. Employee benefits.....	10,330	617	10,947	10,330	617	10,947	—	—	—
Totals.....	\$74,181	\$10,538	\$84,719	\$75,277	\$10,967	\$86,244	\$1,096	\$429	\$1,525
<i>Personnel (FTE)</i>									
Academic.....			920.51			920.51			
Staff.....			1,709.52			1,709.52			
Totals.....			2,630.03			2,630.03			

UNIVERSITY OF CALIFORNIA—Continued

research funds are used for research in marine sciences, faculty research grants, and travel to professional meetings.

Organized Research Units (ORUs)

ORUs are formal agencies established by action of the Regents to promote and coordinate research in specified interdisciplinary areas. Currently, there are approximately 130 ORUs. Each unit is reviewed at intervals of five years or less by a special committee of the Academic Senate. Such reviews are intended to provide the information necessary to allocate funds properly among the ORUs. Occasionally, reviews result in the elimination of particular ORUs and the establishment of others with different research emphases.

The 1980-81 Governor's Budget provides a \$1.5 million increase in research support. The budgeted General Fund increase of \$1,096,000 is composed of four items: (1) \$520,000 for the California Space Institute, (2) \$375,000 for the Integrated Pest Management program, (3) \$100,000 for the Institute of Industrial Relations and (4) \$101,000 for the California Policy Seminar.

The Governor's Budget also proposes to provide initial support of \$250,000 for a new Energy Institute ORU and augment the university's Appropriate Technology program by \$141,000. Funds for these programs would come from a proposed Energy and Resources Fund. If established by the Legislature the fund would be supported with revenues that under existing law are deposited in the Capital Outlay Fund for Public Higher Education (COFPHE).

Changing Policy

In the Analysis of the 1978-79 budget, we expressed concern about UC's changing policy toward budgeting for research within the university. Traditionally, the state has provided UC with a constant amount of money (adjusted upwards each year for inflation), and permitted UC to allocate the funds by campus and research subject. The underlying assumption has been that if the research program could be supported within a fixed amount of resources the state would permit the UC faculty to determine research priorities. In recent years, however, UC has proposed a number of augmentations for research in particular subjects in addition to the annual increase in the base level of support.

SPACE RELATED RESEARCH (Item 362)

The 1979 Budget Act appropriated a total of \$455,000 for the establishment of two new UC research units: (a) a systemwide California Space Institute (Cal Space) which helps coordinate the space-related research efforts of all eight general campuses and (b) an Astro Physics and Space Science Center. Both are located on the San Diego campus.

The 1980-81 Governor's Budget includes a \$520,000 augmentation for Cal Space in addition to price level adjustments for both programs. Table 29 shows the current year and budgeted amounts for both programs.

Table 29
Space Related Research

	Estimated 1979-80	Proposed 1980-81	Change	
			Amount	Percent
California Space Institute:				
Program	\$380,000	\$900,000	\$520,000	136.8%
Unallocated salary and price adjustments	—	42,223	42,223	—
Subtotals	\$380,000	\$942,223	\$562,223	148.0%
Astro Physics and Space Science Center:				
Program	75,000	75,000	—	—
Unallocated salary and price adjustments	—	8,283	8,283	—
Totals	\$455,000	\$1,025,506	\$570,506	125.4%

Cal Space Augmentation

We recommend that the Cal Space augmentation be deleted, for a General Fund savings of \$520,000 in 1980-81. (Reduce Item 362 by \$520,000.)

The Governor's Budget proposes a General Fund increase of \$562,223 (148.0 percent) for Cal Space. The details of this proposed increase are shown in Table 30.

Table 30
California Space Institute (Cal Space)^a

	1979-80		Proposed 1980-81	Change Over UC Revised	
	Budgeted	UC Revised		Amount	Percent
Administration:					
Director	\$35,000	\$32,000	\$34,000	\$2,000	6.3%
Deputy Director	10,000	14,000	16,000	2,000	14.3
Associate Director	—	—	5,000	5,000	—
Administrative support	37,500	31,000	65,000	34,000	109.8
Subtotals	\$82,500	\$77,000	\$120,000	\$43,000	55.8%
Program Operation:					
Research scientists	\$37,500	\$70,000	\$120,000	\$50,000	71.4%
Program support	200,000	223,000	535,000	312,000	139.9
Public education	45,000	10,000	75,000	65,000	650.0
Visiting scientists	—	—	50,000	50,000	—
Proposal review	15,000	—	—	—	—
Subtotals	\$297,500	\$303,000	\$780,000	\$477,000	157.4%
Unallocated price and salary adjustments ^a	—	—	42,223	42,223	—
Totals	\$380,000	\$380,000	\$942,223	\$562,223	148.0%

^a Salary adjustment of \$22,040 for 1979-80 only. Price adjustment of \$20,183 for 1980-81 only.

The Cal Space program is now in its first year of operation. In seeking state support for the program last year, UC maintained small scale state supported-studies would attract federal funding for further research. In the current year, 21 individual project grants have been awarded. These grants were funded on a one-year basis. The program has not been in operation long enough to assess its potential for attracting federal funding on an ongoing basis.

UNIVERSITY OF CALIFORNIA—Continued

Proposed Budget Detail

The total amount requested for administration and research scientists (\$240,000) is identical to the amount requested last year. The Legislature reduced the request to \$120,000 on the basis that the amounts were excessive. This year, UC maintains that the \$240,000 is needed because of increased workload associated with new state and federal grants. UC does not know at this time what federal grants might be awarded. However, increased workload associated with federal grants should be automatically funded by the federal government.

The proposed \$75,000 for public education would pay for seminars, conferences and publications. These would benefit primarily the research community rather than the general public. Because UC chose to reallocate \$35,000 in funds from public education to research scientists and program support in the current year, it is not evident that public education is a high priority nor is there any assurance that the \$75,000 would even be spent in this area.

Insufficient Experience with Program

At this early stage of program development it is hard to distinguish program need from program desire. Our analysis indicates that state core support for the Space Center is warranted because of the importance of this area in California's economy. Lacking any experience with or evaluation of the program, however, we have no basis on which to recommend a 140 percent increase in grants. Consequently, we recommend that the \$520,000 augmentation for this program be eliminated for a 1980-81 program level of \$422,223.

INTEGRATED PEST MANAGEMENT PROGRAM (Item 361)

Overview

The 1979 Budget Act provided \$1,125,000 for initial support of an Integrated Pest Management Program (IPM). The goal of IPM research is the establishment of pest control programs that are economically and environmentally appropriate and beneficial. The Governor's Budget proposes a General Fund increase for the program of \$375,000. Table 31 shows the current and budget year planned expenditures.

Table 31
Integrated Pest Management Program

	1979-80		Proposed 1980-81	Change Over Revised	
	Budgeted	Revised		Amount	Percent
Grants for research	\$330,000	\$150,000	\$850,000	\$700,000	466.7%
Equipment	395,000	725,000	30,000	-695,000	-95.9
Personnel	340,000	200,000	540,000	340,000	170.0
Supplies and expense.....	60,000	50,000	80,000	30,000	60.0
Totals	\$1,125,000	\$1,125,000	\$1,500,000	\$375,000	33.3%

The current year's budget has been revised to devote more funds to start-up computer costs.

Legislative Intent

The Supplemental Report of the 1979 Budget Act requested UC to:

- attempt to reallocate internal resources in order to increase support for IPM in 1980-81 to a total of \$2 million.
- submit by January 1, 1980 the details on its computer acquisition plan for IPM.
- submit by March 1, 1980 a multi-year work plan relating to IPM.

To date, UC has developed a plan for computer acquisition, and has started the process to fund \$150,000 in research grants. We have met with UC to review a draft version of its computer acquisition plan. UC reports that it "is studying its activities in this area and will make every effort to reallocate resources internally to provide matching funds for the IPM program." We have been told that the March 1 report will include the results of this study. We will report further on the program during budget hearings.

INSTITUTE OF TRANSPORTATION STUDIES (Item 372)

The Institute of Transportation Studies was established by the Regents in 1947 in response to a legislative request. It was chartered 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 to enable it to cooperate in research and training with the State Business and Transportation Agency and with other agencies having public transportation responsibilities.

Between 1975-76 and 1978-79, the major state support for this institute came from the Transportation Planning and Research (TP and R) Account, which was created by the Legislature in 1972. Revenues to the account were derived from the General Fund according to a formula which compared taxable sales of gasoline with all other taxable sales.

Funding Switch

Because the constant-dollar value of gasoline sales through early 1979 declined relative to other taxable sales, the Department of Finance determined that there were not sufficient funds to support ITS in 1979-80. For this reason, the department recommended that the ITS appropriation be made from the General Fund. At our recommendation, however, the Legislature switched the funding source to the Driver Training Penalty Assessment Fund.

Revenue Influx. Concurrent with the budget actions to alter the source of ITS funding, gasoline sales revenues in the spring of 1979 began to rise sharply because of dramatic price increases for gasoline and related petroleum products. Chapter 161, Statutes of 1979 (SB 620), which was enacted in June 1979, renamed the TP and R Account the Transportation Planning and Development (TP and D) Account and provided for the allocation of this sudden influx of revenues to the account. Chapter 161 also contains authority to provide the state share of ITS support.

UNIVERSITY OF CALIFORNIA—Continued

1980-81 Budget

We recommend that state support for the Institute of Transportation Studies be provided from the Transportation Planning and Development Account rather than from the Driver Training Penalty Assessment Fund. (Delete Driver Training Assessment Fund support of \$577,100 and increase the State Transportation Fund by \$577,100 in Item 372).

The proposed Governor's Budget includes \$577,100 from the Driver Training Penalty Assessment Fund for support of the Institute of Transportation Studies (ITS). This represents a \$37,800, or 7 percent, increase over the current year. Table 32 shows this and other sources of funding for the institute.

Table 32
Institute of Transportation Studies

	Actual	Estimated	Projected	Change	
	1978-79	1979-80	1980-81	Amount	Percent
General Fund	\$90,530	\$106,696	\$106,696 ^a	—	—
State Transportation Fund	523,600	—	—	—	—
Driver Training Penalty Assessment Fund	—	539,300	577,100	\$37,800	7.0%
Federal	127,421	130,000	200,000	70,000	53.8
Other	338,705	339,699	339,699	—	—
Totals	\$1,080,256	\$1,115,695	\$1,223,495	\$107,800	9.7%

^a This amount will receive inflationary adjustments later.

In view of the authority contained in Chapter 161 we recommend that the funding source for the ITS be switched from the Driver Training Penalty Assessment Fund to the Transportation Planning and Development Account. This funding switch will have no net fiscal impact on state appropriations for the support of the institute. It could, however, make possible a \$577,100 savings to the General Fund if the Legislature chose to transfer unused balances in the Drivers Training Penalty Assessment Fund to the General Fund as it did last year.

A related discussion of this issue is presented in our analysis of the Business and Transportation Agency's budget.

MOSQUITO CONTROL RESEARCH (Item 373)

The Budget Bill continues a special appropriation of \$100,000 from the California Water Fund for Research in mosquito control. This special appropriation was initiated in 1966-67 to supplement anticipated funding from other sources. All General Fund support (\$619,900 in 1980-81) for the program is within the University's main lump-sum support appropriation (Item 360).

Table 33 shows the funding for the program. *We recommend approval as budgeted.*

INSTITUTE OF INDUSTRIAL RELATIONS**Overview**

The Governor's Budget includes a \$100,000 augmentation for the Institute of Industrial Relations Organized Research Unit (ORU) located on

Table 33
UC Mosquito Research

	<i>Actual 1978-79</i>	<i>Estimated 1979-80</i>	<i>Proposed 1980-81</i>
State:			
Water Fund	\$99,300	\$100,000	\$100,000
Special	373,754	409,000	409,000 ^a
General Fund	592,480	619,900	619,900
Federal	514,294	571,700	571,700
Mosquito abatement districts	200	—	—
Other Sources:			
Industry	1,550	1,850	1,850
International	7,000	9,700	17,700
Totals	\$1,588,578	\$1,712,150	\$1,720,150

^a This amount will be adjusted for inflation.

the Berkeley campus. The augmentation would be used to partially support the Institute's California Public Employee Relations (CPER) program.

The CPER Program was initiated in 1969. Its purposes are (1) research and policy analysis of contemporary issues and (2) rapid publication of the results for management and labor representatives, elected officials, academic researchers, and students. CPER publishes a regular quarterly journal, an interim reporting service, a detailed index, and monographs. The quarterly journal is not primarily a collection of articles written by outside contributors; it regularly contains 30 to 40 pages of articles researched and written by CPER staff.

Staff and Budget

CPER staff includes 4.5 professional positions and 2.5 clerical positions. The current and proposed sources of funds for the program are shown in Table 34. State of California restricted funds in the current year were provided through a contract with the Department of Industrial Relations for a specific research effort. Foundation support is from the Ford Foundation, again for a specific research effort. Subscription revenue is generated from the sale of the program's publications.

Table 34
California Public Employees Relations Program

State	<i>Estimated 1979-80</i>		<i>Proposed 1980-81</i>	
	<i>Amount</i>	<i>Percent of Total</i>	<i>Amount</i>	<i>Percent of Total</i>
General Fund	\$59,389	29.4%	\$159,389	70.5%
Restricted Funds	19,103	9.5	—	—
Subscription revenue	66,556	33.1	66,556	29.5
Foundation support	56,223	28.0	—	—
Totals	\$201,271	100.0%	\$225,945	100.0%

For \$60 per year each subscriber receives (1) a quarterly journal, (2) interim news reports, (3) an annual comprehensive index and (4) a telephone information exchange service. Of the current 1,261 subscribers, approximately 50 percent are state or local government agencies. An

UNIVERSITY OF CALIFORNIA—Continued

additional 36 percent are professionals (lawyers and arbitrators) or employee groups. UC does not anticipate raising its subscription rate beyond a normal inflation adjustment or receiving any outside contracts or foundation support in 1980-81.

Program Should be Primarily Subscriber Supported

We recommend deleting \$159,389 in General Fund support for the Institute of Industrial Relations. (Reduce Item 360 by \$159,389.)

Table 34 shows that state General Fund support for this program would increase from 29.4 percent to 70.5 percent if the \$100,000 augmentation is approved as budgeted. UC has told us that if the \$100,000 is not approved it will shut down the entire program. Our analysis indicates that the program's major beneficiaries are practitioners in labor and industrial relations. As noted above, these practitioners account for 86 percent of the current subscriptions. Currently, these beneficiaries are paying about one-third of the program's cost. If the augmentation is approved, their share would be reduced to less than 30 percent.

The government agencies and corporations that directly benefit from the program have both the motivation and ability to cover the costs of the services they receive. Practitioners are in the best position to evaluate the benefits of the CPER program relative to the costs of providing these benefits. Moreover, the program lends itself to user charges through subscription charges.

For these reasons, we cannot recommend that the state's share of CPER be increased by \$100,000. In view of the fact that UC will drop the entire program if the state does not augment the budget by \$100,000 we see no need for the ongoing \$59,389 level of support and recommend that this amount be deleted. ↑

CALIFORNIA POLICY SEMINAR

The California Policy Seminar, established in 1977, is a cooperative effort between UC and state government officials to define significant policy issues facing California, and to commission research on these issues. In the current year, state support for the seminar totals \$250,000. The Governor's Budget proposes to increase that support by \$101,000.

In addition, UC plans to contribute University funds in the amount of \$105,000 to support new and innovative faculty research interests that focus on issues important to California such as health care and housing. With the addition of these funds, support for the seminar will total \$456,000 in 1980-81. Funding for the total program should be displayed in the Governor's 1981-82 Budget. *We recommend approval.*

ENERGY RESEARCH (Items 363, 375, 376)

The Governor's Budget provides \$250,000 for a new Energy Institute and \$141,000 augmentation for Appropriate Technology Energy Research, a total of \$391,000 from the proposed Energy and Resources Fund.

1. Energy Institute (Item 376)

The budget proposes the creation of a \$250,000 Energy Institute to bring together faculty expertise from throughout the university for research efforts in the development, production, distribution and use of energy. The institute would perform research and would also relate national and international research and development efforts in the field of energy to the specific needs and problems of California. The \$250,000 in the Governor's Budget would provide only core support for the Institute. UC envisions a multi-year development program, with the initial \$250,000 being devoted to program definition. Future budgets would seek to expand support for direct research.

Funding Already in Budget for Energy Research

We recommend that UC use \$100,000 in currently budgeted Special Regents' Program funds to partially support the Energy Research Institute in 1980-81. (Reduce Item 376 by \$100,000.)

Between 1975 and June 30, 1979, UC had a functioning Council on Energy and Resources. Although this council is no longer in existence, the Governor's Budget displays \$100,000 in the current year and \$100,000 in the budget year from the Regents' Special Funds for it. The council's purpose was to "improve the university's research, instruction, and public service contributions to the solution of current and long-term energy and resource problems." The goals were to be accomplished "by disseminating energy research findings directly to the public and by promoting cooperation between public officials and agencies that plan energy policy." The council included representatives from each of the nine campuses and from the three national laboratories operated by the university. It appears that the Energy Institute will serve this role and provide an administrative structure for energy research.

Because funds are already in the budget for a nonfunctioning council we see no reason why these funds cannot be redirected to the new institute during the 1980-81 budget year. Accordingly, we recommend that this item be reduced from \$250,000 to \$150,000, and that the appropriation be made contingent on UC matching this augmentation with \$100,000 in Regent's funds.

We note that currently the proposed Energy and Resources Fund does not exist. Consequently, the Legislature may have to provide interim support from either the General Fund or the COFPHE.

2. Appropriate Technology Program (Items 363 and 375)

The university requested an increase in total state funding of the Appropriate Technology Program from \$108,000 in 1979-80 to \$259,155 in 1980-81, an increase of \$151,155 (\$141,000 is for program expansion, \$10,155 is for price and salary adjustments.) This request is funded in the Governor's Budget. The augmentation would come from the proposed Resources and Energy Funds while the base funding (\$118,155) would continue to come from the General Fund. The new increment will be used to develop research projects emphasizing energy production from renewable resources.

UNIVERSITY OF CALIFORNIA—Continued

140 Percent Program Increase Not Justified

We recommend that this item be budgeted at \$168,525 in 1980-81, for a savings of \$90,630. We further recommend that the entire item be funded from one funding source. (Reduce Item 375 by \$90,630.)

The 1979 Budget Act appropriated \$150,000 for the Appropriate Technology Program (prior to the 5 percent price level adjustment). The Governor reduced the item to \$102,900.

For 1980-81, the Regents requested \$259,155 for the program. The Governor's Budget provides \$259,155 which is:

- \$109,155 (72.8 percent) more than the Legislature provided in the 1979 Budget Bill.
- \$151,155 (140 percent) more than the Governor approved in signing the 1979 Budget Act.

Of the \$259,155 requested, \$118,155 is from the General Fund (Item 363) and \$141,000 is from the proposed new Energy and Resources Fund (Item 375). Table 35 shows the proposed increase by category of expenditure.

Table 35
Appropriate Technology Program

<i>Elements</i>	<i>Estimated</i>	<i>Proposed</i>	<i>Change</i>	
	<i>1979-80</i>	<i>1980-81</i>	<i>Amount</i>	<i>Percent</i>
Research	\$78,700	\$180,000	\$101,300	128.7%
Dissemination	5,800	36,500	30,700	529.3
Supplies and expenses	5,000	14,155	9,155	183.1
Personnel	18,500	28,500	10,000	54.1
Totals.....	\$108,000	\$259,155	\$151,155 ^a	140.0%

^a \$141,000 requested for program expansion and \$10,155 in salary and price adjustments.

By legislative design the research grants awarded under this program are small scale. At least 80 percent of the awards have to be for less than \$10,000. Therefore the additional \$101,300 for grant awards would most likely more than double the number of grant recipients.

We can find no justification for an increase of this magnitude. Accordingly, we recommend that the program be held to the level approved by the Legislature for the current year (prior to the Governor's veto), adjusted for a 7 percent price increase. This amount (\$168,525) would provide an increase of \$60,525 (56.0 percent) over the current year level.

Support Should Come From One Funding Source

The Governor's Budget funds this program from two sources, the General Fund and the proposed Energy and Resources Fund. We recommend that funding be from a single fund source. The proposed Energy and Resources Fund does not exist at this time. If it is established by the Legislature, this would be the appropriate funding source for the program. If it is not established, funding should be provided from either the General Fund or the COFPHE.

Alcohol Research Center (Item 280)

The Alcohol Research Center at the UCLA campus has been partially supported by the Department of Alcohol and Drug Programs (DADP) since January 1, 1978. The Governor's Budget proposes a \$500,000 contract between the two agencies for 1980-81. Based on our review, we conclude that the existing contractual relationship between the department and the center is inappropriate. Because the Legislature's stated intent to authorize alcohol research of high quality cannot be met by the proposed continuation of the existing relationship, we recommend in our analysis of Item 280 that the \$500,000 proposed for such research be transferred from the department to the university for administration. If the budget subcommittees on health and welfare accept this recommendation we then would recommend that the UC budget be increased by \$500,000 to support the UCLA center.

III. PUBLIC SERVICE

The Public Service Program includes four subprograms: campus public service, cooperative extension, the Drew Postgraduate Medical School (discussed with Health Science) and the California College of Podiatric Medicine. The budgets for each of these subprograms are shown in Table 36.

CAMPUS PUBLIC SERVICE

The public service subprogram supports cultural and educational activities on the campuses and in nearby communities. Opportunity is provided for additional experience in the fine arts, humanities, social and natural sciences and related studies. Programs such as concerts, dramas, lectures and exhibits are designed to be of interest to the campuses as well as surrounding communities. This program is supported primarily with restricted funds.

1. California Writing Project

The budget includes a \$300,000 General Fund augmentation for the California Writing Project. The project seeks to improve the writing skills of students from elementary school through the community college level. According to UC, a primary cause of the decline in writing skills is the lack of adequate teacher preparation in writing instruction. Thus, the project focuses on improving the writing skills of teachers.

The project operates 17 centers at UC (6 campuses), CSUC (10 campuses) and CCC campuses (1 campus) throughout the state. The 1979-80 budget for the project—\$497,000—would be supported from state (\$140,000), federal (\$300,000) and UC Berkeley (\$57,000) sources.

The Governor's Budget states that the \$300,000 augmentation will be used to support 10 new centers. Our analysis indicates that this is not correct. Rather, the augmentation will provide core support—guaranteed operating funds—of \$25,000 for 10 of the 17 centers and \$50,000 to replace UC Berkeley funding. UC assumes that seven of the 17 centers will be able to operate solely from contracts with local school districts in 1980-81.

Table 36
Public Service Program
Summary of Expenditures and Personnel
(in thousands)

<i>Elements</i>	<i>1979-80 Budget</i>			<i>1980-81 Governor's Budget</i>			<i>Change</i>		
	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>
1. Campus public service	\$137	\$8,744	\$8,881	\$437	\$8,744	\$9,181	\$300	—	\$300
2. Cooperative Agriculture Extension	20,270	6,745	27,015	20,630	6,745	27,375	360	—	360
3. Drew Medical School ^a	2,166	—	2,166	2,354	—	2,354	188	—	188
4. California College of Podiatry Program	727	—	727	747	—	747	20	—	20
Totals	\$23,300	\$15,489	\$38,789	\$24,168	\$15,489	\$39,657	\$868	—	\$868
<i>Personnel (FTE)</i>									
1. Academic.....			554.29			567.79			13.5
2. Staff.....			650.69			650.69			—
Totals.....			1,204.98			1,218.48			13.5

^a These funds are contained in Budget Act Item 370. In total, this item contains \$3.6 million. The remaining funds are received by Drew for a medical education program associated with UCLA. Both the medical and public service program are discussed in the Health Science section.

The budget also continues funding of \$140,000 made available for the first time in the 1978 Budget Act for a special writing project for teachers of minority children. Although UC was granted a general price increase of 5 percent in the current year, additional funds (\$7,000) have not as yet been allocated to the Writing Project.

Need for Periodic Report

We recommend that UC submit a report by December 1 of each year on the California Writing Project that details past, current and projected fiscal year budgets and numbers of teachers served. We further recommend that this project be funded in a separate item of the Budget Act with language specifying an appropriate review committee.

The information available to us indicates that the writing project is cost-effective in meeting the need to improve the teaching and learning of writing among California K-12 teachers. On this basis, we recommend approval of the budgeted amounts for the project. The project should continue, however, to seek additional support directly from school districts. The districts are in the best position to assess the continuing need for this type of staff development.

We recommend that UC annually submit a report that includes information on project financial support from all sources and data on the number of teachers served. This data should be provided for each center and for the project as a whole. This report will help the Legislature to monitor the continued need for state resources for core support. A separate Budget Act item on the project which specifies an appropriate advisory group will insure annual legislative review and external input.

The Supplemental Report of the 1979 budget act requested an evaluation of this program from UC by March 1, 1980. We will comment on this evaluation during budget hearings.

State Data Program (Item 364)

As part of the Institute for Governmental Studies on the Berkeley campus since 1968, the State Data Program collects, coordinates and disseminates data for scholars, students, researchers and policy planners who are investigating the problems of state and local government. Budgeted state support for 1980-81 is \$144,647, the level of support in 1979-80 plus price increase. *We recommend approval as budgeted.*

COOPERATIVE (AGRICULTURE) EXTENSION

Cooperative Extension applies the technology derived from agriculture research to solve specific problems. These problems are usually of a local rather than a statewide nature. It is a cooperative endeavor between the university, county boards of supervisors, and the U.S. Department of Agriculture. Operating from three university campuses and 54 county offices in rural and urban areas, it provides problem solving instruction and practical demonstrations.

UNIVERSITY OF CALIFORNIA—Continued**Farm Management Program Proposed**

The 1980-81 budget includes an increase of \$360,000 from the General Fund to support a program in farm personnel management. The proposed program will focus on management principles, practices, laws and regulations, and will be coordinated with other agencies in the farm labor market.

New Farm Management Program Should be Fee Supported

We recommend that the proposed new program in farm personnel management be supported by reimbursements, rather than by the General Fund. (Reduce Item 360 by \$360,000.)

The proposed farm personnel management program will be modeled after a pilot project that has been operating in Fresno County since November 1977. This pilot project is federally supported, but the funds will expire on June 30, 1980.

The proposal would retain the Fresno site and expand the project to Tulare, Woodland, Modesto, Salinas, Bakersfield, Riverside, El Centro and either Davis or Berkeley. The funds would support 9 staff positions and 4.5 secretarial positions.

According to UC, farm employers would benefit from the project in that the training will provide them with a better understanding of the laws, regulations, programs and principles of personnel management. Hired farm workers would also benefit in the sense that increased employer compliance with rules and regulations and the application of modern concepts of personnel management would make farm employment more attractive.

Our analysis does not indicate a need for additional staff on a full-time basis. The program package lends itself to one-day or multiple-day workshops. The management program can be offered by part-time on-site consultants who have expertise in the various skill areas. The current cooperative extension staff could arrange these workshops within existing budgets. This would result in a program that is flexible enough to meet changing educational needs of farm employers.

Furthermore, our analysis indicates that this program should be supported by fees. A fee arrangement would help insure that the program is most pertinent to the needs of the primary beneficiaries—farm employers. It would also link benefits and costs more closely than would General Fund support. Accordingly, we recommend that the proposed new program in farm personnel management be supported by reimbursements rather than the General Fund. The General Fund savings would total \$360,000.

CALIFORNIA COLLEGE OF PODIATRY MEDICINE (Item 371)

The Budget Bill continues state support for a cooperative program in basic and clinical health sciences education and primary health care delivery research in podiatry. State support began in 1974-75 to assure the instruction provided by the only college of podiatric medicine in California would continue to be of high quality. The program is operated in

conjunction with the university's San Francisco campus.

Budgeted state support for 1980-81 is \$747,100. This is an increase of \$20,300 (3 percent) over the amount provided in 1978-79. The additional funds are for price increases and merit salary adjustments. No program expansion is included. *We recommend approval as budgeted.*

IV. ACADEMIC SUPPORT

The academic support program includes: (1) libraries, (2) organized activities and (3) teaching hospitals, as shown in Table 37.

LIBRARIES

Support for the university's nine campus libraries as well as for the college and school libraries is included in this subprogram. The principle objective is to support the instructional and research programs of the university by providing access to scholarly books and other documents.

Budgeted state support for libraries is shown in Table 38. The General Fund increase of \$206,000 would provide 14 reference-circulation staff which are warranted by an increase in enrollment related workload. *We recommend approval as budgeted.*

Table 37
Academic Support Program
(in thousands)

Elements	1979-80			1980-81			Change		
	General Funds	Restricted Funds	Total	General Funds	Restricted Funds	Total	General Funds	Restricted Funds	Total
1. Libraries	\$66,012	\$1,055	\$67,067	\$66,218	\$1,055	\$67,273	\$206	—	\$206
2. Organized activities...	34,721	33,042	67,763	35,376	34,801	70,177	655	\$1,759	2,414
3. Teaching hospitals	42,190	408,951	451,141	42,886	451,471	494,357	696	42,520	43,216
Totals.....	\$142,923	\$443,048	\$585,971	\$144,480	\$487,327	\$631,807	\$1,557	\$44,279	\$45,836
<i>Personnel (FTE)</i>									
1. Libraries			2,183.38			2,193.88			10.50
2. Organized activities...			2,592.78			2,592.78			—
3. Teaching hospitals			14,477.31			14,477.31			—
Totals.....			19,253.47			19,263.97			10.50

Table 38
Library Support
(in thousands)

Elements	1979-80			1980-81			Change		
	General Funds	Restricted Funds	Total	General Funds	Restricted Funds	Total	General Funds	Restricted Funds	Total
1. Books and binding.....	\$18,503	\$324	\$18,827	\$18,503	\$324	\$18,827	—	—	—
2. Acquisitions—processing ..	24,087	484	24,571	24,087	484	24,571	—	—	—
3. Reference—circulation.....	21,118	242	21,360	21,324	242	21,566	\$206	—	\$206
4. Automation	2,304	5	2,309	2,304	5	2,309	—	—	—
Totals	\$66,012	\$1,055	\$67,067	\$66,218	\$1,055	\$67,273	\$206	—	\$206

ORGANIZED ACTIVITIES

This subprogram includes partially self-supporting activities organized and operated primarily as necessary adjuncts to the work of various departments. General Fund support is primarily used in six areas: (1) art,

UNIVERSITY OF CALIFORNIA—Continued

music, and drama, (2) the UCLA elementary school, (3) vivariums which provide maintenance and care of animals necessary for teaching and research in the biological and health sciences, (4) the dental clinic subsidy, (5) support for two neuropsychiatric institutes which provide mental health care and training and (6) clinical teaching support for the veterinary medical teaching facility at Davis.

As shown in Table 39, budgeted state support for these activities is proposed to increase by \$655,000 in 1980-81. These funds are budgeted for (1) support for a new San Francisco dental clinic (\$105,000), (2) additional clinical teaching support for the UC Davis School of Veterinary Medicine (\$150,000), and (3) a recently established program in Geriatric Psychiatry at UCLA (\$400,000).

Geriatric Medicine

The Governor's Budget includes \$400,000 in initial state support for a geriatric psychiatry program at the Los Angeles neuropsychiatric institute. The geriatric program was started in 1977-78 using charges from patients and institute reserve funds. The program includes a special hospital inpatient unit and a clinic for the aged. By the end of 1979-80, over 550 patients will have been treated through the program.

UC reports that institute reserve funds are almost depleted and that the institute can no longer provide program support.

Study on Geriatric Medicine

Chapter 907, Statutes of 1978, directed the California Postsecondary Education Commission (CPEC) to study "the need for and feasibility of establishing an educational and research center for geriatric medicine at one or more schools or colleges of education and present their findings to the Legislature by January 1, 1980." We received a draft copy of CPEC's report on January 15, 1980. After reviewing the CPEC report, we will be prepared to comment further on this proposed augmentation.

TEACHING HOSPITALS**Overview**

Included within this subprogram is funding for the teaching hospitals and clinics for which the university has major operational responsibilities. The hospitals include the Los Angeles Center for Health Sciences, the San Francisco campus hospitals, the San Diego County University Hospital, the Sacramento Medical Center, and 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 and state colleges by providing the clinical setting for students in allied health science areas.

Table 39
Organized Activities
(in thousands)

<i>Elements</i>	<i>1979-80 Budget</i>			<i>1980-81 Governor's Budget</i>			<i>Change</i>		
	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>
1. Other Academic Support—General Campuses									
Museums and galleries	\$1,164	\$225	\$1,389	\$1,164	\$275	\$1,439	—	\$50	\$50
Intercollegiate athletics	—	1,003	1,003	—	1,039	1,039	—	36	36
Ancillary support—general Campuses									
Demonstration schools	673	161	834	673	190	863	—	29	29
Vivaria and other (incl. employee benefits)	1,945	1,314	3,259	1,945	1,430	3,375	—	116	116
2. Ancillary Support—Health Sciences									
Dental clinics.....	2,634	2,218	4,852	2,739	2,286	5,025	\$105	68	173
Neuropsychiatric institutes	22,377	8,665	31,042	22,777	9,371	32,148	400	706	1,106
Optometry clinics.....	—	576	576	—	597	597	—	21	21
Veterinary Medicine Teaching Facility	1,925	1,314	3,239	2,075	1,449	3,524	150	135	285
Vivaria and other (incl. employee benefits)	4,003	17,566	21,569	4,003	18,164	22,167	—	598	598
Totals	\$34,721	\$33,042	\$67,763	\$35,376	\$34,801	\$70,177	\$655	\$1,759	\$2,414

UNIVERSITY OF CALIFORNIA—Continued

Funding

Budgeted state support for the teaching hospitals (called Clinical Teaching Support) is shown in Table 40. Direct General Fund support represents approximately 9 percent of hospital revenue. The remaining funds are received through patient fees and third party providers which include state and federal Medicare/Medi-Cal programs.

Table 40
Teaching Hospitals

	<i>Estimated</i> 1979-80	<i>Proposed</i> 1980-81	<i>Change</i>	
			<i>Amount</i>	<i>Percent</i>
General Funds *	\$42,190,343	\$42,886,343	\$696,000	1.6%
Restricted funds	408,951,276	451,471,276	42,520,000	10.4
Totals	\$451,141,619	\$494,357,619	\$43,216,000	9.6%

* Includes appropriations of \$3.9 million in 1979-80 and \$4.1 million in 1980-81 for estimated Medicare/Medi-Cal inpatient reimbursement shortfalls.

1. Clinical Teaching Support (CTS)

UC teaching hospitals are intended to be self-supporting through patient fees. A state subsidy, however, called Clinical Teaching Support (CTS) is provided for UC-owned hospitals and clinics. The traditional justification for CTS funds has been that these funds permit UC to accept patients who are useful to the teaching program but unable to pay the cost of hospitalization. In fact, CTS funds serve at least in part as an offset to the reimbursement limitations of the Medicare/Medi-Cal programs.

The proposed distribution of CTS funds for 1980-81 is shown in Table 41. Total CTS support is budgeted to increase \$500,000. These funds will go to the San Diego Teaching Hospital to cover the added clinical education costs of the state-approved increase in medical school class size.

Table 41
Clinical Teaching Support Allocations *
(in thousands)

	<i>Actual</i> 1978-79	<i>Estimated</i> 1979-80	<i>Proposed</i> 1980-81
University Hospitals:			
Irvine Medical Center & Clinics	\$5,561	\$6,359	\$6,359
Los Angeles	8,590	9,596	9,596
Sacramento Medical Center	6,084	6,927	6,927
San Diego	5,441	6,190	6,690
San Francisco	8,137	9,198	9,198
Totals	\$33,813	\$38,270	\$38,770

* Does not include state funds provided for Medicare/Medi-Cal Inpatient Reimbursement shortfalls.

2. Medicare/Medi-Cal Underfunding (Item 369)

In an effort to curb the inflation of health care costs, state and federal controls have been imposed on Medicare/Medi-Cal payments. The impact of these controls upon university teaching hospitals has been significant because the routine cost of providing care in these hospitals is greater than the maximum charge allowed. In part this reimbursement gap results

from educational costs and the unique range of care these hospitals offer.

The university has appealed the application of these reimbursement limitations to teaching hospitals. To help finance the teaching hospitals until the appeals process has been completed, the 1976-77 Budget Act (Section 28.11) authorized UC to request a loan of up to \$5 million to be repaid with the proceeds from successful appeals. The actual loan, appropriated through Chapter 214, Statutes of 1977 (SB 335), was for \$4.1 million. Only \$3.2 million of this amount was actually expended and the remainder reverted to the General Fund. To date, \$575,000 has been repaid from successful appeals of the limits. Section 28.92 of the Budget Act of 1977 authorized UC to request a similar loan for 1977-78. The loan amount was \$3.3 million. Beginning with the Governor's Budget for 1978-79, a separate Budget Act item has provided loan funds to cover hospital operating costs. These loans require 30 days prior written notification to the Joint Legislative Budget Committee. Table 42 shows the history of state support for this purpose.

The 1980-81 budget again includes a separate budget act item (Item 369) authorizing a loan of up to \$4.1 million. *We recommend approval as budgeted.*

Table 42
Teaching Hospital Loan
(in millions)

	<i>Maximum Authorized Loan</i>	<i>Actual Loan</i>
1976-77	\$5.0 (Section 28.11)	\$3.2 ^a
1977-78	5.0 (Section 28.92)	3.3
1978-79	3.9 (Item 329)	0 ^b
1979-80	3.9 (Item 353)	—
1980-81	4.1 (Item 369)	—

^a Of the \$3,187,000 loan, \$575,000 was repaid during 1978-79 from successful appeals to the limits.

^b UC has requested an allocation of \$2.1 million from these funds. The funds have not been provided pending determination of a related legal issue.

V. STUDENT SERVICES AND FINANCIAL AID

STUDENT SERVICES

Overview

This program includes planned expenditures for social and cultural activities, counseling and career guidance, health services, and admissions and records. The major source of support for this subprogram is University Registration Fees (shown in Table 43 as restricted funds). The Registration Fee is a charge made to each registered student for services, other than financial aid, which benefit the student and which are complementary to, but not a part of, the instructional program. The current maximum charge per student is \$131 per quarter. The Regents have approved increases in the quarterly per student fee to \$143 in 1980-81, \$156 in 1981-82 and \$170 in 1982-83. These increases total approximately 9 percent per year.

As shown in Table 43, the proposed increase in the General Fund support for this program is \$583,000. Of that total, \$513,000 is budgeted to provide specific educational services for students who were former De-

UNIVERSITY OF CALIFORNIA—Continued

partment of Rehabilitation clients. The remaining \$70,000 will accommodate a planned increase of 151 disabled students in 1980-81.

Disabled Student Services

We recommend that funds budgeted to replace Department of Rehabilitation funds be deleted for a General Fund savings of \$513,000. (Reduce Item 360 by \$513,000.)

The Budget proposes \$1,028,685 for support services to disabled students. These funds provide administrative staff, equipment, and various elements of general assistance such as readers, interpreter and drivers to serve an estimated 1,109 disabled students.

Table 43
Student Services Program
(in thousands)

Elements	1979-80			1980-81			Change		
	General Restricted		Total	Governor's Budget		Total	General Restricted		Total
	Funds	Funds		Funds	Funds		Funds	Funds	
1. Cultural and recreational activities	\$640	\$10,884	\$11,524	\$640	\$10,927	\$11,567	—	\$43	\$43
2. Supplementary educational services	500	1,537	2,037	500	1,545	2,045	—	8	8
3. Counseling and career guidance	3,283	12,825	16,108	3,866	12,885	16,751	\$583	60	643
4. Financial aid administration	597	6,597	7,194	597	6,624	7,221	—	27	27
5. Student admissions and records	10,692	1,277	11,969	10,692	1,322	12,014	—	45	45
6. Student health services	—	14,834	14,834	—	14,890	14,890	—	56	56
7. Employee benefits	2,283	4,671	6,954	2,283	4,671	6,954	—	—	—
Totals	\$17,995	\$52,625	\$70,620	\$18,578	\$52,864	\$71,442	\$583	\$239	\$822
<i>Personnel (FTE)</i>									
1. Academic			3			3			—
2. Staff			2,848			2,848			—
Totals			2,951			2,951			—

The budgeted amount of \$1,028,685 consists of two parts: (1) \$515,685 to provide the workload level of support for 1,109 disabled students at \$465 each and (2) \$513,000 to replace program funds previously provided by the Department of Rehabilitation. Our analysis indicates that the \$513,000 is not needed. There is to be no reduction of Department of Rehabilitation funding in 1980-81. Their traditional program support will be continued, and consequently, the UC funds should be deleted.

STUDENT FINANCIAL AID

Overview

This program area includes (1) university-supported student aid programs, (2) state support for the Student Affirmative Action Programs, and (3) student aid from private grants, gifts and endowments.

Table 44 shows university-supported student aid program funding. Student aid from other sources totaled \$97.8 million in 1978-79 (the last year for which data is available). The source of funds for the university-supported program is the University Educational Fee. Established in 1971, it is a charge made to each registered student to support student financial aid and related programs. The current fee of \$100 per quarter for undergraduate students and \$120 per quarter for graduate programs is projected to yield \$39.9 million in 1980-81. The Educational Fee also supports the Student Affirmative Action Program.

Table 44
University Supported Student Financial Aid^{a,b}
(in thousands)

<i>Change</i>				
	<i>1978-79</i>	<i>1979-80</i>	<i>1980-81</i>	<i>1980-81</i>
University financial aid	\$33,135	\$31,983	\$32,064	\$81

^a Student aid from other sources totaled \$97.8 million in 1978-79. No estimates are available on other sources for 1979-80 and 1980-81.

^b University Educational Fee revenues support this program.

1. Student Affirmative Action Program

The Student Affirmative Action Program is an effort by UC to increase the enrollment of qualified students from underrepresented ethnic and economic groups, and to provide these students with the support they need to complete a college education successfully.

The program was initiated in 1975-76, and the first class of students enrolled in 1976-77. Program expenditures in 1975-76 were \$408,000, all from UC funds. Since that time, expenditures have been shared between the university (45 percent) and the state (55 percent). Table 45 shows actual and proposed expenditures and funding for the Student Affirmative Action Program.

Table 45
Student Affirmative Action Program

<i>Elements</i>	<i>Actual</i> <i>1978-79</i>	<i>Estimated</i> <i>1979-80</i>	<i>Proposed</i> <i>1980-81</i>	<i>Change</i>	
				<i>Amount</i>	<i>Percent</i>
1. Early outreach (Junior High Level)	\$1,010,000	\$1,280,000	\$1,280,000	—	—
2. High school and community college outreach	762,000	922,000	1,122,000	\$200,000	21.7%
3. Academic support services	991,000	1,110,000	1,110,000	—	—
4. Graduate student services	—	—	—	—	—
5. Financial aid	1,332,000	800,000	800,000	—	—
6. Central coordination	75,000	85,000	85,000	—	—
Totals	\$4,170,000	\$4,197,000	\$4,397,000	\$200,000	4.8%
State General Fund	\$2,293,000	\$2,308,000	\$4,397,000	\$2,089,000	90.5%
University	\$1,877,000	\$1,889,000	—	-1,889,000	-100.0

UNIVERSITY OF CALIFORNIA—Continued

The 1980-81 Governor's Budget provides an additional \$200,000 for high school and community college outreach programs. The added funds will not be used to expand the number of schools served. Instead, UC will use the additional funds to assist students in the early years of high school as well as in their senior year. The budget also provides \$1,889,000 to permit full-state support of the existing student affirmative action program. The total state General Fund increase is \$2,089,000.

Delete Funding Transfer

We recommend that the \$1,889,000 General Fund augmentation for the replacement of UC Educational Fee funds be deleted because it is simply a funding shift which produces an augmentation for unspecified purposes. (Reduce Item 360 by \$1,889,000).

As noted above, the costs of the Student Affirmative Action Program have been shared by the state (55 percent) and UC (45 percent). UC primarily uses revenues from the Educational Fee for this purpose.

Since the program began UC has proposed that the state assume the full cost. UC maintains that (1) student affirmative action programs are the responsibility of the state, not the university, and (2) UC is the only higher education segment required to partially support its program.

While it is true that similar programs in CSUS and CCC are supported entirely by the state, only UC has an Educational Fee devoted to financial aid, with annual revenue in excess of \$39 million.

UC also maintains that planned expenditures from the Educational Fee will exceed revenues in 1980-81 if this shift is not approved. This is only the case, however, because UC has chosen to transfer student loan collection administrative expenses (\$2.1 million) to this account from the Special Regents' Fund account. Our analysis indicates that the Legislature would buy nothing new with this \$1.9 million augmentation. It would simply shift the source of funding for the program from the Fee to the state with no increase in student affirmative action. An additional \$1.9 million in state General Funds would release \$1.9 million in Educational Fee funds which could then be used for a variety of other purposes. In 1978-79, for example, UC used \$5.7 million in Educational Fee reserves to offset a portion of the reductions required by the Legislature in Control Sections 27.1 and 27.2.

Rather than provide UC with a \$1.9 million augmentation for unspecified purposes, we recommend that the additional General Fund support be deleted and that specific UC requests for augmentation be considered on their merits.

MESA-Like Funding Not in Budget

We recommend a \$192,600 General Fund augmentation to continue state support for MESA-like programs. (Increase Item 360 by \$192,600.)

We further recommend that the evaluation of the program, including its management, be submitted by November 15, 1980.

The 1978 Budget Act provided UC with \$180,000 for enrichment programs designed to interest minority high school students in the humanities

and arts. These programs were to be similar in design to UC's ongoing MESA (Mathematics, Engineering, Science Achievement) programs that are intended to encourage students from minority groups underrepresented in the engineering and physical science professions to enter university programs in those fields. Both programs involve counseling, field trips, scholarship incentives and summer enrichment and training.

Legislative Intent to Fund Programs in 1980-81

Although funds were provided in the 1978 Budget Act, UC did not operate these MESA-like programs in 1978-79. The Legislature authorized UC to carryover the 1978-79 appropriation in order to operate the programs in 1979-80. The Supplemental Report of the 1979 Budget Act expressed legislative intent that support for these programs in 1980-81 be maintained at the \$180,000 level adjusted for inflation. The Governor's Budget does not include this funding.

We recommend that the program be continued until an evaluation of its effectiveness (discussed below) is available. Accordingly, we recommend that the funding called for in the supplemental report (including a 7 percent cost of living adjustment) be provided for a total augmentation of \$192,600.

Concern on Management of Program

In the current year, four campuses have grants for pilot programs—Irvine, Davis, Berkeley and Santa Barbara. UC chose not to consolidate the management of these programs with the current MESA program. Because the management is not consolidated there is a possibility of duplication of effort and more limited coverage of the programs within the state. However, because this program has just started it is too early to recommend altering its operation or funding.

We recommend that UC be requested to submit its first year evaluation of the program by November 15, 1980. This evaluation should include the reasons why UC chose not to consolidate the management of the MESA-like programs with the ongoing MESA program and how coordination between the programs is being accomplished.

Graduate and Professional Student Program

UC requested \$600,000 in new state funds for a Graduate and Professional Student Affirmative Action Program. The Governor's Budget does not include any component of the request. The same dollar proposal was made by UC last year and was not included in the budget.

UC did not have adequate program expenditure data available on current graduate student affirmative action efforts. Without this information we cannot assess the need for the proposed program. We have asked UC to supply this information for review prior to budget hearings.

2. Application Fee Increase Proposed

The Governor's Budget proposes that the UC student application fee be increased from its current level of \$20 to \$25, beginning in the 1980-81 budget year. The annual estimated saving to the General Fund is \$650,000. The application fee, which is not refundable, has been \$20 since 1972. An increase, from \$20 to \$25, in the CSUC student application fee occurred

UNIVERSITY OF CALIFORNIA—Continued

in 1979-80. The increases are consistent with recommendations we made in our Analysis of the 1979-80 Budget.

The UC has the authority to grant a waiver of the application fee for all low-income students. In recent years, between 5-6 percent of the approximately 130,000 applicants have received a fee waiver. *We recommend approval as budgeted.*

VI. INSTITUTIONAL SUPPORT

Institutional Support includes (1) general administration and services and (2) operation and maintenance of plant.

GENERAL ADMINISTRATION AND SERVICES

The general administration and services subprogram is a combination of two separate functions, general administration and institutional services. Activities funded in these closely related functions including planning, policymaking and coordination between the Office of the President, chancellors and officers of the Regents.

Also included are a wide variety of supporting activities such as management, computing, 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.

Funding

As shown in Table 46, the budgeted General Fund support for this subprogram will increase by \$300,000 in 1980-81. These funds were added to cover costs related to collective bargaining.

Collective Bargaining

In 1979-80, \$452,600 was provided to cover the costs of initial staffing for the collective bargaining activity. Three attorneys and four professionals were established in the systemwide office. Individual campuses received additional support for activities such as opinions, training and policy analysis.

No collective bargaining negotiations have occurred to date. However, labor activities are certain to increase in 1980-81. The \$300,000 augmentation will supplement the current activities as workload develops. Our review of staffing in other states indicates that this is a reasonable amount for collective bargaining activity. *We recommend approval as budgeted.*

Table 46
Institutional Support Program
General Administrative Services
(in thousands)

Elements	1979-80 Budget			1980-81 Governor's Budget			Change		
	General Funds	Restricted Funds	Total	General Funds	Restricted Funds	Total	General Funds	Restricted Funds	Total
1. Executive management ..	\$29,060	\$754	\$29,814	\$29,060	\$754	\$29,814	—	—	—
2. Fiscal operations	13,070	3,648	16,718	13,070	3,648	16,718	—	—	—
3. General administrative services	22,031	9,642	31,673	22,250	9,642	31,592	\$219	—	\$219

4. Logistical services	16,971	2,107	19,078	16,971	2,107	19,078	—	—	—
5. Community relations	5,225	805	6,030	5,225	805	6,030	—	—	—
6. Employee benefits.....	15,678	171	15,849	15,759	171	15,930	81	—	81
Totals	\$102,035	\$17,127	\$119,162	\$102,335	\$17,127	\$119,462	\$300	—	\$300
<i>Personnel (FTE)</i>									
1. Academic			5			5			—
2. Staff			6,244			6,253			9
Totals			6,249			6,258			9

OPERATION AND MAINTENANCE OF PLANT (OMP)

Operation and maintenance of plant is a supporting service to the university's primary teaching, research and public service programs. As shown in Table 47, the 1980-81 Governor's Budget provides an increase of \$3.6 million: of this amount \$610,000 is for workload related to additional square footage and \$3 million is to improve the support rate for building maintenance (\$2 million) and janitorial services (\$1 million). In addition, \$250,000 from the proposed Energy and Resources Fund is budgeted for Utilities operation.

1. Building Maintenance and Janitorial Services

The Governor's Budget proposes a \$3 million increase in building maintenance and janitorial services: \$2 million to augment building maintenance and \$1 million for janitorial services.

Last year, in a supplemental analysis, we indicated that the amount of support provided to UC is well below that provided to CSUC and other state agencies on a square footage basis. Our analysis indicates that the increases proposed in the budget are justified. Although they would not bring the level of support for UC up to that provided to other agencies, the increases would assist UC in its efforts to implement a preventive maintenance program on the campuses.

Table 47
Operation and Maintenance of Plant
(in thousands)

<i>Elements</i>	<i>1979-79 Budget</i>			<i>1980-81 Governor's Budget</i>			<i>Change</i>		
	<i>General Restricted</i>		<i>Total</i>	<i>General Restricted</i>		<i>Total</i>	<i>General Restricted</i>		<i>Total</i>
	<i>Funds</i>	<i>Funds</i>		<i>Funds</i>	<i>Funds</i>		<i>Funds</i>	<i>Funds</i>	
1. Administration	\$4,136	—	\$4,136	\$4,153	—	\$4,153	\$17	—	\$17
2. Building maintenance	19,103	\$343	19,446	21,234	\$343	21,577	2,131	—	2,131
3. Grounds maintenance.....	6,972	—	6,972	6,972	—	6,972	—	—	—
4. Janitorial services	21,754	—	21,754	22,902	—	22,902	1,148	—	1,148
5. Utilities operations	6,378	13	6,391	6,403	263	6,666	25	\$250	275
6. Utilities purchases	37,377	—	37,377	37,653	—	37,653	276	—	276
7. Refuse disposal	1,696	—	1,696	1,708	—	1,708	12	—	12
8. Fire protection	1,238	—	1,238	1,239	—	1,239	1	—	1
9. Employee benefits ^a	(5,534)	—	(5,534)	(5,858)	—	(5,858)	(324)	—	(324)
Totals	\$98,654	\$356	\$99,010	\$102,264	\$606	\$102,870	\$3,610	\$250	\$3,860
<i>Personnel (FTE)</i>									
Staff and general assistance ^b			3,208			3,369			161

^a Employee benefits are distributed to accounts where related salaries are budgeted.

^b Includes 10 FTE for Field Station maintenance from Organized Research.

UNIVERSITY OF CALIFORNIA—Continued**2. Utilities Operations (Item 377)**

We recommend that the \$250,000 augmentation for utilities conservation be approved, contingent on demonstrated reductions in energy consumption.

The Governor's Budget provides UC with \$250,000 of the \$500,000 augmentation requested for utilities operations. This function includes staffing, supplies and equipment for operation of heating and cooling plants and for maintenance of utilities transmission systems. The budget proposes using funds from the proposed Energy and Resources Fund for this function.

In support of the request, UC points out that (1) no augmentation for this activity has been provided since 1969, (2) the complexity of tasks has increased and (3) the amounts of energy consumption per square foot of space has declined by 29.3 percent since 1972-73.

Our analysis indicates UC will need some additional resources for utility operations. We recommend, however, that an incentive system be established. Specifically, whenever the current year budgeted amount of therms per square foot is unchanged or is reduced below the prior year level, UC would be guaranteed an allocation of \$100,000 for a core program. In addition, for each 0.5 percent reduction in therms, UC would be allocated \$50,000 up to a maximum of \$150,000. These amounts would also be adjusted for price and salary levels.

This recommendation recognizes that UC has already made most of the obvious procedural and equipment changes that promised large energy savings. If additional savings are to be made, they must result more and more from smaller scale projects and greater willingness on the part of all employees to be energy conscious. If our recommended incentive system were in effect, UC would be allocated \$250,000 for the 1980-81 budget year.

We recommend that the proposed augmentation be approved with Budget Act language making future allocations contingent on demonstrated reductions of energy consumption.

Energy and Resources Funds

The Governor's Budget funds this program from the proposed Energy and Resources Fund. If the Legislature establishes the proposed fund, this type of activity seems appropriate to be supported from it. If the fund is not established the Legislature will have to provide support from the COFPHE or the General Fund.

**VII. INDEPENDENT OPERATIONS
(Auxiliary Enterprises)**

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

The largest element of this program is student housing, which covers over 20,500 residence hall spaces and approximately 3,500 apartments, as well as associated dining and recreation facilities. The second major element is the parking program which includes more than 53,000 spaces. Table 48 shows the proposed budget for 1980-81. *We recommend approval as budgeted.*

**Table 48
Independent Operations Program
(Auxiliary Enterprises)
(in thousands)**

Elements	1979-79 Budget			1980-81 Governor's Budget			Change		
	General Restricted			General Restricted			General Restricted		
	Funds	Funds	Total	Funds	Funds	Total	Funds	Funds	Total
Auxiliary Enterprises	—	\$87,267	\$87,267	—	\$91,736	\$91,736	—	\$4,469	\$4,469

VIII. SPECIAL REGENTS' PROGRAMS

In accordance with Assembly Concurrent Resolution No. 66 of the 1976 legislative session, the Governor's Budget contains the planned programs to be financed from the university's share of federal overhead funds. This resolution continued the policy of equal division of overhead funds between the university and the state. The state's portion is assigned as operating income and the university's portion is budgeted as restricted funds to finance special Regents' programs.

The budget for 1980-81 is shown in Table 49. *We recommend approval as budgeted.*

**Table 49
Special Regents' Programs
(in thousands)**

Programs	Actual 1978-79	Estimated 1979-80	Proposed 1980-81	Change
1. Extension of research opportunities.....	\$5,663	\$4,713	\$6,213	\$1,500
2. Instructional innovations and improvements.....	6,014	5,529	7,029	1,500
3. Sound administrative planning	3,315	4,048	4,048	—
4. Mandated and other recognized university responsibilities	2,975	4,380	4,380	—
5. Interim funding	2,828	4,046	1,962	-2,084
6. Provision for increases	—	784	1,581	797
7. Other needs	245	—	—	—
Totals	\$21,040	\$23,500	\$25,213	\$1,713
Less funds included in other functions.....	-2,828	-4,046	-1,962	2,084
Net totals	\$18,212	\$19,454	\$23,251	\$3,797

UNIVERSITY OF CALIFORNIA—Continued

IX. UNALLOCATED ADJUSTMENTS

This program serves as a temporary holding account for appropriations which eventually will be allocated by the system to the campuses and from the campuses to the operating programs. Two subprograms are included: 1) Provisions for Allocation and 2) Fixed Cost and Economic Factors.

Provisions for Allocation included 1979-80 base budget items which were unallocated as of July 1, 1979. Included are funds for merit and promotional increases, salary range adjustments, academic and staff position reclassifications, price increases, deferred maintenance and unallocated endowment income. Also included are incremental provisions for new programs related to more than one campus which have not been allocated.

Table 50
Unallocated Adjustments

	<i>Estimated 1979-80</i>	<i>Proposed 1980-81</i>	<i>Change</i>
A. Provisions for Allocation			
General Funds:			
Price increases	\$4,638,486	\$4,638,486	—
1979-80 salary funds	26,443,122	26,443,122	—
Employee Benefits.....	11,090,454	11,090,454	—
Budgetary savings target	-33,361,000	-33,361,000	—
Other provisions.....	7,060,583	7,060,287	\$ -296
Student Affirmative Action	—	2,089,000	2,089,000
Subtotals	\$15,871,645	\$17,960,349	\$2,088,704
Restricted Funds:			
Educational Fee	\$-1,921,107	\$1,505,076	\$3,426,183
Registration Fee	2,051,222	7,603,674	5,552,452
Endowments	3,328,027	3,328,027	—
University Opportunity Fund.....	1,271,198	—	-1,271,198
Contract and Grant Administration	—	786,053	786,053
Other provisions.....	2,963,140	2,150,559	-812,581
Capital Outlay Fund for Public Higher Education.....	—	5,000,000	5,000,000
Subtotals	\$7,692,480	\$20,373,389	\$12,680,909
B. Fixed Costs and Economic Factors			
General Funds:			
General price increases	—	\$10,131,000	\$10,131,000
Library price increases.....	—	2,042,000	2,042,000
Utilities price increases.....	—	7,585,000	7,585,000
Merit salary increases	—	15,702,000	15,702,000
Malpractice insurance.....	—	835,000	835,000
General risk/liability insurance	—	292,000	292,000
Social security	—	2,156,000	2,156,000
Annuitant health insurance.....	—	473,000	473,000
University of California Retirement System..	—	157,800	157,800
Public Employees' Retirement System	—	52,370	52,370
Subtotals	—	\$39,426,170	\$39,426,170
Totals.....	\$23,564,125	\$77,759,908	\$54,195,783
<i>General Funds</i>	<i>\$15,871,645</i>	<i>\$57,386,519</i>	<i>\$41,514,874</i>
<i>Restricted funds</i>	<i>7,692,480</i>	<i>20,373,389</i>	<i>12,680,909</i>

Fixed costs and economic factors include salary adjustment funds and the funds needed in 1980-81 to maintain the university's purchasing power at 1979-80 levels for such items as utilities, library volumes, general supplies and equipment.

Table 50 shows a detailed account of the items budgeted under Unallocated Adjustments.

Deferred Maintenance Backlog Increasing

The 1980-81 Governor's Budget proposes a \$5 million augmentation from the COFPHE Fund to help UC cover a portion of its Deferred Maintenance backlog. This backlog is UC's best estimate of the costs of repairs which should have been made to campus facilities, but were not because of an inadequate level of budgeted state support. As Table 51 shows, despite expenditures of \$15 million since 1977-78 the backlog continues to grow. UC maintains that this reflects a more accurate estimate of needs. According to UC, until substantial funds were made available for deferred maintenance, campus staff had no incentive to carefully document the full amount of repair work needed.

We recommend approval of the \$5 million augmentation. Our analysis indicates that UC can spend this amount effectively in the budget year. We intend to work with UC staff to develop revised workload formulas which will identify the level of annual support required to maintain facilities and permit the reduction and eventual elimination of this deferred maintenance backlog.

Table 51
Deferred Maintenance Projects and Funding
(in thousands)

	1975-76	1976-77	1977-78	1978-79	1979-80
Value of university backlogs	\$16,000	\$17,400	\$24,400	\$25,200	\$28,200
Value in constant 1975-76 dollars ^a	16,000	15,590	21,173	20,176	20,796
Total Budgeted Funding	2,500	2,500	7,000	6,000	2,000
<i>University funds</i>	2,000	2,000	2,000	3,000 ^b	2,000
<i>General funds</i>	500	500	—	—	—
<i>Federal Title II</i>	—	—	5,000	3,000	— ^c

^a Constant dollars in line with ENR index.

^b Nonrecurrent \$1.0 million addition of extra matching funds for Title II projects.

^c Pending request for federal funds for Title II, Round III.

HASTINGS COLLEGE OF LAW

Item 378 from the General Fund

Budget p. E 115

Requested 1980-81	\$6,210,471
Estimated 1979-80.....	5,412,429
Actual 1978-79	4,197,485
Requested increase (excluding amount for salary increases) \$798,042 (+14.7 percent)	
Total recommended reduction	\$85,606

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis page

1. Unauthorized reduction of enrollments. Recommend increased enrollment by 58 students in 1980-81. 1177
2. *Clerical Staff Increase. Decrease Item 378 by \$16,963.* Recommend deletion of one new clerical position as unnecessary enrichment. 1177
3. Law Library User Fee Study. Recommend Hastings study use of law library by persons not affiliated with the school. 1178
4. *Law Library Staff Increase. Decrease Item 378 by \$51,916.* Recommend deletion of two new library positions due to insufficient workload justification. 1178
5. *Accounting Staff Increase. Decrease Item 378 by \$16,727.* Recommend deletion of one new accounting technician position pending comprehensive review by new Hastings controller. 1180

GENERAL PROGRAM STATEMENT

Hastings College of Law was founded in 1878. It is designated by statute as a law school of the University of California, although it is governed by its own Board of Directors. The university operates three other law schools which are governed by the Regents. The Chief Justice of the Supreme Court of California is president of the eight-member board. Hastings is budgeted to enroll 1,500 students in 1980-81. All graduates of Hastings are granted the juris doctor degree.

ANALYSIS AND RECOMMENDATIONS

The budget proposes an appropriation of \$6,210,471 from the General Fund for support of the Hastings College of Law in 1980-81, which is an increase of \$798,042, or 14.7 percent, over estimated current year expenditures. These amounts will increase by the amount of any salary or staff benefit increase approved for the budget year.

Table 1 shows the funding and personnel changes proposed in the budget. Major program increases include (a) four new faculty positions (\$184,841), (b) additional law library staffing (\$51,916), (c) support associated with the new academic affairs building (\$335,834), (d) assumption of three staff positions for security previously funded through federal Public Work Act funds (\$49,011) and (e) minor staffing increases for the

accounting and records office (\$32,051). These increases provide for an additional 21 positions.

In 1980-81 Hastings will raise application and registration fees in accordance with increases proposed for all University of California students. This will result in offsetting General Fund revenues totaling \$74,000.

Table 1
Hastings Budget by Program

Program	Actual 1978-79	Estimated 1979-80	Proposed 1980-81	Change	
				Amount	Percent
1. Instruction Program	\$2,231,475	\$2,687,091	\$3,048,026	\$360,935	13.4%
2. Public Service Program	162,467	189,639	230,318	40,629	21.4
3. Instructional Support Program.....	732,250	829,890	928,309	98,419	11.9
4. Student Service Program.....	1,808,867	2,054,965	2,179,966	125,001	6.1
5. Institutional Support Program	2,018,041	2,344,266	2,621,324	277,058	11.8
Totals	\$6,953,100	\$8,105,901	\$9,007,943	\$902,042	11.1%
General Fund.....	\$4,197,485	\$5,412,429	\$6,210,471	\$798,042	14.7%
Federal funds.....	1,049,507	897,170	897,170	—	—
Reimbursements	1,706,108	1,796,302	1,900,302	104,000	5.8
Positions.....	170	195.6	216.6	21	10.7
Gross Cost Per Student ^a	\$4,635	\$5,404	\$6,005	\$601	11.1

^a Based on 1,500 students.

Table 2 shows proposed 1980-81 General Fund changes over the 1979-80 baseline budget.

Table 2
Hastings College of Law
Proposed 1980-81 General Fund Budget Changes

Revised 1979-80 Level	Amount	Total
1. Adjustments to Base:		\$5,412,429
A. Population and Price		
Merit Salary Adjustment	\$40,886	
Price	152,000	
Subtotal	\$192,886	
B. Workload:		
Current year deficiency—remove from base.....	-18,275	
Total Adjustments to Base		\$174,611
1980-81 Base Budget		(\$5,587,040)
2. Budget Change Proposals (BCPs)		
A. Records Office	\$15,324	
B. Accounting Office	16,727	
C. Bar Prep. Grants	9,851	
D. Faculty Secretaries	33,927	
E. Faculty	184,841	
F. Advocacy Program	(30,000) ^a	
G. Law Library Services.....	51,916	
H. New Academic Affairs Buildings	335,834	
I. Security Guards.....	49,011	
J. Application Fee Increase	-20,000	
K. Registration Fee Increase	-54,000	
Total BCP Adjustments		\$623,431
1980-81 Governor's Budget		\$6,210,471

^a Offset by reimbursements.

HASTINGS COLLEGE OF LAW—Continued**ABA Accreditation Review**

The central "theme" behind many of the augmentations proposed for 1980-81 is that in November 1978, Hastings received a poor accreditation by an American Bar Association (ABA) accreditation committee. The Board of Directors views this report as an extremely serious matter. In response, it has made some administrative changes and is proposing a significant increase in the school's budget.

The ABA committee found Hastings to be inadequate in:

- student-faculty ratios,
- library seating,
- sabbatical leaves for full-time faculty and
- the law library collection.

Some recent changes that address the ABA concerns include: (a) the improvement of the faculty/student ratio with the addition of two faculty positions and related support in the 1979-80 budget and (b) the provision of additional library seating and 30,000 books in the newly constructed academic affairs/library facility.

In a letter to Hastings dated June 19, 1979, the ABA stated that these changes establish "to the committee's satisfaction, that policies have been instituted which correct violations of the standards." However, the ABA continues to believe that Hastings should further enrich its faculty/student ratio, law library and sabbatical leaves for full-time faculty.

Validity of ABA Criticisms

Accreditation serves as a process for promoting minimum standards at academic institutions. Standards set nationally, however, do not adequately provide for the uniqueness of certain institutions such as Hastings. The ABA report has not fully considered Hastings':

- use of highly qualified and experienced part-time faculty made possible by its location in San Francisco—the federal and state judicial center of California,
- senior "65 Club" faculty, whose experience as scholars and practicing attorneys provide unique classroom and clinical instruction and
- emphasis on legal practice that differs from the research orientation of other law schools.

For these reasons, the accreditation problem, by itself, is not sufficient justification for the increases proposed in the 1980-81 Governor's Budget. These increases should be considered in the context of Hastings' uniqueness and the quality of its existing program as evidenced by the accomplishments and reputations of its graduates.

I. INSTRUCTION PROGRAM

The Instruction program is composed of two elements: (a) classroom, including seminar, lecture and discussion sessions and (b) theory-practice where students receive training in the skills of courtroom and office practice.

Unauthorized Reduction in Enrollments

We recommend that Hastings be directed to enroll 583 first-year students in 1980-81 to compensate for unauthorized reductions in enrollments in 1979-80.

Hastings' budget is based on a total enrollment of 1,500 students with 525 per entering class. In 1979-80, however, the college reduced its first year class by 58 students as a means to lower its student-faculty ratio. This was done to comply with the ABA accreditation report. The Board of Directors' action, however, represents a serious breach of trust. First it amounts to an enrichment in the budget approved by the Legislature and the Governor, given the fact that the 1979-80 budget was based on full enrollment. Historically, the amount budgeted for support of each higher education segment and institution is based on enrollment. Moreover, the board took this action unilaterally, without formally notifying the Legislature.

In effect, the boards action:

- (a) reduces faculty productivity,
- (b) reduces student access to a program much in demand,
- (c) reduces fee reimbursements to the General Fund and
- (d) bypasses the budgetary process.

In our judgment the board's unilateral action was totally unjustified, and amounts to placing greater importance on the subjective opinions of the ABA than on the policy determinations made by the California Legislature. We recommend that Hastings be directed to enroll additional students in 1980-81 to compensate for the unauthorized reductions in the current year.

New Faculty Positions

The budget proposes an additional four faculty (\$184,841) and two clerical positions (\$33,927) for a total General Fund cost of \$218,768. In addition to lowering the overall student faculty ratio, the proposed positions will be used to (a) increase student access to clinical instruction, (b) supervise a new legal clinic in San Francisco and (c) improve the faculty/student counseling program.

Our analysis and review indicates that the proposed faculty increase is justified. Although the other UC law schools have research workload, Hastings' current student-faculty ratio is inordinately high by comparison. The proposed increase will lower the faculty-student ratio from 1:28.4 to 1:26.4 (based on 1,500 students). In addition, there is a high demand by the students for additional (a) clinical courses and (b) faculty counseling. *We recommend approval.*

Excess Secretary Support for Faculty

We recommend elimination of one new secretarial position, for a General Fund savings of \$16,963.

The proposed budget includes \$33,927 for two additional faculty secretary positions in support of four additional faculty requested in 1980-81. Hastings is currently budgeted ten full-time equivalent secretarial positions to serve 50 faculty positions, a ratio of 1:5. Our analysis indicates that this is a reasonable ratio. With the addition of four new faculty positions, only one additional secretary is justified. On this basis, we recommend that

HASTINGS COLLEGE OF LAW—Continued

one of the two new positions be eliminated, for a General Fund savings of \$16,963.

II. PUBLIC SERVICE PROGRAM**Advocacy Programs**

The Trial and Appellate and the Criminal Justice Advocacy programs are designed to provide specialized training to lawyers, legal educators and judges through short-term courses. Both programs are entirely self supporting. In 1980-81, Hastings estimates 640 legal professionals will register in the courses.

The budget proposes a \$30,000 augmentation for data processing, which would be offset by increased registration fee revenues in 1980-81. *We recommend approval.*

III. INSTRUCTIONAL SUPPORT PROGRAM

The instructional support program provides students and faculty with reference material associated with the learning and teaching of law. It is composed of (a) the law library for use of faculty and students and (b) support for scholarly publications identifying developments in specialized areas of the law.

Law Library

We recommend that Hastings be directed to prepare (a) a report on workload and costs associated with law library use by persons who are not affiliated with Hastings and (b) report to the legislative fiscal committee by December 1, 1980.

The law library receives substantial use during evenings, weekends, and academic vacations by persons not affiliated with Hastings. We recognize that the law library has a public responsibility to the surrounding community as reflected in Hastings' many community services. However, this may result in decreased library support to Hastings students and faculty. Therefore we request a report on workload and costs associated with service to persons not affiliated with Hastings.

Proposed New Librarians

We recommend elimination of two professional librarian positions, for a General Fund savings of \$51,916.

The budget proposes \$51,916 to support two new professional librarians. Hastings maintains that library workload will increase due to (a) an additional 58,000 square feet of assignable library space, (b) the acquisition of additional publications as a federal library depository and (c) the processing of 30,000 books currently in storage. In addition, Hastings maintains that the new positions are necessary to provide some professional service for evenings and weekends.

Our analysis indicates that (a) workload will not increase significantly and (b) evening and weekend professional service can be provided without a staffing increase.

• *Workload.* The additional library space is not relevant to the determination of staffing needs. Service provided to users and book processing,

not the assignable space, determines library workload. Service to users should remain constant because enrollment will continue at the 1,500 student authorized level.

The processing of 30,000 books which have been in storage is not a high priority. It can be accomplished during periods of low service workload, such as student vacation time, without a staffing augmentation. While the increase in the number of federal publications received by the library presents some new workload, our analysis indicates that it can be handled by existing staff.

- *Evening and Weekend Professional Service.* Our analysis indicates that improved professional service in the evening and on weekends can be provided by rescheduling work hours for the current professional staff. Currently, the 6 professional library staff positions are only scheduled from 8:00 to 5:00 Monday to Friday. A more flexible schedule could spread their hours into evenings and weekends. If the remaining professionals need some additional help during the 8-5 hours, Hastings could utilize work study students.

Based on this analysis, we recommend deletion of the proposed two librarians for a General Fund savings of \$51,916.

IV. STUDENT SERVICE PROGRAM

The Student Service Program has four elements: (a) health services, (b) the Student Financial Aid Office which is responsible for various types of financial assistance including the Legal Education Opportunity Program, (c) student employment and placement services and (d) the admissions office.

Legal Education Opportunity Program (LEOP)

The Legal Education Opportunity program, initiated at Hastings in 1969, permits the admission of a limited number of disadvantaged students who would not be admitted under normal selection processes. This program was instituted on the assumption that it is desirable to educate persons from low economic and minority families for a career in the legal profession. Of 1,500 students, approximately 300 students or 20 percent are minorities, and approximately 80 of these minorities are admitted as LEOP students.

In addition to special admission status, LEOP provides student grants, tuition waivers, special tutorials and administrative support for disadvantaged students.

In 1980-81, the budget includes an additional \$9,851 for LEOP bar preparation grants to cover full bar preparation costs (\$465) for third year LEOP students. These grants provide financial assistance to needy LEOP graduates. This increase is in accordance with the goals of the LEOP program. *We recommend approval.*

Records Office

The Records Office is responsible for registering 1,500 students, maintaining student records, and responding to requests for transcripts.

The budget proposes \$15,234 for an additional clerical position because federal privacy legislation has made it inappropriate to continue to use

HASTINGS COLLEGE OF LAW—Continued

student assistants in handling student records. Only three staff positions are now available to handle all registration, grade posting and transcript needs. *We recommend approval.*

Business Services

We recommend deletion of support for the proposed accounting technician, for a General Fund savings of \$16,727 in Item 378.

The Business Services unit handles accounting, budgeting and purchasing for the college. The budget proposes \$16,727 for one accounting technician because (a) a management report cited a lack of proper cash control and (b) there has been no increase in accounting staff for the past six years.

We recommend that this augmentation be deleted because (a) the management report does not specifically attribute the deficiency to insufficient personnel and (b) the Controller's position established in the 1979-80 budget remains unfilled. Additional accounting staff should be based on staffing needs as determined by the new controller. Thus, we do not recommend that the additional position be approved.

V. INSTITUTIONAL SUPPORT

The institutional support program includes administrative units for Executive Management, Business Services, Personnel, Registrar (Records), Facility Operations and Security.

Security

In January 1, 1979, Hastings discontinued state funded security contract services and established 3.75 full-time security guards through federal Public Works and Employment Act funds (PWEA). These 3.75 guard positions are in addition to 4 General Fund guard positions. However, federal funds will not be available for continuation of the PWEA funded guards in 1980-81. Consequently, the budget proposes to continue three security positions at a General Fund cost of \$49,011. *We recommend approval, because the need for security has increased in recent years.*

New Academic Facilities Building

In 1980-81, Hastings will move into the new academic facilities building. The building will provide 190,000 gross square feet, including new space for classrooms, the law library and faculty offices. The budget provides \$189,409 for an additional eight janitorial/maintenance positions and \$146,425 in one-time moving and related costs, for a total of \$335,834 in 1980-81. The maintenance positions are justified by current workload standards. *We recommend approval.*

CALIFORNIA STATE UNIVERSITY AND COLLEGES

Items 379-380 from the General Fund, Item 381 from the Capital Outlay Fund for Public Higher Education (COF-PHE), and Item 382 from the Energy and Resources Fund

Budget p. E 124

Requested 1980-81	\$856,255,846 ^a
Estimated 1979-80	821,474,471
Actual 1978-79	682,983,474
Requested increase (excluding amount for salary increases) \$34,781,375 (+4.2 percent)	
Total recommended reduction	\$5,516,745

^a Salary increase funds are not included in the total. Provisions for salary increase are discussed in the Analysis under Item 488.

1980-81 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount
379	Support	General	\$848,383,351
380	Computer Replacement	General	4,225,210
381	Special Repair and Maintenance	COFPHE	3,000,000
382	Energy Conservation	Energy and Resources	647,285
	Total		\$856,255,846

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis page

1. *Field Work Coordinators. Reduce by \$100,000 from General Fund. Recommend deletion of augmentation for pilot field work coordinator program.* 1199
2. *Writing Skills. Recommend Budget Bill language making the allocation of \$1,967,068 for the differential costs of writing skills programs contingent upon Chancellor's Office approval of campus plans which (a) require incoming students to take English Placement Test (EPT) and (b) require students scoring below 150 on the EPT to enroll in a remedial writing course.* 1204
3. *Library Staffing. Reduce by \$427,221 from General Fund. Recommend deletion of augmentation for processing 26,200 library volumes. Recommend that Chancellor's Office report on impact of library automation on staffing formulas.* 1209
4. *Library Book Acquisition. Reduce by \$1,229,419 from General Fund. Recommend deletion of 26,200 volume augmentation in the library volume acquisition rate.* 1212
5. *Library Book Acquisition. Recommend that a committee of representatives from CSUC, the California Postsecond-* 1212

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

- ary Education Commission, Department of Finance and Legislative Analyst's Office report on alternatives to current acquisition rate.
6. Computer Replacement. Recommend appropriation not be scheduled, to provide CSUC flexibility to procure and install replacement computer systems. 1213
 7. Computing Coordinators. Recommend Budget Bill language to insure that coordinators increase efficient use of campus computing resources. 1214
 8. *Administrative Computing Support. Augment by \$134,670 from General Fund.* Recommend approval of computerized Integrated Business Systems project. 1215
 9. Computer Staffing Formula. Recommend that CSUC and Department of Finance complete a computer staffing formula. Recommend that Finance not specify location of seven new positions authorized in budget year. 1216
 10. Rural Nursing Program. Recommend that funding be provided for two year period only. Recommend that Chancellor's Office submit a report on the program's effectiveness. 1217
 11. Student Affirmative Action. Recommend that the California Postsecondary Education Commission evaluate the new student affirmative action programs. 1223
 12. *Nonresident Tuition Waivers. Reduce by \$103,500 from General Fund.* Recommend budget reflect a decrease in the budgeted number of non-resident tuition waivers. 1225
 13. Academic Senates. Recommend full academic senate costs be accurately reported in future budgets. 1229
 14. *Chancellor's Office Staff. Reduce by \$44,723.* Recommend deletion of Director of Learning Services Development position. 1230
 15. *Special Repair and Maintenance. Reduce by \$2,964,448 from General Fund. Augment by \$2,964,448 from Capital Outlay Fund for Public Higher Education (COFPHE).* Recommend special repair and maintenance projects be funded from COFPHE. 1234
 16. *Special Repair and Maintenance. Reduce by \$3,000,000 from Capital Outlay Fund for Public Higher Education (COFPHE).* Recommend deletion of additional funding for special repairs and maintenance. 1234
 17. *Energy Conservation. Reduce by \$647,285 from Energy and Resources Fund. Augment by \$647,285 from Capital Outlay Fund for Public Higher Education (COFPHE).* Recommend energy conservation projects be funded from COFPHE. 1235
 18. Office Copier Savings. Reduce by \$782,104 from General Fund. Recommend reflection of savings resulting from the office copier acquisition program. 1238

**Summary of Legislative Analyst Recommended Fiscal
Changes to the 1980-81 Budget**

Activity	Program Changes		Funding Impact	
	Reductions	Augmentations	General Fund	Other
Field Work Coordinators	\$ -100,000		\$ -100,000	
Library Staff	-427,221		-427,221	
Library Volumes	-1,229,419		-1,229,419	
Integrated Business Systems		\$134,670	+134,670	
Chancellor's Office Staff	-44,723		-44,723	
Nonresident Students	-103,500		-103,500	\$103,500 ^a
Special Repair and Maintenance	-3,000,000			-3,000,000 ^b
Energy Conservation			-2,964,448	2,964,448 ^b
				647,285 ^b
				-647,285 ^c
Office Copier Savings	-782,104		-782,104	
Totals	\$ -5,686,967	\$134,670	\$ -5,516,745	\$67,948

^a Reimbursements.

^b Capital Outlay Fund for Public Higher Education.

^c Energy and Resources Fund.

GENERAL PROGRAM STATEMENT

In accordance with the 1960 Master Plan for Higher Education, the California State University and Colleges (CSUC) provide instruction in the liberal arts and sciences, and in applied fields which require more than two years of collegiate education. Instruction in teacher education is also mandated. In addition, the doctoral degree may be awarded jointly with the University of California or private institutions, and faculty research is authorized.

Governance

The California State University and Colleges system is governed by a 23-member board of trustees.

The trustees appoint the Chancellor. 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 administration of the system.

The system currently includes 19 campuses with an estimated 1980-81 full-time equivalent (FTE) enrollment of 230,750.

Admission

To be admitted to the freshman class, a student generally must graduate in the highest academic third of his or her high school class. An exemption, however, permits admission of certain students who do not meet this requirement, provided the number of such students does not exceed 8 percent of the previous year's undergraduate enrollment.

Transfer students may be admitted from other four-year institutions or from community colleges if they have maintained at least a 2.0 grade point or "C" average in prior academic work. To be admitted to upper division standing, the student must also have completed 56 transferable semester units of college courses. To be admitted to a graduate program, the minimum requirement is a bachelor's degree from an accredited four-year institution, although individual programs may impose more restrictive standards.

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

Table 1
Source of Funds by Subprogram
(1980-81 Governor's Budget)

	<i>General Fund</i>			<i>Special Funds Continuing Education</i>
	<i>Net General Fund</i>	<i>Reimburse- ments</i>	<i>Totals General Fund</i>	
1. Instruction				
Regular Instruction	\$523,474,611	\$18,930,240	\$542,404,851	—
Special Session Instruction	—	—	—	\$5,561,139
Extension Instruction	—	—	—	3,581,695
Totals, Instruction	\$523,474,611	\$18,930,240	\$542,404,851	\$9,142,834
2. Research				
Individual or Project Research	—	\$77,782	\$77,782	—
3. Public Service				
Campus Community Service....	—	\$458,302	\$458,302	—
4. Academic Support				
Libraries	\$54,689,012	\$471,111	\$55,160,123	\$20,259
Audio-Visual Services	10,623,541	—	10,623,541	34,123
Computing Support	27,789,830	—	27,789,830	35,039
Ancillary Support	11,030,580	—	11,030,580	—
Totals, Academic Support	\$104,132,963	\$471,111	\$104,604,074	\$89,421
5. Student Service				
Social and Cultural Develop- ment	\$557,221	\$3,189,631	\$3,746,852	—
Supplemental Educational Services—EOP	12,864,593	—	12,864,593	—
Counseling and Career Guid- ance	4,793,069	14,672,302	19,465,371	\$35,155
Financial Aid	1,003,698	61,813,207	62,816,905	—
Student Support	2,872,695	16,312,684	19,185,379	41,630
Totals, Student Service	\$22,091,276	\$95,987,824	\$118,079,100	\$76,785
6. Institutional Support				
Executive Management	\$21,886,475	\$956,889	\$22,843,364	\$4,213,064
Financial Operations	11,654,066	4,565,886	16,219,952	403,734
General Administrative Serv- ices	24,755,464	7,779,293	32,534,757	174,888
Logistical Services	34,317,192	—	34,317,192	563,282
Physical Plant Operations	98,291,686	46,775	98,338,461	29,420
Faculty and Staff Services	8,846,782	—	8,846,782	—
Community Relations	3,158,046	304,821	3,462,867	517,539
Totals, Institutional Support	\$202,909,711	\$13,653,664	\$216,563,375	\$5,901,927
7. Independent Operations				
Institutional Operations	—	\$18,637,954	\$18,637,954	—
Outside Agencies	—	18,544,723	18,544,723	—
Totals, Independent Opera- tions	—	\$37,182,677	\$37,182,677	—
8. Foundations and Auxiliary Or- ganizations	—	—	—	—
Grand Totals	\$852,608,561	\$166,761,600	\$1,019,370,161	\$15,210,967

<i>Special Funds</i>				<i>Totals Special Funds</i>	<i>Foundations and Auxiliary Organizations</i>	<i>Grand Totals</i>
<i>Dormitory</i>	<i>Parking</i>	<i>COFPHE</i>	<i>Energy & Resources Fund</i>			
—	—	—	—	—	—	\$542,404,851
—	—	—	—	\$5,561,139	—	5,561,139
—	—	—	—	3,581,695	—	3,581,695
—	—	—	—	\$9,142,834	—	\$551,547,685
—	—	—	—	—	—	\$77,782
—	—	—	—	—	—	\$458,302
—	—	—	—	\$20,259	—	\$55,180,382
—	—	—	—	34,123	—	10,657,664
—	—	—	—	35,039	—	27,824,869
—	—	—	—	—	—	11,030,580
—	—	—	—	\$89,421	—	\$104,693,495
—	—	—	—	—	—	\$3,746,852
—	—	—	—	—	—	12,864,593
—	—	—	—	\$35,155	—	19,500,526
—	—	—	—	—	—	62,816,905
\$2,649,937	—	—	—	2,691,567	—	21,876,946
\$2,649,737	—	—	—	\$2,726,722	—	\$120,805,822
—	—	—	—	\$4,213,064	—	\$27,056,428
\$565,374	\$464,467	—	—	1,433,575	—	17,653,527
—	—	—	—	174,888	—	32,709,645
1,138,035	2,693,143	—	—	4,394,460	—	38,711,652
8,241,450	1,119,842	\$3,000,000	\$647,285	13,037,997	—	111,376,458
—	—	—	—	—	—	8,846,782
—	—	—	—	517,539	—	3,980,406
\$9,944,859	\$4,277,452	\$3,000,000	\$647,285	\$23,771,523	—	\$240,334,898
—	\$407,792	—	—	\$407,792	—	\$19,045,746
—	—	—	—	—	—	18,544,723
—	\$407,792	—	\$647,285	\$407,792	—	\$37,590,469
—	—	—	—	—	\$169,100,000	\$169,100,000
\$12,594,796	\$4,685,244	\$3,000,000	\$647,285	\$36,138,292	\$169,100,000	\$1,224,608,453

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

ANALYSIS AND RECOMMENDATIONS

1980-81 Budget Overview

The budget proposes two General Fund appropriations of \$852,608,561 for support of the CSUC system in 1980-81, which is an increase of \$31,134,090 or 3.8 percent, over estimated current year expenditures. This amount will increase by the amount of any salary or staff benefit increase approved for the budget year. The Department of Finance estimates that each 1 percent of salary increase will cost \$4.7 million for academic personnel and \$2.9 million for nonacademic personnel (see discussion of faculty salaries under Item 488).

Table 1 shows the total 1980-81 Governor's Budget by program and source of funds.

Table 2 provides a budget summary, by program, for the past, current and budget years. It indicates that, while General Fund support will amount to \$852.6 million, total funds available to CSUC will be \$1,112,941,239, which is an increase of \$47,239,053, or 4.4 percent, over total expenditures in the current year.

Table 2
The California State University and Colleges Budget Summary

Summary of Program	Actual	Estimated	Proposed	Change	
	1978-79	1979-80	1980-81	Amount	Percent
1. Instruction.....	\$458,058,895	\$539,189,153	\$551,547,685	\$12,358,532	2.3%
2. Research.....	58,477	111,695	77,782	-33,913	-30.4
3. Public Service.....	531,211	442,751	458,302	15,551	3.5
4. Academic Support.....	77,356,152	95,097,829	104,693,495	9,595,666	10.1
5. Student Service.....	97,747,049	117,599,241	120,805,822	3,206,581	2.7
6. Institutional Support.....	190,279,604	219,241,241	240,334,898	21,093,657	9.6
7. Independent Operations.....	34,143,134	34,584,845	37,590,469	3,005,624	8.7
8. Foundations and Auxiliary Organizations.....	148,700,000	161,100,000	169,100,000	8,000,000	5.0
Totals.....	\$1,006,874,522	\$1,167,366,755	\$1,224,608,453	\$57,241,698	4.9%
Reimbursements.....	-98,868,878	-101,664,569	-111,667,214	-10,002,645	9.8
Net Totals.....	\$908,005,644	\$1,065,702,186	\$1,112,941,239	\$47,239,053	4.4%
General Fund.....	\$632,983,474	\$821,474,471	\$852,608,561	\$31,134,090	3.8%
Federal funds.....	45,693,024	53,241,128	55,094,386	1,853,258	3.5
Parking Account, Dormitory Revenue Fund.....	4,007,823	4,357,563	4,685,244	327,681	7.5
Dormitory Revenue Fund.....	10,280,489	11,545,449	12,594,796	1,049,347	9.1
Capital Outlay Fund for Public Higher Education.....	—	—	3,000,000	3,000,000	NA
Energy and Resources Fund.....	—	—	647,285	647,285	NA
Continuing Education Revenue Fund.....	16,340,834	13,983,575	15,210,967	1,227,392	8.8
Foundations and Auxiliary Organizations:					
Federal.....	36,288,001	39,400,000	39,400,000	—	—
Other.....	112,411,999	121,700,000	129,700,000	8,000,000	6.6
Personnel-Years.....	33,299.9	35,529.2	32,280.4	-3,248.8	-9.1%

1980-81 Budget Changes

As detailed in Table 3, CSUC's 1980-81 budget contains several offsetting budget increases and decreases. Included in the \$20 million increase for *base line adjustments* are \$14 million for inflation, \$5.2 million for merit salary increases and faculty promotions, and \$2.6 million for increased contributions to Social Security (OASDI). A decrease of \$2 million in nonrecurring expenditures reflects the special appropriation by AB 1173 (Chapter 1176, Statutes of 1979) in the current year "to lessen the negative impact of enrollment declines and budget restrictions on the instructional programs and, to the maximum extent feasible, to lessen the negative impact on the upward mobility and affirmative action programs."

Program maintenance proposals increase by a net \$3.8 million, partly due to a projected increase in enrollment of 1,400 FTE (\$2.4 million) over the enrollment budgeted for the current year.

The third major category, *program change* proposals (new programs), shows an increase of \$7.9 million, with the major increase being \$5 million for the restoration of instructional faculty and related support staff. Other major increases are in the areas of library volume acquisition and processing (\$1.2 million) and student affirmative action (\$1 million).

**Table 3
Proposed 1980-81 General Fund Budget Changes**

	<i>Cost</i>	<i>Total</i>
1979/80 General Fund Appropriations		\$821,474,471
1. Baseline Adjustments		
A. Increase of Existing Personnel Cost		
1. Salary Adjustments	\$4,214,739	
2. Full-Year Funding	565,965	
3. Faculty Promotions	1,008,787	
4. Retirement	612,924	
5. OASDI	2,578,961	
6. Disability Compensation	700,000	
7. Unemployment Compensation	275,000	
Total, Increase of Equity Personnel Costs		\$9,956,376
B. Nonrecurring Items		
1. Special Appropriations (Chapter 1176)	\$-2,000,000	
2. Unallocated Salary Increase	-989,504	
3. Library Conversion to O.C.L.C.	-88,284	
4. Office Equipment	-19,121	
5. Disabled Students Program	-817,922	
Total, Nonrecurring Items		\$-3,914,831
C. Price Increase		\$14,039,687
Total, Baseline Adjustments		(20,081,232)
2. Program Maintenance Proposals		
A. Enrollment Growth (1400 FTE @ \$1,717)		\$2,403,796
B. Special Cost Increases Instruction		
1. Administration	\$-1,995	
2. Instructional Faculty	-1,416,137	
3. Sabbatical Leaves	-115,487	
4. Master Teacher Contracts	-143,543	
Academic Support		
5. Library	407,792	
6. Television Services	147,219	
7. Computing Support	528,654	

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

	<i>Cost</i>	<i>Total</i>
8. Ancillary Support.....	59,676	
Student Services		
9. Educational Opportunity Program	84,461	
10. Financial Aids	1,879,672	
11. Health Services.....	82,983	
Institutional Support		
12. Financial Aids Accounting.....	63,479	
13. Space Rental	150,157	
14. Faculty Recruitment	114,256	
15. Communications.....	247,227	
16. Physical Plant Operations	2,768,041	
17. Other Campus Items.....	112,045	
Reimbursements		
18. General.....	-7,084,741	
19. Student Financial Aid	-1,808,979	
Systemwide		
20. Systemwide Offices	2,225,969	
21. Systemwide Provisions	<u>2,400,685</u>	
Total, Special Cost Increases		<u>\$701,434</u>
Total, Program Maintenance Proposals.....		<u>(\$3,105,230)</u>
3. Program Change Proposals		
A. Augmentations		
1. Instructional Faculty	\$5,013,209	
2. Library Volumes.....	1,229,419	
3. Student Affirmative Action	1,050,000	
4. Disabled Employees	55,000	
5. Instructional Computing Coordinators.....	200,000	
6. Field Work Coordinators	100,000	
7. Employee Relations.....	<u>300,000</u>	
Total, Program Change Proposals		<u>\$7,947,628</u>
Total, General Fund Budget Changes.....		<u>\$31,134,090</u>
Total, 1980-81 General Fund Budget.....		<u>\$852,608,561</u>

Systemwide Reductions

The 1978 Budget Act contained two control sections (27.1 and 27.2) that the Legislature included subsequent to the passage of Proposition 13. These sections required the Director of Finance to reduce General Fund appropriations statewide to achieve a permanent savings of \$96.4 million: (a) \$42.4 million in operating expenses and equipment (Section 27.1) and (b) \$54.0 million in personal services (Section 27.2). Subsequent to the budget's enactment, CSUC's share of the \$96.4 million statewide reduction was established at \$14.05 million.

The 1979 Budget Act required CSUC to achieve an additional \$3 million savings in unspecified low priority activities. When added to the reductions made in 1978-79, this amount brought total reductions for the two year period to \$17.05 million. Table 4 identifies where the CSUC system-wide reductions were made, the most significant of which occurs in faculty staffing.

Table 4
CSUC Systemwide Reductions

	<i>Actual</i> 1978-79	<i>Proposed</i> 1979-80
Operating Expense and Equipment		
Supplies and services (campuses)	\$-5,600,000	\$-2,500,000
Library development (automation)	-150,000	—
Computer equipment (deferred installation)	-295,083	—
Disciplinary procedures (arbitrators)	-61,510	—
Privacy regulations.....	-100,000	-144,589
Employee affirmative action	-37,762	—
Public safety.....	-66,727	-41,964
Supplies and services (central offices)	—	-56,448
Elementary text books	—	-109,044
Campus farms	—	-50,000
External degree fee waivers	—	-75,000
New position furniture	—	-149,217
Faculty development.....	—	-183,399
Instructionally related activities	—	-150,000
Other	-15,873	—
Total Operating Expense and Equipment.....	\$-6,326,955	\$-3,459,661
Personal Services		
Excess salary savings (hiring freeze)	\$-6,727,496	—
New Program Development & Evaluation	-500,000	—
Teachers retirement	-278,221	—
Central offices staffing	-102,499	\$-227,118
Public safety (revised implementation date)	-114,829	-293,487
Television staffing augmentation (Northridge)	—	-123,370
Campus administrative staffing	—	-911,346
Health services staffing.....	—	-416,169
Admissions and Records staffing.....	—	-349,424
Custodial staffing (and special allowances)	—	-993,945
Faculty staffing	—	-4,951,655
Library staffing	—	-296,910
Counseling staff.....	—	-224,353
Unemployment compensation, workers	—	-2,190,000
Compensation, industrial disability leaves and non-in-		
dustrial disability insurance	—	—
Total Personal Services	\$-7,723,045	\$-10,977,777
Reimbursements		
Nonresident Tuition (revised enrollment)	—	-843,687
Application fee (fee increase)	—	-1,315,175
Miscellaneous fees (transcript fee increase)	—	-453,700
Total Reimbursements	—	\$-2,612,562
Grand Total Reduction	\$-14,050,000	\$-17,050,000

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued**Faculty Staffing**

The 1979-80 Governor's Budget proposed the reduction of 247.2 faculty and faculty-related positions. In a supplemental analysis, we opposed this action as an unjustified reduction in the quality of the instructional program. The Legislature approved an augmentation to prevent this reduction, but the funds were vetoed by the Governor. The reduction was partially restored through a one year appropriation of \$2 million in Chapter 1176, Statutes of 1979 (AB 1173).

The 1980-81 Governor's budget proposes specific "augmentations" in several programs which were reduced pursuant to the 1978 and 1979 Budget Acts. Some of these augmentations would, in effect, restore support to the level prevailing prior to the passage of Proposition 13. The proposed augmentations are discussed later in this analysis.

Special Augmentation—Chapter 1176, Statutes of 1979 (AB 1173)

In response to concerns that the quality of instructional programs would be adversely affected by the continuing budget reductions imposed by the 1978 and 1979 Budget Acts, the Legislature passed AB 1173 (Chapter 1176, Statutes of 1979) granting CSUC a special, one-time augmentation of \$2 million. The Legislature directed that these funds were "to be used to lessen the negative impact of enrollment declines and budget restrictions on the instructional programs and, to the maximum extent feasible, to lessen the negative impact on the upward mobility and affirmative action programs."

To generate the maximum favorable impact on the instructional program, the Chancellor's Office converted the entire \$2 million into 107.5 faculty positions to be allocated in two phases. This served to restore partially the 192.5 faculty positions lost as a result of the reductions mandated by the 1979 Budget Act. In October 1979, Phase I of the systemwide allocation restored a total of 50 positions to campuses in a manner proportional to the losses imposed by the control section. At that time, the Chancellor's Office indicated that the remaining 57.5 positions would be distributed pursuant to a review of campus proposals and an analysis of how the positions allocated under Phase I were used.

The six evaluative criteria employed by the Chancellor's Office in Phase II of the allocation were as follows:

1. Consistency with objectives described in AB 1173.
2. Plans for use of positions allocated in Phase I.
3. Affirmative action and "upward mobility" considerations.
4. Ability to use positions to forestall fiscally-imposed layoffs of faculty in areas where enrollments would otherwise support their retention.
5. Effects on strength and balance of curriculum.
6. Needs of part-time and temporary faculty whose compensation was reduced solely because of fiscal constraints.

The Chancellor's Office has indicated that a comprehensive report on the use of the positions will be submitted prior to budget hearings. At that time, we will review the report and make comments to the Legislature as appropriate.

Budget Presentation

The CSUC budget is separated into eight program classifications. The first three—Instruction, Organized Research and Public Service—encompass the primary educational functions. The remaining five—Academic Support, Student Services, Institutional Support, Independent Operations, and Foundations and Auxiliary Organizations—provide support services to the three primary programs (see Table 1 for an overall outline).

I. INSTRUCTION

The instruction program includes all major instructional activities in which students earn academic credit towards a degree. The program is composed of (1) enrollment, (2) regular instruction, (3) special session instruction and (4) extension instruction.

Proposed expenditures for the 1980-81 instruction programs are shown in Table 5.

**Table 5
Instruction Program Costs**

	<i>Personnel</i>			<i>Expenditures</i>			<i>Change</i>	
	<i>1978-79</i>	<i>1979-80</i>	<i>1980-81</i>	<i>1978-79</i>	<i>1979-80</i>	<i>1980-81</i>	<i>Amount</i>	<i>Percent</i>
1. Regular Instruction	18,332.3	17,283.2	17,468.4	\$447,327,250	\$530,764,705	\$542,404,851	\$11,640,146	2.2%
2. Special Session Instruction	450.7	374.7	405.8	6,241,666	5,132,390	5,561,139	428,749	8.4
3. Extension Instruction	243	183.4	191.8	4,489,979	3,292,058	3,581,695	289,637	8.8
Totals	19,026	17,841.3	18,066	\$458,058,895	\$539,189,153	\$551,547,685	\$12,358,532	2.3%
General Fund	18,332.3	17,283.2	17,468.4	\$432,759,924	\$515,157,418	\$523,474,611	\$8,317,193	1.6%
Reimbursements—								
Other	—	—	—	14,567,326	15,607,287	18,930,240	3,322,953	21.3
Continuing Education Revenue Fund	693.7	558.1	597.6	10,731,645	8,424,448	9,142,834	718,386	8.5

ENROLLMENT

A. Regular Enrollment

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

As shown in Table 6, current year enrollment in the CSUC (1979-80) is estimated to be 230,860 students, which is (a) an increase of 1,510 FTE (0.7 percent) over the amount budgeted for 1979-80 and (b) an increase of 1,471 (0.6 percent) over the actual 1978-79 enrollment.

The Governor's Budget projects a 1980-81 enrollment of 230,750 FTE, a decrease of 110 FTE (0.2 percent) compared to the revised enrollment estimate for 1979-80, but an increase of 1,400 FTE (0.6 percent) over the amount budgeted for 1979-80.

In previous years, the projection contained in the Governor's Budget as

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

introduced has been accepted by the Legislature and the Department of Finance as the basis for funding, and the projection generally remained unchanged through the budget hearings. However, as state support becomes tighter, accurate enrollment figures become more important to the budget process. Consequently, the Chancellor's Office has indicated that it will review both the Spring 1980 enrollment experience and the 1980-81 enrollment projections (and budget) prior to budget hearings, and recommend changes in these projections, as appropriate.

Table 6
Annual Full-Time Equivalent Students
1976-77 to 1980-81

Campus	Actual			1979-80		1980-81 ^a
	1976-77	1977-78	1978-79	Budget	Revised ^a	
Academic Year						
Bakersfield	2,338	2,322	2,239	2,220	2,231	2,220
Chico	11,761	11,785	11,706	11,700	12,080	12,000
Dominguez Hills	4,786	4,808	4,778	4,700	4,824	4,800
Fresno	12,394	12,405	11,968	11,800	12,011	12,000
Fullerton	14,610	14,438	14,424	14,420	14,845	14,700
Hayward	7,938	7,588	7,315	7,200	7,442	7,450
Humboldt	6,422	6,573	6,475	6,475	6,535	6,530
Long Beach	21,706	22,018	21,221	21,220	21,062	21,050
Los Angeles	15,229	15,277	14,344	14,475	13,900	14,300
Northridge	18,730	19,106	18,856	18,850	18,999	19,000
Pomona	10,793	11,147	11,335	11,500	11,579	11,750
Sacramento	15,611	15,919	15,682	15,650	15,992	16,000
San Bernardino	3,086	3,222	3,038	3,030	2,903	2,950
San Diego	22,715	22,697	22,567	22,550	23,772	23,450
San Francisco	16,727	17,385	17,128	17,300	17,307	17,400
San Jose	19,113	19,623	18,875	18,850	18,025	18,000
San Luis Obispo	14,066	14,248	14,213	14,200	14,304	14,200
Sonoma	4,903	4,605	4,362	4,380	4,272	4,100
Stanislaus	2,430	2,513	2,474	2,480	2,568	2,550
Totals	225,358	227,679	223,000	223,000	224,651	224,450
Summer Quarter						
Hayward	961	931	972	950	928	940
Los Angeles	2,711	2,681	2,597	2,550	2,478	2,520
Pomona	980	1,059	1,043	1,050	1,096	1,150
San Luis Obispo	1,241	1,349	1,327	1,350	1,257	1,270
Totals	5,893	6,020	5,939	5,900	5,759	5,880
College Year Totals	231,251	233,699	228,939	228,900	230,410	230,330
International Programs	353	375	432	450	450	420
Grand Totals	231,604	234,074	229,371	229,350	230,860	230,750
Change						
FTE	-4,463	2,485	-4,700	-39	1,471	-110
Percent	-1.89	1.07	-2.01	-0.02	0.64	-0.05

^a Revision is based on Fall 1979 Opening Term Enrollment Report.

B. Long-Range Enrollment Projections

From 1970 through 1975, CSUC continually revised downward its estimate of future enrollment growth. In 1970, CSUC was projecting 354,630 academic year FTE students for 1980-81, but by 1975 this estimate had

been reduced by 33 percent to 238,000. The minor upward adjustment in current year enrollments has led CSUC to increase slightly its projected 1980-81 enrollment over figures presented last year. The projected increase, however, is a minor aberration, as enrollments are expected to level off and decline slightly during the coming decade, reaching a level of 217,550 in 1987-88.

This has significant implications for a system whose primary source of funding is based upon FTE. During the 1950s and 1960s, when enrollment grew rapidly and eight new campuses were added to the system, the annual enrollment growth was sufficient to permit the addition of new programs and faculty. As enrollment has leveled off, the percentage of tenured faculty has increased and, consequently, the percentage of new faculty positions has declined. This, in turn, has reduced the system's flexibility.

C. Student Composition

Not only has the trend of constantly increasing enrollments changed during the 1970s but the composition of the student enrollment has changed as well. No longer is the student body composed primarily of full-time students between the ages of 18 and 24. In the fall of 1978, for example, the average age of a CSUC full-time student was 23, while for part-time students it was 29.1. More specifically, Table 7 shows that during the 1970s there was a gradual shift in student enrollment that reduced the proportion of full-time, younger students and increased the proportion of older, part-time students.

Table 7
CSUC Comparative Student Data
1970 and 1978

	1970	1978
Students age 25 and over as a percent of all <i>undergraduates</i>	19.4%	28.5%
Students age 25 and over as a percent of all <i>graduate</i> students	69.0%	81.9%
Students age 25 and over as a percent of <i>all students</i>	34.2%	40.3%
Participation rates (Rate per 1,000 population) of undergraduate students 25 and over ^a	11.99	12.81
Participation rates of all students 25 and over ^a	21.5	23.3
Ratio of full-time to part-time students, all levels	2.23 to 1	1.48 to 1

^a Participation rates based on 25 to 39 year old population.

This shift reflects a number of factors including (a) a decline in the number of 18 to 24 year olds and (b) a change in social, cultural and vocational attitudes toward "lifelong learning." These factors are causing a review of the types of courses offered, the hours courses are offered and the basis upon which funds are allocated.

Ethnic Composition

The ethnic composition of CSUC students has also changed during the past decade, as shown in Table 8.

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

Table 8
CSUC Ethnic Group Distribution^a

<i>Ethnic Group</i>	1972	1974	1976	1978
Hispanic ^b	6.3%	6.5%	7.6%	8.6%
Black	6.1	6.1	6.8	7.7
Other minority	8.7	8.0	9.2	9.8
White	78.9	79.4	76.4	73.9
Totals	100.0%	100.0%	100.0%	100.0%

^a Percentage distribution based on students responding, fall term.

^b "Hispanic" category defined as "Spanish-surnamed" in 1972; "Mexican-American" and "Other Hispanic" all other years.

As Table 8 shows, the proportion of CSUC students represented by Blacks and Hispanics has increased as the proportion of whites has declined. Hispanics accounted for 8.6 percent of CSUC's enrollment in fall 1978—an increase of 2.3 percentage points over fall 1972. Similarly, the proportion of Black students within the system increased from 6.1 percent to 7.7 percent during the same period. Two factors appear to explain this trend: (a) the increasing proportion of minority group members among those eligible to attend CSUC and (b) increased student affirmative action efforts on the part of CSUC (described later in this analysis).

D. Self-Support Enrollment

Additional enrollment occurs in the extension and special session categories, as shown in Table 9. The special session category is comprised of enrollment in self-supporting courses which grant credit towards a degree, including external degree programs and summer sessions. Extension courses, also self-supporting, are predominantly noncredit.

Table 9
Special Session and Extension Program Enrollment

	<i>Net Enrollment</i>			<i>Annual FTE</i>		
	<i>Special Session</i>	<i>Extension</i>	<i>Totals</i>	<i>Special Session</i>	<i>Extension</i>	<i>Totals</i>
1975-76.....	64,235	86,757	150,992	10,040	6,750	16,790
1976-77.....	61,866	94,609	156,475	9,519	6,680	16,199
1977-78.....	61,611	80,977	142,588	8,986	6,112	15,098
1978-79.....	56,654	73,526	130,180	8,389	5,693	14,082
1979-80 (est.).....	51,844	69,156	121,000	7,677	5,288	12,965
1980-81 (proj.).....	49,962	61,038	111,000	7,398	4,942	12,340

A review of the enrollment experience in these programs since 1975-76 indicates a continuing downward trend. Total enrollment in special session and extension programs for 1980-81 is projected at 12,340 FTE—slightly less than three-fourths the level of enrollment in 1975-76.

Although these figures are more difficult to estimate than regular FTE, being subject to an even greater number of variables, the CSUC anticipates a continuing downward trend. The Chancellor's Office attributes at least part of this trend to increasing competition, both with private programs and with the system's own regular campus programs. Some of the campuses, when faced with declining enrollment, prefer to offer their courses on campus rather than through an extension program.

REGULAR INSTRUCTION

The regular instruction program includes all state-funded expenditures for the normal classroom, laboratory and independent study activities. Also, positions for instructional administration up to, but not including, the vice president for academic affairs are included in the instruction program. These positions are authorized according to specific formulas and include (a) deans, (b) coordinators of teacher education, (c) academic planners, (d) department chairmen, and (e) related clinical positions. Collegewide administration above the dean of school level is reported under the institutional support program.

A. Student Workload

The average student workload in the CSUC system has been slowly declining. This simply means that students are taking fewer course units per academic year than in the past. Table 10 shows the decline as a systemwide average for all CSUC students.

Table 10
Average Student Workload

<i>Academic Year</i>	<i>Annual FTE</i>	<i>Term Enrollment</i>	<i>Student Workload</i>	
			<i>Academic Year^a</i>	<i>Per Term</i>
1970-71.....	197,454	242,474	24.43	12.22
1971-72.....	204,224	259,185	23.64	11.82
1972-73.....	213,974	273,465	23.47	11.74
1973-74.....	218,075	281,678	23.23	11.62
1974-75.....	221,285	289,072	22.96	11.48
1975-76.....	229,642	303,429	22.70	11.35
1976-77.....	225,358	298,604	22.64	11.32
1977-78.....	227,679	303,946	22.47	11.24
1978-79.....	223,000	296,875	22.53	11.26

^a Expressed in semester units. Annual FTE \times 30 \div average term enrollments.

Although Table 10 shows a slight increase in student workload in 1978-79, this is a statistical anomaly resulting from an increased proportion of lower division students, who typically take a heavier course load. Within each level (lower division, upper division, and graduate), average student workload continues to decline.

The precise reasons for the decline are not known, but they appear to relate in part to the increasing average age of the CSUC student. Older students are more likely to be employed and therefore are more likely to be taking only a part-time load.

B. Faculty Staffing

Most faculty positions are budgeted on the basis of a single systemwide student-faculty ratio. Resources thus generated are then distributed to campuses by the Chancellor's Office where they are in turn allocated to the various academic disciplines.

As Table 11 shows, from 1974-75 through 1976-77, CSUC faculty were budgeted on a student-faculty ratio of 17.8:1. In 1977-78 and 1978-79, this same procedure was initially followed, but additional support provided for shifting student interests (described below) resulted in actual student-

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

faculty ratios of 17.66:1 and 17.63:1, respectively. The 1979-80 student faculty ratio of 17.87:1 reflects the dual impact of (a) a decrease of 192.5 faculty positions resulting from reductions mandated by the 1979 Budget Act and (b) an increase of 147.2 faculty positions resulting from shifts in student demand. As noted above, special legislation (Chapter 1176, Statutes of 1979) partially restored the faculty positions that were lost, resulting in an actual student-faculty ratio of 17.72:1.

Table 11
CSUC Student-Faculty Ratios

	Faculty Positions		Student-Faculty Ratio	
	Budgeted	Actual	Budgeted	Actual
1967-68	8,842.9	8,545.8	16.38	17.21
1968-69	10,001.3	9,592.7	16.21	17.35
1969-70	11,333.1	11,176.1	15.98	16.67
1970-71	12,343.5	11,749.0	16.26	17.34
1971-72	12,081.3	11,783.3	18.25	17.91
1972-73	12,698.8	12,415.7	17.94	17.74
1973-74	13,068.1	12,846.0	17.82	17.45
1974-75	12,973.3	12,770.8	17.80	17.78
1975-76	12,900.6	12,902.3	17.80	18.27
1976-77	13,427.0	13,157.9	17.80	17.58
1977-78	13,364.5	13,211.2	17.66	17.23
1978-79	13,431.0	13,090.2	17.63	17.49
1979-80 ^a	12,811.1	—	17.87 ^a	—
1980-81 ^b (Proposed)	13,034.2	—	17.67 ^b	—

^a Figure of 12,811.1 faculty positions excludes 107.5 faculty positions provided through special legislation (Chapter 1176, Statutes of 1979). Inclusion of these positions yields a budgeted student-faculty ratio of 17.72:1.

^b The 1980-81 budget was prepared by a method utilizing the mode and level SCU distribution reported for the 1978-79 Academic Year. This yields a student-faculty ratio of 17.67:1.

The Governor's 1980-81 Budget proposes to restore CSUC faculty staffing to the level which prevailed prior to 1979-80. That is, the budgeted level of support is again based on a student-faculty ratio of 17.8:1, which is then adjusted for the shift in student demand. This results in a budgeted student-faculty ratio in 1980-81 of 17.67:1.

Shift in Student Enrollment

The Budget Act of 1977 provided \$2.1 million for 107.2 faculty positions in addition to those generated by the regular budget staffing formula (17.8:1). These positions were added to meet the shift in student interest from the liberal arts and social sciences areas to the more technically and occupationally oriented disciplines. Because the latter disciplines require more faculty to teach a given number of students, a constant student-faculty ratio results in a de facto drop in faculty resources relative to need.

The Budget Acts of 1978 and 1979 continued the policy by providing an additional 129.1 and 147.2 faculty positions, respectively. The 1980-81 Governor's Budget reflects the impact of a shift in student interest in the opposite direction, resulting in an increase of only 84.6 positions (62.6 positions less than the 1979-80 adjustments) above the number provided by the basic staffing formula.

Table 12 shows the effect of the "student demand" adjustment on faculty positions since 1978-79.

Table 12
CSUC Faculty Positions

	<i>Budgeted</i>	<i>Budgeted</i>	<i>Budgeted</i>	<i>Change</i>	
	<i>1978-79</i>	<i>1979-80</i>	<i>1980-81</i>	<i>Amount</i>	<i>Percent</i>
Regularly budgeted	13,301.9	12,663.9	12,949.6	285.7	2.3%
Student demand adjustments	129.1	147.2	84.6	-62.6	-42.6
Totals	13,431.0	12,811.1	13,034.2	223.1	1.7%

Faculty Workload Data

One of the basic factors in the determination of faculty workload is the number of student credit units generated. Table 13 shows the systemwide calculations of student credit units per full-time equivalent faculty positions, by discipline category, for 1976-77 through 1978-79.

Table 14 shows basic faculty characteristics and workload indices from 1976 through 1978.

Table 13
Student Credit Units (SCU) Per Full-Time Equivalent Faculty (FTEF) Positions

<i>Discipline</i>	<i>1976-77</i>		<i>1977-78</i>		<i>1978-79</i>	
	<i>SCU</i>		<i>SCU</i>		<i>SCU</i>	
	<i>SCU/</i>	<i>Percent</i>	<i>SCU/</i>	<i>Percent</i>	<i>SCU/</i>	<i>Percent</i>
	<i>FTEF</i>	<i>Distribution</i>	<i>FTEF</i>	<i>Distribution</i>	<i>FTEF</i>	<i>Distribution</i>
Agriculture and Natural Resources	253	2.02	251	2.00	242	1.98
Architecture and Environmental Design	185	0.60	182	0.58	185	0.60
Area Studies	323	0.38	356	0.39	344	0.39
Biological Sciences	248	4.87	243	4.63	236	4.37
Business Management	333	11.48	333	12.03	336	12.80
Communications	299	2.03	300	2.07	300	2.15
Computer and Information Sciences	260	0.50	276	0.61	300	0.86
Education	221	6.98	228	7.01	216	6.52
Physical Education	221	4.02	225	4.07	216	4.02
Industrial Education	216	1.29	221	1.29	226	1.25
Engineering	194	3.28	207	3.61	217	4.17
Fine and Applied Arts	219	7.43	224	7.47	222	7.58
Foreign Languages	241	2.79	236	2.75	231	2.69
Health Professions	296	2.11	294	2.20	284	2.23
Nursing	122	0.95	128	1.00	129	1.02
Home Economics	283	1.70	278	1.67	268	1.62
Letters	276	9.69	278	9.61	273	9.55
Library Science	195	0.12	170	0.09	144	0.05
Mathematics	279	4.71	284	4.77	291	5.01
Physical Sciences	241	5.69	243	5.65	249	5.66
Psychology	320	5.31	321	5.04	309	4.95
Public Affairs and Services	294	3.62	275	3.63	267	3.53
Social Sciences	316	16.97	315	16.41	308	15.66
Interdisciplinary Studies	275	1.41	281	1.40	277	1.32
Average, All Categories	264		266		263	

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

Table 14
Faculty Workload Indicators^a

<i>Indicator</i>	<i>Fall 1976</i>	<i>Fall 1977</i>	<i>Fall 1978</i>	<i>Change</i>
Faculty FTE ^b	12,802.0	12,813.8	12,799.9	-13.9
Percent of regular faculty with Ph.D.....	69.9%	69.6%	70.2%	0.6%
Enrollment FTE ^c	229,988.0	234,704.0	229,697.0	-5,007.0
Regular instruction section load per FTE faculty	3.8	3.9	3.9	—
Lecture and lab contact hours per faculty FTE	12.9	12.9	12.9	—
Independent study contact hours per faculty FTE	4.2	4.3	4.1	-0.2
Total contact hours per faculty FTE.....	17.1	17.2	17.0	-0.2
Average class size	27.0	26.3	25.8	-0.5
Lecture and lab WTU ^d per faculty FTE.....	11.2	11.2	11.2	—
Independent Study WTU per faculty FTE	1.7	1.7	1.6	-0.1
Total WTU per faculty FTE	12.9	12.9	12.8	-0.1
SCU ^e per WTU.....	20.90	21.18	21.02	-0.16
SCU per faculty FTE.....	269.4	275.0	269.5	-5.5

^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 Weighted teaching units.

^e Student credit units.

Part-time and Temporary Faculty

Within CSUC, there are four basic types of appointments: tenured, probationary (leading to tenure), full-time temporary and part-time. Tenured and probationary appointments are the permanent appointments comprising the majority of faculty positions, while full-time temporary and part-time appointments are used to meet limited, short-term needs.

Since the early 1970's the mix of these four types of appointments has changed dramatically as shown in Table 15.

Table 15
Composition of CSUC Faculty
By Type of Appointment, Fall 1972 to Fall 1978

			<i>Subtotal</i>	<i>Full-Time</i>	<i>Part-Time</i>	<i>Subtotal</i>
	<i>Tenured</i>	<i>Probationary</i>	<i>Tenured and Probationary</i>			<i>Temporary and Part-Time</i>
1972	52.1%	30.1%	(82.2%)	5.8%	11.9%	(17.8%)
1973	55.4	24.3	(79.7)	7.0	13.3	(20.3)
1974	60.8	17.9	(78.7)	7.1	14.2	(21.3)
1975	61.5	14.7	(76.2)	9.4	14.4	(23.8)
1976	62.5	12.7	(75.2)	9.1	15.6	(24.8)
1977	62.5	13.0	(75.5)	7.8	16.7	(24.5)
1978	63.5	12.0	(75.5)	8.0	16.5	(24.5)

In fall 1972, 17.8 percent of the positions were filled by either full-time temporary or part-time faculty appointments. By fall 1976, the proportion had increased to 24.8 percent. The total percentages for full-time temporary and part-time appointments declined only slightly to 24.5 in 1977 and 1978.

Restoration of Faculty and Staff

The Trustees' Budget requested a total of \$11,093,601 for faculty and related staff: (a) \$4,602,070 to restore 247.2 faculty and faculty-related positions lost as a result of reductions mandated by the 1979 Budget Act and (b) \$6,491,531 for an additional 332.1 positions to enrich the student-faculty ratio. The Governor's Budget provides \$5,013,209 to "enrich" the student-faculty ratio. This augmentation effectively restores staffing to its pre-1978-79 level by providing support for 199 faculty and 56.8 faculty-related positions. The net increase in General Fund support is \$3,597,072 when allowance is made for the \$1,416,137 reduction necessitated by the shift in student interests. *We recommend approval.*

The Chancellor's Office intends to allocate the 199 faculty positions to the campuses in two steps. First, 59.7 positions (30 percent of the total) would be distributed to campuses in direct proportion to the size of their 1978-79 reduction. Second, the remaining 139.3 faculty positions (70 percent) would be allocated to the 15 campuses lying below the average percent of need within the system, as expressed by a faculty staffing formula. Thus, the augmentation will provide all campuses with a more equitable share of the system's faculty resources and, in so doing, increase campus flexibility to offer innovative instructional programs. Our analysis indicates that this allocation plan is justified.

While we recommend approval of the net \$3,597,072 for faculty and related staff, we believe that it should be accurately characterized for what it is—restoring staffing to its previous level, rather than an enrichment. To do otherwise would only perpetuate a budgetary fiction and, in the process, encourage CSUC to return repeatedly to the Legislature asking for the "restoration" which it would have already received. For these reasons, we recommend approval explicitly as an augmentation which restores 255.8 faculty and faculty-related positions.

C. Field Work Coordinators

We recommend that the proposed augmentation for field work coordinators be denied, for a General Fund savings of \$100,000. (Reduce Item 379 by \$100,000.)

Field work, the placement of students in practical supervised experience related to their academic interest, is a recognized part of the curriculum at all CSUC campuses. The Chancellor's Office estimates that in 1977-78, over 20,000 students enrolled in courses involving field work. Health sciences and related disciplines are the primary areas requiring placements. Students in these disciplines were placed in over 1,300 agencies in 1975. Other disciplines such as psychology, public administration, recreation administration and journalism also provide applied experience through field placements or internships.

With the exception of field work specifically required for teacher education credentials, the coordinator function for field work placement has never been recognized in the budget. Placement and coordination is now accomplished by one of two methods: faculty and administrative overload and the use of assigned time (whereby a portion of faculty workload is assigned the coordinating function rather than teaching courses). The

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

latter approach is relied on especially in the schools of social work.

The Chancellor's Office maintains that because of the growth, complexity and increasing importance of field work in the system, these methods are no longer adequate to coordinate field work placement. Consequently, the 1980-81 Trustees' Budget proposal requested \$712,762 to implement the field work coordinator program on every campus. The Governor's Budget provides \$100,000 to implement the field work coordinator function on two or three campuses, on a pilot basis.

In reviewing a similar CSUC proposal in 1978-79, we indicated that the field work coordinator function had merit and recommended implementation of a pilot program. With the passage of Proposition 13, however, and the accompanying change in the fiscal climate, coordination of field work became a low priority relative to other demands on the state General Fund. Consequently, funding for the project was deleted.

Our analysis of CSUC's field work coordination proposal indicates that it is not warranted for the following reasons:

(1) *Field work coordination is a faculty responsibility.* At present, the responsibility for coordinating, supervising and evaluating students' field work experiences rests with the faculty. In fact, to receive academic credit for a field work experience, a student must enroll in a course under the direct supervision of a faculty member. Our review suggests that regular faculty members should continue to be responsible for overseeing all aspects of the field work experience. They are in the best position to evaluate the relevance of a particular field work placement to the regular academic curriculum. Moreover, by being actively involved in the field work process, faculty members are better able to stay abreast of the changing needs of the employment market within their field of study.

The Chancellor's Office maintains that it is not feasible to use faculty for field work coordination because Budget Act language states that "no instructional faculty position . . . shall be used for administration".

Our analysis indicates, however, that this interpretation of the Budget Act language is not consistent with existing practice in the CSUC system. In fact, in the Master of Social Work programs offered by CSUC, field work coordination and supervision have traditionally been budgeted out of the instructional faculty allotment. In any event, if this language presents a problem, we would recommend an amendment defining the coordination of field work for academic credit as a legitimate use of instructional faculty positions.

(2) *Coordination can be provided within existing resources as augmented by the 1980-81 budget.* As noted previously in this analysis, the Governor's Budget provides funding for an additional 256 faculty and related staff positions. These additional positions will provide CSUC with the flexibility necessary to provide innovative instructional services, such as field work coordination, within its existing resources.

Our analysis indicates that this can best be done by faculty members, because field work coordination is an integral part of supervising a field work course. However, if CSUC believes that this function may be provided more efficiently through a centralized coordinator, that position can

be budgeted out of existing resources (as augmented by the budget) and the workload credited to faculty members for supervising field work courses can be reduced accordingly.

In sum, CSUC has neither provided a clear enough distinction among the roles of coordination, supervision and evaluation to justify the creation of a separate coordinator function nor demonstrated that additional staffing is needed to perform this function. Accordingly, we recommend that the \$100,000 be deleted.

D. State Support of Off-Campus Instruction

Prior to 1976, CSUC policy provided that off-campus instructional degree programs must be (a) separate and apart from the regular instructional programs and (b) self-supporting, to the extent that instructional costs were supported from student fees rather than from the General Fund. In May 1976, the Board of Trustees revised the policy on the basis that, when enrolled in regular degree programs, matriculating students should not be forced to pay instructional fees solely on the basis of where they take their instruction. The intent of this policy revision was to shift the financing of off-campus instruction from the student to the state.

The 1978-79 Governor's Budget, as introduced, proposed to phase-in this funding shift. The Budget requested General Fund support for off-campus degree programs so that fees for off-campus students ultimately would be no higher than those for comparable students in regular, on-campus instruction programs. However, the Legislature did not approve the request and instead directed:

(a) CPEC to study various kinds of extended education in all three higher education segments, with an interim report due March 1, 1979, and a final report due January 1, 1980 and

(b) CSUC to limit the 1978-79 General Fund support of off-campus instruction to the number of full-time equivalent students supported in the 1977 Budget Act. The limitation on General Fund support is reflected in the 1980-81 Governor's Budget which provides no additional support for off-campus instruction other than at the North San Diego County (Vista) Learning Center (described below).

Table 16 shows the total off-campus FTE for 1978-79 through 1980-81. The only General Fund support directly provided to these programs is for individual courses.

Off-Campus Instruction Report Delayed

As of mid-January, CPEC had not submitted the final report on off-campus instruction. We have been informed that it will be submitted prior to budget hearings. We will review the report and make comments to the Legislature as appropriate.

Consortium

The Consortium is an administrative structure, based at the Chancellor's Office, that coordinates the resources of several campuses to enable the system to offer upper division and/or graduate degree programs in locations where single campus' resources are inadequate.

Until recently, the primary funding source for the Consortium has been the systemwide reserve of the Continuing Education Revenue Fund.

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

Table 16
Off-Campus Instruction FTE

Campus	Individual Courses FTE (General Fund)			Campus External Degree Programs FTE			Consortium External Degree Programs FTE		
	1978-79	1979-80	1980-81	1978-79	1979-80	1980-81	1978-79	1979-80	1980-81
Bakersfield ...	—	—	—	71.7	50.0	50.0	2.7	1	—
Chico	9	8.2	8.2	69.1	100.0	125.0	—	—	—
Dominguez Hills	60	17.34	17.34	296.9	320.0	340.0	—	—	—
Fresno	22	19.19	19.19	10.9	11.0	22.0	28.8	18	21
Fullerton	—	—	—	16.0	16.0	—	—	—	—
Hayward	16	13.6	13.6	4.1	—	—	16.0	23	39
Humboldt	—	—	—	—	—	—	1.8	6	13
Long Beach ..	65	37	37	12.0	12.0	12.0	1.2	7	25
Los Angeles ..	65	25	25	7.1	16.0	16.0	44.7	26	46
Northridge	80	71	71	—	10.0	20.0	35.4	16	39
Pomona	—	—	—	9.6	20.0	25.0	18.2	15	25
Sacramento ..	80	105.13	105.13	113.4	100.0	75.0	45.8	42	59
San Bernar- dino	—	—	—	50.2	65.0	75.0	—	—	—
San Diego	120	256.00	256.00	35.2	35.0	30.0	77.3	37	48
San Francisco	35	23.8	23.8	—	—	—	31.6	25	46
San Jose	70	39.5	39.5	36.4	25.0	25.0	14.3	9	14
San Luis Obispo	—	—	—	—	—	—	—	—	—
Sonoma	22	10.73	10.73	61.0	50.0	50.0	—	—	—
Stanislaus	175	189	189	—	—	—	—	—	—
Totals	819	815.49	815.49	793.4	830	865	317.8	225	375

* Does not include North County Learning Center.

However, as enrollment in extension programs has declined (see Table 9), so has the systemwide reserve.

The Legislature augmented the 1979-80 Governor's Budget to provide \$100,000 in General Fund support for the Consortium. This amount, however, was deleted by the Governor in signing the Budget Act. As a result, CSUC is in the process of deciding whether (a) to seek outside grant support to make the Consortium fully self-supporting or (b) to phase out the Consortium.

Part of the fees paid by students enrolling in courses offered by the Consortium is earmarked for the organization's operation. In 1979-80, this amount was set at \$5.00 per student credit hour, generating total estimated revenues of \$52,500. The Consortium's budget in the same year is \$195,524, resulting in a deficit of \$143,024. Of this deficit, \$93,468 is subsidized by the Continuing Education Revenue Fund systemwide reserve and \$49,556 is subsidized by the General Fund through reallocations from other CSUC activities.

CSUC is again projecting a deficit in the Consortium budget for 1980-81 totaling \$140,853. Current CSUC plans again call for this deficit to be offset by drawing on the Continuing Education Revenue Fund (\$83,863) and by reallocating funds provided for other General Fund supported activities. As noted, however, the Chancellor's Office is reevaluating the viability of

the Consortium and, consequently, these plans are subject to change.

North San Diego County (Vista) Learning Center

In the Supplemental Report of the 1979 Budget Act, the Legislature reiterated its intention that the level of General Fund support of off-campus instruction be limited to the number of FTE students supported in fiscal year 1977-78. However, an exception was made for a new off-campus learning center serving north San Diego County.

The North San Diego County Learning Center, located in Vista, enrolled its first students in fall 1979. At present, courses are offered leading to degrees in American Studies, Liberal Studies, Social Sciences, Business Administration and Educational Administration. Enrollment at the center for 1980-81 is projected at 125 FTE. The Governor's Budget proposes a General Fund expenditure of \$239,005 to continue the current level of funding. *We recommend approval.*

E. Writing Skills

By almost any measure, writing skills, both nationally and within CSUC, have shown a marked decline over the past decade. In the 1978 Budget Act, the Legislature took the following steps in an effort to reverse this trend:

- Appropriated \$254,000 for the administrative costs of the English Placement Test (EPT).
- Adopted supplemental report language indicating legislative intent "that the CSUC authorize the granting of student credit units for remedial writing coursework within existing degree requirements."
- Provided \$605,442 to support the differential cost of a reduced student-faculty ratio for the remedial writing program.

The Legislature continued these policies in the 1979-80 Budget Act, appropriating \$403,795 for administration of the EPT and \$1,552,526 for the differential cost of remedial writing programs. The differential cost is based on the assumption that the basic writing skills program will be staffed at an enriched student-faculty ratio of 12 : 1.

In addition, the Legislature adopted supplemental report language that "it is the intent of the Legislature to encourage CSUC campuses to grant credit within existing degree requirements for basic writing skill courses." The Legislature further directed CSUC to prepare "a comprehensive report on all aspects of the basic writing skills program by campuses including the extent to which the program is meeting student needs."

The 1980-81 Governor's Budget provides a total of \$2,417,476 to continue the writing skills program. Of this amount, \$450,408 is for the administration of the English Placement Test and \$1,967,068 is for the differential cost of remedial writing programs. *We recommend approval.*

English Placement Test (EPT)

The EPT was developed in 1976 by CSUC faculty and the Educational Testing Service to diagnose and identify entering freshmen who lack college-level writing ability. The EPT exam was to be taken by all freshmen, with transfer students tested for the first time in 1979-80. It consists of three multiple choice sections totaling two hours in testing time and a

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

written essay section requiring approximately 45 minutes.

Based on correlation studies of the relative diagnostic abilities of the EPT and the Test of Standard Written English (a part of the Scholastic Aptitude Test), last year we recommended that students scoring high on the TSWE be exempted from taking the EPT. In acting on the CSUC's budget request for administering the English Placement Test, the Legislature implicitly approved the exemption of students scoring above the 80th percentile on the TSWE.

Campus Implementation Inadequate

We recommend that language be added to the Budget Bill making the allocation of \$1,967,068 to the campuses for the differential costs of writing skills programs contingent upon the Chancellor's Office approving campus plans which (a) require incoming students to take the English Placement Test (EPT) and (b) require students scoring below 150 on the EPT to enroll in a remedial writing course.

As of mid-January, information on the current status of campus basic writing skills programs was unavailable. The Chancellor's Office indicates that this information, including uses of the EPT and campus policies toward granting degree credit for remedial writing coursework, will be submitted prior to budget hearings in the report required by last year's supplemental report language.

In preparing this analysis, we were informed by the Chancellor's Office that substantial difficulties have been encountered in implementing the English Placement Test and remedial writing courses on all campuses. As a result, the actual number of students served in remedial writing courses during the current year will likely be substantially lower than the number used in preparing the 1979-80 budget.

CSUC estimates that as much as \$500,000 of the \$1,552,526 appropriated for the differential cost of remedial writing courses will revert to the General Fund. Several factors contributed to this year's problems:

- Confusion over the implementation of a new requirement that upper division transfer students take the EPT.
- Lack of administrative sanctions against students who fail to take the EPT.
- Absence of a requirement that students scoring low on the EPT enroll in a remedial writing course.

The Chancellor's Office plans to resolve these problems in 1980-81 and, consequently, is requesting \$1,967,068 to continue the level of differential staffing currently authorized. The request has not been adjusted downward to reflect the experience of the current year, but rather assumes that the full number of students projected to need assistance (those scoring below 150 on the EPT) in 1980-81 will be served in remedial writing programs. In addition, CSUC is requesting \$450,408 for the administration of the EPT, for a total writing skills program cost of \$2,417,476. As mentioned, this request is fully funded in the 1980-81 budget.

Without adequate incentives for campuses to use these funds for the intended purpose, many students in need of basic writing skills assistance

will not be served. We therefore recommend that the allocation of \$1,967,068 to the campuses be contingent on the Chancellor's Office approving campus plans (a) requiring incoming students to take the EPT and (b) requiring students scoring below 150 on the EPT to enroll in an approved remedial writing course. A major criterion employed by the Chancellor's Office in evaluating campus plans should be the provision of appropriate campus sanctions against students who fail to comply with these requirements.

F. New Program Development and Evaluation (Innovative Programs)

New Program Development and Evaluation, often referred to as innovative programs, was established to test new approaches to teaching and learning. Almost all of the funds are distributed by the Chancellor's Office on a competitive basis as grants for specific projects (two administrative positions were funded in the current year). The 1979 Budget Act provided \$627,139 for support of innovative programs, reflecting a substantial reduction from the level of support in 1978-79 (\$1,851,598).

The Governor's Budget provides \$851,885 for innovative programs in 1980-81, an increase of \$224,746 over the current year support level. In funding this program, the budget proposes to continue the current, legislatively-mandated focus on the needs of minorities and women within the CSUC. Table 17 shows a breakdown on the projects funded by the 1979-80 budget. *We recommend approval.*

Table 17
New Program Development and Evaluation
1979-80

A. Pilot Projects	
Improving academic advising	\$137,043
Improving general education	32,978
Meeting needs of minorities and women.....	156,673
Total, Pilot Projects	\$326,694
B. Special Projects	
Educational equity for the disabled.....	\$20,000
Meeting student needs: information	13,000
Cooperation with UC/CCC	42,500
Evaluation and projects to be funded.....	56,377
Total, Special Projects	\$131,877
C. Credit by Evaluation	
English Equivalency Examination	\$71,568
D. Program Administration	
.....	\$97,000
Grand Total	\$627,138

G. Joint Doctoral Program Report Delayed

Joint CSUC-UC doctoral programs were established pursuant to recommendations included in *A Master Plan for Higher Education in California, 1960-75* and authorized by the Legislature in the Donahoe Higher Education Act. The authorization was expanded in 1969 to allow for joint doctoral programs with private institutions. CSUC currently has five separate joint doctoral programs with UC campuses and one program with a private institution. Five of the six joint doctoral programs were established

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

between 1965 and 1971. Since that time only one new program has been established, the San Diego State multicultural education project with Claremont Graduate School, which was added by the 1978 Budget Act.

In response to concerns raised by our review of the program in last year's Analysis, the Legislature adopted the following language in the Supplemental Report of the 1979 Budget Act:

"CPEC, in cooperation with the Joint Graduate Board, shall conduct a comprehensive examination of the joint doctoral program and submit its results to the Joint Legislative Budget Committee and the legislative fiscal committees by November 30, 1979. The report should include, but not be limited to, a needs analysis for each of the six programs, available educational alternatives, retention and employment of students, program coordination between the joint institutions and staffing requirements."

In January, 1980 we were notified by CPEC that this report has been delayed but that it should be submitted prior to the budget hearings. At that time, we will review the report and make recommendations to the Legislature as appropriate.

H. Campus Supplies and Services

In achieving the \$14 million in budget reductions imposed by control Sections 27.1 and 27.2 of the 1978 Budget Act, CSUC reduced campus supplies and services funds by 5 percent, thereby eliminating any support for price increases during that year. A portion of these reductions was continued in the current year, for a net savings of \$2,541,306.

The Trustees' 1980-81 Budget requested \$2,627,569 to restore fully the deleted campus supplies and services funds (\$2,500,000 for restoration plus \$127,569 for a 5 percent price increase in the budget year). This request was denied. Nevertheless the budget added an additional \$1,545,571 to the base supplies and services budget above the 5 percent price increase amount. This amount, which provides for a 10 percent price increase, was partially justified by rapidly increasing costs of petroleum-based chemicals and other supplies used in CSUC laboratories. *We recommend approval.*

The Chancellor's Office has indicated that it intends to pursue a restoration of \$2,749,620 (\$2,500,000 plus \$249,620 for a 10 percent price increase). CSUC maintains that the 10 percent price increase included in the Governor's Budget is justified solely on the basis of current rates of inflation on the supplies and services budget and, as such, serves only to forestall further erosion in the budget's purchasing power.

Our analysis does not indicate that the additional \$2,749,620 restoration requested by CSUC is warranted. While we recognize that the campus supplies and services budget has been adversely affected by the impact of the Sections 27.1 and 27.2 reductions, so too have the budgets of every state agency. These reductions were intended to be permanent, and no special circumstances have been identified that would indicate CSUC's needs are unique. Moreover, the decision to reduce the supplies and services budget reflects CSUC's ordering of priorities, not the Governor's or the Legislature's. For these reasons, we recommend that the restoration requested by CSUC be denied.

II. RESEARCH

The CSUC faculty is authorized to perform research activities consistent with the primary instructional function. Research is funded by many groups, including business, industry and federal and state agencies. The entire organized research program is funded by reimbursements. No General Fund support is provided.

Table 18 shows the estimated research expenditures for 1980-81. This table covers only those projects awarded directly to individual campuses. Research projects awarded to foundations (estimated to be \$9.5 million in 1980-81) are not included.

Table 18
Organized Research Expenditures*

	<i>Actual</i> 1978-79	<i>Estimated</i> 1979-80	<i>Proposed</i> 1980-81	<u>Change</u>	
				<i>Amount</i>	<i>Percent</i>
Expenditures	\$58,477	\$111,695	\$77,782	\$-33,913	-30.4%
Personnel	4.7	6	5.1	-0.9	-15%

* Does not include approximately \$9.5 million for research administered through foundation programs.

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. Mini-courses are offered in a variety of general interest and professional growth subjects.

General public service involves making available to the community various resources which exist within the CSUC. Examples are conferences and institutes on subjects such as urban and international affairs, general advisory services, and reference bureaus. 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 of this. No General Fund support is provided to the Public Service program.

Table 19 shows the estimated Public Service expenditures for 1980-81.

Table 19
Public Service Expenditures

	<i>Actual</i> 1978-79	<i>Estimated</i> 1979-80	<i>Proposed</i> 1980-81	<u>Change</u>	
				<i>Amount</i>	<i>Percent</i>
Expenditures	\$531,211	\$442,751	\$458,302	\$15,551	3.5%
Personnel	—	16	16	—	—

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 four subprograms: (1) libraries, (2) audio-visual services and

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

television services, (3) computing support and (4) ancillary support.

Expenditures for the Academic Support program are shown in Table 20.

Table 20
Academic Support Program Expenditures

Elements	Personnel			Expenditures			Change	
	Actual 1978-79	Estimated 1979-80	Proposed 1980-81	Actual 1978-79	Estimated 1979-80	Proposed 1980-81	Amount	Percent
1. Libraries	1,646.5	1,645.1	1,694.8	\$39,186,236	\$49,469,641	\$55,180,382	\$5,710,741	11.5%
2. Audiovisual serv- ices.....	397	386.2	390.9	8,895,728	10,214,371	10,657,664	443,293	4.3
3. Computing sup- port	520.8	541.3	560.2	19,193,562	25,173,394	27,824,869	2,651,475	10.5
4. Ancillary support..	430.8	370.3	385.2	10,080,626	10,240,423	11,030,580	790,157	7.7
Totals.....	2,995.1	2,942.9	3,031.1	\$77,356,152	\$95,097,829	\$104,693,495	\$9,595,666	10.1%
General Fund	2,988.7	2,936.5	3,024.9	\$76,898,516	\$94,543,222	\$104,132,963	\$9,589,741	10.1%
Reimbursements—								
Other.....	—	—	—	389,957	463,977	471,111	7,134	1.5
Continuing Educa- tion Revenue Fund	6.4	6.4	6.2	67,679	90,630	89,421	-1,209	-1.3

LIBRARIES

The library function includes such operations as (a) the acquisition and processing of books, pamphlets, periodicals and documents, (b) the maintenance of the catalog and indexing systems, (c) the distribution of reference services to students and faculty and (d) libraries, one on each campus.

A. Library Development

The 1980-81 Governor's Budget provides \$3,925,622 for the continuation of a library improvement plan begun in 1973-74. This plan, entitled the Library Development Project, seeks to improve campus library utilization through interlibrary cooperation and automation.

Two major projects relating to library improvement have been designed and fully implemented on all CSUC campuses. The first, the Union List of Periodicals, is a computer-supported publication maintained at the system level which displays all library periodicals holdings and locations throughout the 19 campuses. The second major improvement, automated cataloging support, was implemented by contracting with OCLC (Ohio College Library Center). The installation of computer terminals at all CSUC libraries links them to a nationwide network of thousands of academic and public libraries to assist in the cataloging and classification of books.

Circulation Control Transactors

In 1978-79, the implementation plan for library development was significantly revised, resulting in a less complex approach at a reduced cost to the state. The core of the existing plan focuses on the installation of minicomputers, called circulation control transactors. These transactors will improve service to patrons by automating many routine library functions such as logging books in and out and placing holds on books out on loan. More importantly, from a system viewpoint the circulation control

transactors will provide a readily accessible accounting of the libraries' complete inventory, including the status of each book. This will greatly enhance interlibrary loans and provide a basis for more effective book purchasing.

Circulation control transactors are currently installed and functioning at the Sacramento and Los Angeles campuses. Systems are scheduled to be installed at five campuses (Long Beach, San Francisco, San Jose, San Luis Obispo and San Diego) in 1979-80. The 1980-81 Governor's Budget provides support for installation of transactors at six additional campuses (Chico, Fresno, Fullerton, Hayward, Northridge, and Sonoma), for a total of 13 campuses. The installation of circulation control transactors at the remaining six campuses is scheduled to be completed in 1981-82.

B. Library Staffing

We recommend that the proposed augmentation of 26.4 technical processing positions be denied, for a General Fund savings of \$427,221 (reduce Item 379 by \$427,221). We further recommend that the Chancellor's Office report to the legislative fiscal committees by November 1, 1980 on recommended changes in library staffing formulas resulting from implementation of the Library Development Project.

Last year, the Legislature approved a 26,200 volume augmentation in CSUC's library volume acquisition rate but withheld support for technical processing staff and related operating expenses and equipment for the additional volumes. As a result, technical processing support, which had been budgeted at a level of one position for every 1,000 volumes acquired, is currently provided at a level of one position per 1,060 volumes—a workload increase of 6 percent.

The Governor's Budget proposes an augmentation of \$427,221 to restore technical processing staff to the previous level (1:1000). In addition, the budget provides \$87,076 for operating expenses and equipment related to processing and \$3,930 for price increases. Partially offsetting these proposed augmentations are reductions of \$107,463 for workload adjustments relating to a decreased number of graduate students and \$2,972 for miscellaneous reductions in operating expenses and equipment, for a net increase of \$407,792 as shown in Table 21.

Table 21
Proposed Budget Changes
Library Staff and Related Expenses
1980-81

	<i>Governor's Budget</i>	<i>Analyst's Proposal</i>	<i>Change</i>
Technical Processing Staff	\$427,221	—	\$-427,221
Workload Adjustments	-107,463	\$-107,463	—
Operating Expenses and Equipment	87,076	87,076	—
Price Increase	3,930	3,930	—
Miscellaneous Operating Expense Reduction	-2,972	-2,972	—
Totals	\$407,792	\$-19,429	\$-427,221

Our analysis indicates that the technical processing staff augmentation

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

of \$427,221 is unjustified, for the following two reasons.

(1) *Contrary to legislative intent.* In approving the 26,200 volume augmentation last year, the Legislature explicitly withheld support for related technical processing staff. At that time, CSUC agreed to the augmentation for additional volumes with the understanding that the volumes would be processed within existing resources.

(2) *Major increase in technical processing capability.* CSUC maintains that, without the \$427,221 augmentation for technical processing staff, the availability of the additional 26,200 volumes to students and faculty will be unduly delayed. CSUC, however, has failed to take account of the major improvements in technical processing capability which have occurred as a result of the library development project. The implementation of the OCLC automated cataloging support system, in particular, has led to a significant decrease in required technical processing staff.

The OCLC automated cataloging support system was first implemented, on a pilot basis, at the San Diego and San Jose campuses in 1977. Based on CSUC's evaluation of the pilot, installation at the remaining 17 campuses was approved. All 19 campuses currently have the OCLC system.

An important basis for the approval of OCLC's installation on all CSUC campuses was its dramatic effect on the cataloging support workload, which would comprise one of the major duties of the requested technical processing staff. Within cataloging support, staff time per unit processed fell by 27 percent at the San Diego library and by 43 percent at San Jose. These reductions in workload are not reflected in CSUC's technical processing staff formula.

The workload reductions reflect the experiences of only two campuses within a 19-campus system, and the actual experience at each campus largely depends on the staffing configuration it employs. Even so, if the improvements experienced at the remaining 17 campuses resemble only remotely those at the pilot campuses, the requested 6 percent increase in technical processing staff is unjustified. Consequently, we recommend deleting the \$427,221.

The results of the pilot study indicate that further reductions in technical processing staff may be possible. CSUC has already begun to analyze the effects on staffing requirements of the library development project, and recommendations will be presented to the Trustees by October 1980. We therefore recommend that the Chancellor's Office report to the legislative fiscal committees by November 1, 1980 on the effects of library automation on staffing needs. The report should include specific recommendations for budgetary changes resulting from revised staffing formulas.

Operating Expenses

The operating expenses and equipment augmentation of \$87,076 will enable CSUC to purchase labels, book pockets, catalog cards, and other miscellaneous items necessary to prepare books for general circulation. The price increase brings the cost per volume up to the standard rate projected by the Department of Finance. *We recommend approval.*

C. Library Acquisitions

The 1972-73 Legislature took the following two interrelated actions affecting the CSUC library system: (a) it approved a modified form of the Trustees' Library Development Plan (described above) and (b) it established a total holding goal equal to 40 volumes per FTE student by 1985. To achieve this goal, the Legislature approved funding for a volume acquisition rate of 500,000 volumes per year.

In 1974-75, it became apparent that, because of declining enrollments, the 40 volume per FTE goal would be achieved much earlier than expected. Consequently, the acquisition rate was reduced to 439,000 volumes per year, where it remained until last year, when the Legislature approved an increase in the acquisition rate to 465,200 volumes per year.

Whether CSUC will achieve the objective of 40 volumes per FTE in 1985 depends on (1) the annual number of volumes acquired and (2) the total number of FTE students in 1984-85. In fact, CSUC met the goal in 1978-79, with estimated holdings of 40.7 volumes per FTE student. Since all projections point to a decreased systemwide enrollment in 1985, it is virtually certain that the goal will be exceeded in that year, even if *no* more volumes are acquired.

Table 22 shows the current systemwide holdings by campus. As the table shows, systemwide holdings currently average 41.9 volumes per FTE student. Based on CSUC's projections of student enrollment and assuming no increase in the current library volume acquisition rate, library holdings will average over 50 volumes per FTE student in 1984-85.

Table 22
CSUC Library Holdings

State University, College	Countable	Volumes	Estimated	Estimated	Estimated
	Holdings as of 6/30/79	Budgeted to be Purchased 1979/80	Countable Holdings 6/30/80	FTE 1979/80	Holdings per FTE 1979/80
Bakersfield.....	207,219	12,073	219,292	2,231	98.3
Chico.....	520,302	23,829	544,131	12,080	45.0
Dominguez Hills.....	223,456	15,341	238,797	4,824	49.5
Fresno.....	566,024	24,457	590,481	12,011	49.2
Fullerton.....	478,063	27,925	505,988	14,845	34.1
Hayward.....	590,819	18,807	609,626	8,370	72.8
Humboldt.....	256,384	17,247	273,631	6,535	41.9
Long Beach.....	701,578	36,733	738,311	21,062	35.1
Los Angeles.....	728,197	28,301	756,498	16,378	46.2
Northridge.....	691,394	33,525	724,919	18,999	38.2
Pomona.....	332,994	23,644	356,638	12,675	28.1
Sacramento.....	635,252	30,354	665,606	15,992	41.6
San Bernardino.....	301,915	13,046	314,961	2,903	108.5
San Diego.....	755,775	38,916	794,691	23,772	33.4
San Francisco.....	558,732	32,514	591,246	17,307	34.2
San Jose.....	646,532	34,069	680,601	18,025	37.8
San Luis Obispo.....	507,200	26,827	534,027	15,561	34.3
Sonoma.....	287,121	14,761	301,882	4,272	70.7
Stanislaus.....	193,247	12,270	205,517	2,568	80.0
Totals.....	9,182,204	464,639	9,646,843	230,410	41.9

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued**Unnecessary Augmentation for Library Volumes**

We recommend that the proposed 26,200 volume augmentation in the library volume acquisition rate be denied, for a General Fund savings of \$1,229,419. (Reduce Item 379 by \$1,229,419.)

The Governor's Budget provides \$1,229,419 to increase the annual library volume acquisition rate by 26,200 volumes, from 465,200 to 491,400. Our analysis indicates that this increase is unjustified for the following reasons.

(1) *There has been a major increase in available volumes.* Last year, the Legislature approved an increase in the acquisition rate of 26,200 volumes. This provided a substantial improvement in the rate—from 439,000 volumes to 465,200 volumes annually (+6 percent). Moreover, improvements in the availability of volumes have resulted from the installation of book theft detection systems on all 19 campuses.

(2) *The needed acquisition rate should decline as a result of the library development plan and greater cooperation among the 19 campus libraries.* A CSUC document highlights the benefits of the plan as follows:

“Library automation will permit the total California State University and Colleges collection to be used at each of the 19 libraries. Making the systemwide collection available to users on all campuses may be equated to increasing each library's holdings by a potential 400 percent. With such a potential collection readily available to even the smallest library, the 20 percent to 30 percent increase in service experienced by others may, in fact, turn out to be an underestimate. However, an increase of only 20 percent to 30 percent equates to expanding the total library holdings by approximately 1.7 million items, which would otherwise cost about \$35 million, including processing.” (emphasis supplied)

The Chancellor's Office is currently developing a plan for cooperative collection planning which should further enhance the availability of volumes per student.

Because of these two factors, CSUC has already experienced a significant increase in the number of volumes actually available to students. With the implementation of the library development project, further expansion should occur. Consequently, the need for an increase in the acquisition rate has not been shown. Therefore, we recommend that the \$1,229,419 augmentation for an additional 26,200 volumes be denied.

Appropriate Volume Acquisition Rate—Evaluation Needed

We recommend that a committee consisting of representatives from CSUC, the California Postsecondary Education Commission, the Department of Finance and the Legislative Analyst's Office report to the legislative fiscal committees by November 30, 1980 on alternatives to the current library volume acquisition rate.

As noted above, the acquisition rate of 500,000 volumes per year approved in 1973 was established to enable CSUC to achieve a holdings goal of 40 volumes per FTE student by 1985. Now that the objective has, for all practical purposes, been achieved, the question becomes: What is an

appropriate annual acquisition rate to maintain the collection and keep up with expansions in knowledge?

At present, there is not an adequate basis on which to recommend a particular volume acquisition rate. Rather than continue to raise the issue before the Legislature each year, we recommend that a committee composed of representatives from CSUC, the California Postsecondary Education Commission, the Department of Finance and the Legislative Analyst's Office examine the issue of an appropriate library volume acquisition rate and report by November 30, 1980 to the legislative fiscal committees with its recommendation.

COMPUTING SUPPORT

The Governor's Budget proposes an expenditure of approximately \$29 million for computing support in the budget year. Table 23 shows that \$8.7 million (30 percent) of this amount is for direct instructional computing. Administrative computing is allocated \$16 million (55 percent) and the remaining \$4.2 million is budgeted to continue a computer replacement program which was authorized in the current year. The replacement program will result in the acquisition over a four-year period of (a) a modern computer or remote job entry station on each campus and (b) a major computer at the State University Data Center (SUDC).

The \$29 million is an increase of \$4.7 million over estimated current year expenditures. This increase consists primarily of funds to procure new computers and adjustments for workload.

Table 23
1980/81 Cost of Computing Support in the CSUC^a
(in thousands)

Function	Personnel	Personnel	Equipment	Other	Total	Percent
	Years	Costs				
Instructional Computing	169.8	\$3,004	\$4,415	\$1,275	\$8,694	30.0%
Administrative Computing	396.1	10,349	3,469	2,267	16,085	55.4
Batch rebid	—	—	1,622 ^b	2,603	4,225	14.6
Totals	565.9	\$13,353	\$9,506	\$6,145	\$29,004	
Percent		46.0%	32.8%	21.2%		100%

^a As current cost accounting practice does not distinguish between administrative and instructional computing costs, estimated 1980/81 expenditures were prorated, based upon computer utilization percentages when the items encompassed both areas.

^b Technical and training support are provided for within the framework of vendor contracts.

A. Continuing Program to Replace Obsolete Computers

We recommend that the appropriation in Item 380 not be scheduled in order to provide CSUC needed flexibility to procure and install its replacement computer systems.

In the current year, \$3 million was allocated to begin the four-year program to replace obsolete batch computer systems within CSUC. The Governor's Budget includes \$4,225,210 (Item 380) to continue the program.

A Request for Proposal (RFP) has been developed and distributed to all major computer equipment vendors. At least three (and possibly four) of the major vendors have indicated an intent to bid. The due date for final proposals was January 28, 1980, and the award is expected to be made in early April 1980.

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

Based on discussions with the vendors, CSUC expects to obtain a discount of at least 50 percent and possibly as high as 80 percent, as a result of procuring 20 systems of varying sizes from a single vendor. Contract terms will be for seven years and the proposals must include prices for equipment upgrades as workload increases. Life expectancy of the equipment is ten years based on past CSUC acquisitions.

The first two sites selected for installation in May and June of 1980 are the State University Data Center and the Sacramento campus. These sites will serve as centers to convert the computer programs at each campus to the new machines, prior to individual campus installation. The installations will be phased in with the last campus scheduled for installation in July 1982.

The requested appropriation in Item 380 is scheduled as follows: site preparation, (\$1,403,400), hardware, (\$1,277,910), operating expense (\$1,230,400) and communications (\$313,500). Our analysis indicates that it is unrealistic to break the appropriation into such specific categories. The exact dollar amount required for the various categories cannot be precisely determined. For example, funds for site preparation are directly related to which vendor's equipment is selected, because the physical size of computing systems varies among vendors. A vendor bidding larger equipment will be assessed increased costs for more extensive site modification during the proposal review process. However, such a vendor could be awarded the contract based on a lower overall cost if the quantity discount offsets increased site costs.

We therefore recommend that the funds contained in Item 380 be appropriated as a lump sum to CSUC in order to provide needed flexibility in procuring and installing the new equipment at the various campuses throughout the system.

B. Campus Computing Coordinators

We recommend supplemental report language to insure that instructional computing coordinators continually monitor the use of resources in order to encourage sharing of instructional software and reduce duplication of various data files.

The Governor's Budget proposes the addition of six instructional computing coordinators at a cost of \$200,000. This is in addition to three positions which were approved in 1977-78 as a pilot program to test the concept. A final report on the pilot, which described the use of the coordinators at the Chico, San Bernardino and Pomona campuses, was issued in September 1979.

The Trustees' Budget proposed the addition of 16 coordinator positions (one per campus) at a cost of \$502,249 based on the success of the pilot program. CSUC argues that every campus has access to four differing computer systems—central timeshare, central batch, campus timeshare and campus batch. The complexity of these systems coupled with the need to assist faculty and students in making maximum use of available com-

puter programs (software) and data bases in the instructional program are used as justification for expanding the program.

Our analysis indicates that these support personnel should be gradually phased in as need is demonstrated. Six new positions appear to be reasonable for the budget year. We are concerned, however, that the coordinators could encourage increased utilization of scarce and expensive computer resources without a similar emphasis on evaluating true instructional computing needs and developing plans for sharing of instructional software within a campus and throughout the system.

We therefore recommend that supplemental report language be adopted to insure that the coordinators monitor the use of resources, encourage sharing of instructional software and work to reduce duplication of various data files.

C. Improved Business Systems A Necessity

We recommend an augmentation of \$134,670 to enable CSUC to obtain a modern accounting system. (Augment Item 379 by \$134,670.)

Currently, CSUC utilizes an outdated and relatively inflexible accounting system. The Allotment Expenditure Ledger System (AEL), which is installed on existing computers, produces monthly reports for the campuses and the Chancellor's office. The monthly reports do not serve managers well, because the data is not timely and a considerable manual effort is needed to keep records up-to-date.

Our analysis indicates that there are two major factors which make the selection of a new accounting system a high priority in the budget year. First, CSUC will be required to supply an increasing amount of fiscal information to the new California Fiscal Information System (CFIS). The AEL system does not have the capability or flexibility to meet this requirement. Second, the existing system is installed on the obsolete computers which are in the process of being replaced. To convert the outdated system to the new computers would be costly and counter-productive.

CSUC requested \$269,347 to procure a new system in 1980-81. The request was denied by Finance on the grounds that a feasibility study had not been completed and approved. A consultant has been retained by CSUC, however, and the feasibility study and specification for a new system will be developed by September 1980. This would permit the issuance of a Request for Proposal and selection of a new system by January 1981. CSUC intends to purchase a standard system from a vendor, rather than develop a new system. Such systems are readily available, and this approach has been used by other major agencies including the State Controller and the Departments of Health Services and Motor Vehicles.

We recommend, therefore, that the CSUC budget be augmented by \$134,670 to permit the acquisition of a new system in the budget year. This amount would be sufficient to procure the system, provide needed personnel services and begin installation on the new computers as they are acquired. Additional funds would be needed in subsequent years to complete the installation. Based on our review, however, a failure to begin now would be a more costly alternative because of conversion costs for the old system and the inefficiency of manual controls, which are required under the existing AEL system.

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued**D. Computer Staffing Formula and Finance Control**

We recommend that the CSUC and the Department of Finance complete a computer center staffing formula for use in preparing the 1981-82 budget. We further recommend that Finance not specify the precise campus location of seven new positions authorized for the budget year.

We recommended the joint development of a computer staffing formula by CSUC and the Department of Finance in our analysis of the 1975-76 Budget Bill. Since that time, the concept has been under discussion, and the formula is now in the final stages of development. One major issue that is unresolved is whether staff on loan from administrative offices to computer centers for the development of automated administrative systems should be counted as computer support staff.

The existing formula would justify 30 positions based upon workload factors. Although CSUC requested 24.5 positions, Finance approved seven and designated the campuses where they should be established. We are not prepared to recommend additional staffing for the centers at this time. Based on our analysis however:

1. We recommend that CSUC and Finance complete a formula prior to the preparation of the 1981-82 budget cycle which can serve as a basis for consideration of staffing based on workload and other factors.

2. We recommend that the proposed methodology for validating staffing requests be revised to delegate more responsibility to CSUC. Finance proposes that staff of the State Office of Information Technology in Finance conduct a "campus investigation" of requested positions. This is an inefficient use of Finance resources and is inconsistent with a recent statement of intent by the State Data Processing Officer that the State Administrative Manual be revised to delegate more responsibility to agencies with proven ability in the use of computers. The Division of Information Systems within CSUC would fit this category.

3. We recommend that Finance not specify the precise location of the seven computer center positions authorized in the budget year. This is a clear case of over control. Designation should more appropriately be made by the Division of Information Systems in the Chancellor's office.

RURAL NURSING PROGRAM

In March 1976, a rural clinical nursing program was established at the Chico campus using funds provided by the U.S. Department of Health, Education and Welfare. The purpose of the program is to offer nursing students from all of the CSUC campuses an opportunity to experience an internship in a rural area.

From March 1976 through January 1980, 199 nursing students were placed in rural clinical settings of 57 northern California medical facilities. Currently, approximately 60 students per year take advantage of the Rural Clinical Nursing Program. These students are drawn from some 30 California nursing programs, 10 of which are operated by CSUC.

Because the federal funding will expire at the end of the 1979-80 academic year, CSUC is requesting General Fund support of \$109,687 to continue this program.

Program Effectiveness and Operation—Examination Needed

We recommend that funding be provided for the Rural Clinical Nursing Program for a two year period, contingent on withdrawal of federal funds. We further recommend that the Chancellor's Office conduct a comprehensive examination of the program and submit its results to the legislative fiscal committees by November 1, 1981.

The premise on which the Rural Clinical Nursing Program is based is that students who experience an internship in a rural setting will later return to practice in one of California's rural areas, all of which are designated health manpower shortage areas. However, CSUC has no data indicating how many students participating in the rural nursing program have actually returned to practice in a rural area. Nor is any information available to indicate how many of these students would have chosen to practice in a rural area without participating in the program.

The issue of program effectiveness should be resolved before a long-term commitment to fund the rural clinical nursing program is made. For this reason, we recommend that funding be provided for a two-year period only, and that CSUC submit a comprehensive examination of the program to the legislative fiscal committees by November 1, 1981. The report should include, but not be limited to, a needs analysis for the program, a description of the number and types of students enrolling in the program and an examination of the effectiveness of the program in encouraging students who would not otherwise have done so to practice nursing in rural areas.

V. STUDENT SERVICES

The student services program is funded partially from revenues generated by the Student Services Fee (formerly titled the Materials and Services Fee). Additional support is furnished by reimbursements 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 24 shows the estimated expenditures for 1980-81. In addition to the Student Services Fee, there are a limited number of other fees which are also discussed in this section.

STUDENT SERVICES FEE

The Student Services Fee is assessed against all students for the support of counseling, testing, placement, financial aid administration, the Office of the Dean of Students and health services. Prior to 1975-76, the fee also helped finance certain instructional supply items. Beginning in that year, a four-year program was begun to gradually phase-out student service fee support for the cost of instructional supplies and replace it with General Fund support. This phase-out has now been completed.

The maximum Student Services Fee remained constant at \$144 from 1973-74 through 1977-78 (during the phase-out of support for instructional

Table 24
Student Services Program Expenditures

<i>Elements</i>	<i>Personnel</i>			<i>Expenditures</i>			<i>Change</i>	
	<i>Actual 1978-79</i>	<i>Estimated 1979-80</i>	<i>Proposed 1980-81</i>	<i>Actual 1978-79</i>	<i>Estimated 1979-80</i>	<i>Proposed 1980-81</i>	<i>Amount</i>	<i>Percent</i>
1. Social and cultural development	167.7	147.2	146.3	\$3,454,091	\$3,747,209	\$3,746,852	\$-357	0%
2. Supplemental educational services—EOP	317.3	351.5	351.7	11,022,713	12,602,984	12,864,593	261,609	2.1
3. Counseling and career guidance	692.0	759.3	745.1	15,026,710	19,370,114	19,500,526	130,412	0.7
4. Financial aid	279.9	319.8	332.3	51,339,411	60,659,480	62,816,905	2,157,425	3.6
5. Student support	815.2	917.5	930.8	16,904,124	21,219,454	21,876,946	657,492	3.1
Totals.....	2,272.1	2,495.3	2,506.2	\$97,747,049	\$117,599,241	\$120,805,822	\$3,206,581	2.7%
<i>General Fund</i>	2,040.1	2,236.5	2,240.1	\$12,320,890	\$23,992,246	\$22,091,276	\$-1,900,970	-7.9%
<i>Reimbursements—other</i>	—	—	—	33,994,235	37,799,125	40,883,438	3,094,313	8.2
<i>Reimbursements—federal</i>	—	—	—	44,456,609	53,241,128	55,094,386	1,853,258	3.5
<i>Dormitory Revenue Fund</i>	226.9	254.3	261.7	1,902,574	2,489,591	2,649,937	160,346	6.4
<i>Continuing Education Revenue Fund</i>	5.1	4.5	4.4	72,741	77,151	76,785	-366	-0.5

supplies and services). The fee was increased to \$146 for 1978-79 to provide additional pharmacy services on CSUC campuses. In 1979-80, the fee was decreased slightly to \$144, reflecting a surplus of revenues over expenditures. The Chancellor's Office is proposing to increase the fee by \$12 in 1980-81, raising it to \$156. *We recommend approval.*

STUDENT AFFIRMATIVE ACTION

The Governor's Budget proposes \$1,917,651 for student affirmative action projects aimed at increasing the representation of ethnic minorities within CSUC. Of this total, \$1,050,000 comprises an augmentation of (a) \$1,000,000 for "core" student affirmative action programs on each campus and (b) \$50,000 for outside evaluation. The remainder includes \$757,456 to continue existing affirmative action outreach efforts and \$120,000 for continued support of the Mathematics, Engineering, Science Achievement (MESA) program.

A. Background: ACR 151

In 1974, the Legislature passed ACR 151, directing all public segments of California postsecondary education:

"To prepare a plan that will provide for addressing and overcoming, by 1980, ethnic, economic, and sexual underrepresentation in the makeup of public higher education as compared to the general ethnic, economic, and sexual composition of recent California high school graduates."

ACR 151 does not give consideration to "eligibility pools"—the number of ethnic minority high school graduates actually eligible to be admitted to the higher education segments.

CSUC has made substantial progress toward meeting the broad goal of increasing the representation of minority students. Hispanics, however, continue to be underrepresented relative to their proportion of the twelfth grade population in 1973 (the latest year for which data is available). Ethnic group representation within CSUC, both systemwide and by campus, is shown in Table 25.

Table 25 shows two important facts: (1) CSUC ethnic group enrollments vary widely by campus and (2) the degree of systemwide under- or overrepresentation varies by ethnic group. Thus, the representation of whites as a proportion of total campus enrollment varies from a high of 92.9 percent at Humboldt to a low of 44.5 percent at Los Angeles. Hispanics, who are underrepresented systemwide, nonetheless account for 20.2 percent of total enrollment at Los Angeles and 14.5 percent at San Bernardino. Asians, in contrast, are overrepresented in comparison to their proportion of the twelfth grade population, accounting for 6.6 percent of total systemwide enrollment. Because of the continuing underrepresentation of Hispanics and, to a lesser extent, blacks within CSUC, the Chancellor's Office proposes the student affirmative action programs described below.

B. Continuation of Present Programs

As mentioned, the Governor's Budget provides \$757,456 for the continuation of current affirmative action outreach efforts. These programs, which will be continued as part of the new, core programs to be imple-

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

Table 25
CSUC Ethnic Group Distribution ^a
Fall 1978

<i>Campus</i>	<i>Asian</i>	<i>Black</i>	<i>Hispanic</i>	<i>Other Minority</i>	<i>White</i>
Bakersfield	1.6%	6.6%	10.8%	4.2%	76.8%
Chico	1.4	2.4	3.9	1.4	90.9
Dominguez Hills	6.3	37.1	6.8	3.6	46.2
Fresno	5.2	3.9	11.8	2.1	77.0
Fullerton	3.0	3.1	8.6	1.8	83.5
Hayward	6.4	14.1	5.8	3.1	70.6
Humboldt	1.7	0.7	2.4	2.3	92.9
Long Beach.....	8.3	8.5	7.7	2.9	72.6
Los Angeles.....	15.8	15.5	20.2	4.0	44.5
Northridge	5.6	6.9	8.2	4.5	74.8
Pomona	4.7	3.9	10.0	2.9	78.5
Sacramento	7.0	6.4	5.6	2.6	78.4
San Bernardino	1.3	11.7	14.5	2.7	69.8
San Diego ^c	2.4	4.4	8.8	3.5	80.9
San Francisco	14.1	9.7	5.9	4.7	65.6
San Jose	9.2	8.3	9.2	4.1	69.2
San Luis Obispo.....	3.2	1.8	3.3	2.8	88.9
Sonoma	1.4	3.2	4.2	2.3	88.9
Stanislaus	2.0	4.9	9.9	2.2	81.0
Systemwide.....	6.6%	7.7%	8.6%	3.2%	73.9%
12th grade population, statewide (1973)	3.1	7.9	12.7	77.1%	76.3 ^e
Difference.....	3.5%	-0.2%	-4.1%	0.8%	

^a Percentage distribution based on students responding.

^b Includes "Mexican-American" and "Other Hispanic".

^c Includes Calexico campus.

^d Most recent year for which data on 12th grade ethnic composition is available.

^e Separate statistics not collected in 1973.

mented on each campus, include three pilot programs (at Dominguez Hills, Fresno and San Jose), two rural outreach projects (Coachella Valley/Banning school districts, coordinated by San Bernardino and Sweetwater/Calexico districts, coordinated by San Diego) and a joint program involving the Los Angeles Unified School District and four CSUC campuses. A brief description of these programs follows.

Pilot Programs

The 1978 Budget Act provided support for two pilot outreach projects at the Dominguez Hills and Fresno campuses. A third project at San Jose was approved in 1979. The 1979 Budget Act provided \$131,250 to support the pilot projects. According to the Chancellor's Office, each of the programs is designed to supplement the traditional outreach programs conducted by campus offices of school relations, educational opportunity, admissions and financial aid by experimenting with nontraditional outreach approaches.

(a) Dominguez Hills—The focus is upon increasing the enrollment of Hispanic and Pacific Island students through extensive involve-

ment in "other than school settings."

(b) Fresno—The primary objective is to increase the participation of Chicano students by emphasizing in-depth involvement of parents in the outreach effort.

(c) San Jose—The focus is upon increasing the enrollment of Hispanic and black students by a team approach which will concentrate the resources of a variety of campus and community services on three target high schools in the San Jose area.

As a direct result of these pilot programs, the Chancellor's Office estimates that the three campuses generated a total of 384 additional completed applications, yielding an enrollment increase of 252 students, as shown in Table 26.

Table 26
Results of CSUC Pilot Affirmative
Action Programs, 1978-79

<i>Campus</i>	<i>Indicator</i>		
	<i>Applications</i> ^a	<i>Admissions</i> ^b	<i>Enrollment</i> ^c
Dominguez Hills	179	116 (64.8%) ^b	81 (69.8%) ^c
Fresno.....	146	125 (85.6%)	124 (99.2%)
San Jose	59	56 (94.9%)	47 (83.9%)
Totals	384	297 (77.3%)	252 (84.8%)

^a Number of completed applications due primarily to pilot efforts.

^b Number of applicants offered admission (figures in parentheses are admissions as a percentage of applications).

^c Number of students admitted who were enrolled as of fall census date (figures in parentheses are enrollments as a percentage of admissions).

Table 26 shows that, of the 384 additional applications generated by the outreach efforts, 77.3 percent (297) resulted in admissions. Of the 297 students admitted, 84.8 percent (252) enrolled and were present as of the fall census date.

Rural Outreach Projects

The 1979 Budget Act provided \$175,092 for two affirmative action outreach projects in rural areas. Because specific proposals were not available during budget hearings, budget act language was adopted authorizing the use of funds only upon the review (in consultation with CPEC) and approval of detailed plans by the Director of Finance. The plans, proposing projects in the Coachella Valley/Banning and Sweetwater/Calexico school districts, were approved in fall 1979.

(a) Coachella Valley/Banning—Coordinated by California State College, San Bernardino, the program is directed at a primarily agricultural community with a substantial Hispanic population. The focus is on (1) developing awareness of college and career opportunities among high school students and their families and (2) providing tutoring in basic skills.

(b) Sweetwater/Calexico—Coordinated by San Diego State University, this program is also directed at a predominantly agricultural,

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

low-income Hispanic community. The focus is on training para-professionals to work with high school counselors, students and parents. These paraprofessionals will help increase awareness among students and parents of college and career opportunities.

LAUSD—CSUC Joint Outreach Program

This program, implemented in fall 1979, matches high schools within the Los Angeles Unified School District with four CSUC campuses (Dominguez Hills, Long Beach, Los Angeles and Northridge). The Chancellor's Office states that the program's goals are (a) raising the aspirations of minority and low-income students, (b) attracting and preparing these students for college and (c) recruiting, training and placing bilingual/bicultural teachers. The 1979 Budget Act provided \$414,946 for this program, which is proposed for continuation in 1980-81.

C. New Programs

The 1980-81 Governor's Budget provides \$1,050,000 for an extension of CSUC's affirmative action efforts. Specifically, the proposed augmentation is composed of (a) \$1,000,000 to implement core affirmative action programs on all CSUC campuses and (b) \$50,000 for outside evaluation.

The Chancellor's Office indicates that the \$1 million proposed for new core programs will be combined with the \$757,456 for continuation of the various pilot and regional programs, and the full amount (\$1,757,456) will be allocated to the 19 campuses. Campuses which were previously supporting pilot or regional programs will continue these efforts within the core framework. While the particular emphases within this framework will vary depending on the needs of each campus, all core programs will include the following three major components:

(1) Intensive outreach at the undergraduate and graduate levels.

Elements include:

- a. Student/parent/family outreach.
- b. Community/university relations.
- c. Counselor/staff intersegmental cooperation between high schools, community colleges and the University of California.

(2) Retention:

Elements include:

- a. Reconfiguration of existing retention resources to make them more applicable to minority students.
- b. In-service training for CSUC faculty and staff.

(3) Improved counselor and teacher preparation.

Elements include:

- a. Preparation of current CSUC students.
- b. In-service training of practicing professionals.

We have reviewed CSUC's proposed student affirmative action plans and recommend approval of the \$1,000,000 provided by the Governor's Budget.

Evaluation of Student Affirmative Action Programs

We recommend that the California Postsecondary Education Commission (CPEC) design, administer, and interpret an evaluation of the CSUC core student affirmative action programs.

In addition to the \$1 million proposed for core student affirmative action programs, the Governor's Budget provides \$50,000 for outside evaluation. CSUC has not specified the exact composition of the evaluation team or the evaluation's design.

Our analysis indicates a need for an evaluation of these programs, and we recommend that the \$50,000 proposed for this purpose be approved. However, if an accurate, unbiased assessment of the core programs' success is to be undertaken, the evaluation team should have a perspective external to CSUC. The Chancellor's Office believes that CSUC faculty should be included on the evaluation team, because of their knowledge of the system's procedures. While such input may be useful, we believe the evaluation team should be comprised predominantly of professionals outside of CSUC. For this reason, we recommend that the California Postsecondary Education Commission (CPEC) design, administer and interpret an evaluation of the core student affirmative action programs. The evaluation should be conducted by CPEC with the related \$50,000 budgeted in its item.

In its plan for student affirmative action, CSUC indicates that existing resources will be adapted to the needs of minority students. One aspect of this coordination, which we believe is desirable, involves the referral of some students admitted under the core programs to services provided by the campus Educational Opportunity Program (EOP). Such an arrangement, however, creates a potential for "double-counting" in justifying either program's effectiveness in retaining minority students. For this reason, we recommend that the evaluation of the core programs' effectiveness be so structured as to assure that a student's success or failure is credited either to EOP or to the core program, but not to both.

EDUCATIONAL OPPORTUNITY PROGRAM

The 1980-81 Governor's Budget provides a total of \$12,864,539 for the Educational Opportunity Program (EOP). This level of funding represents a continuation of the level authorized for 1979-80. Staffing in the EOP is based upon the projected number of first year students. Table 27 shows a detailed display of EOP grants, number of students served in tutorials, and support costs for 1978-79 through 1980-81. *We recommend approval.*

NONRESIDENT STUDENTS

Nonresident tuition is charged to CSUC students who are legal residents of foreign countries or states other than California. The nonresident tuition for 1980-81 will be \$2,160 per year.

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

Table 27
EOP Data

	<i>Actual 1978-79</i>			<i>Budgeted 1979-80</i>			<i>Budgeted 1980-81</i>			<i>Average Dollar Grant</i>
	<i>Number of Grants</i>	<i>Total Grant Dollars</i>	<i>Students Served</i>	<i>Number of Grants</i>	<i>Total Grant Dollars</i>	<i>Students Served</i>	<i>Number of Grants</i>	<i>Total Grant Dollars</i>	<i>Students Served</i>	
1st Year	2,814	\$2,852,980	5,764	4,673	\$3,458,020	6,388	4,660	\$3,448,400	6,369	\$740
2nd Year	2,358	1,757,698	3,629	2,127	1,573,980	3,977	2,118	1,567,320	3,963	740
3rd Year	1,667	1,095,282	2,295	1,664	1,064,960	2,072	1,654	1,058,560	2,063	640
4th Year	991	544,362	1,401	945	500,850	784	947	501,910	784	530
5th Year	419	308,253	710	430	227,900	—	427	226,310	—	530
Totals	<u>8,249</u>	<u>\$6,558,575</u>	<u>13,799</u>	<u>9,839</u>	<u>\$6,825,710</u>	<u>13,221</u>	<u>9,806</u>	<u>\$6,802,500</u>	<u>13,179</u>	—
Administration and Counseling	—	\$4,464,138	—	—	\$5,777,274	—	—	\$6,062,093	—	—
Totals	—	<u>\$11,022,713</u>	—	—	<u>\$12,602,984</u>	—	—	<u>\$12,864,593</u>	—	—

Nonresident Tuition Waivers Overbudgeted

We recommend that the budgeted number of nonresident tuition waivers be reduced by 50 FTE, and the budgeted number of tuition-paying nonresident students be increased by an equal amount, for a reimbursement increase of \$103,500 and a corresponding General Fund decrease. (Reduce Item 379 by \$103,500.)

The Governor's Budget provides \$207,000 to grant waivers of the nonresident tuition fee to 100 FTE students. The nonresident tuition waiver program was budgeted at a level of 75 FTE in 1977-78 and 80 FTE in both 1978-79 and 1979-80. A major objective of this program, begun in 1977, is to provide waivers to students from countries with which CSUC maintains foreign study programs. In 1979-80, CSUC offered foreign study in 14 countries (Brazil, Denmark, France, Germany, Israel, Italy, Japan, Mexico, New Zealand, Peru, Spain, Sweden, Taiwan, and the United Kingdom). When the nonresident tuition waiver program was approved in 1977, the intention was to give preference to students from France, Germany, and New Zealand—the three countries providing the greatest subsidy through minimal tuition charges to CSUC students on foreign study. (This same minimal tuition is offered to students of all nationalities and academic affiliation and is not the result of a specific agreement with CSUC.)

Table 28 shows the distribution of nonresident tuition waivers granted to foreign students by country of origin.

Table 28
Nonresident Tuition 1977-78 to 1978-79 Fee Waivers, FTE

Country of Origin	1977-78		1978-79	
	Waivers	Percent	Waivers	Percent
Preference ^a	11.91	17.3%	24.88	31.4%
Reciprocity ^b	14.39	20.8	13.57	17.1
Other.....	<u>42.74</u>	<u>61.9</u>	<u>40.84</u>	<u>51.5</u>
Totals.....	69.04	100.0%	79.29	100.0%

^a Preference countries: France, Germany, New Zealand.

^b Reciprocity countries: countries other than preference countries, with which CSUC maintains foreign study programs.

Table 28 shows that in both years of the program, over half of the waivers granted went to students from countries with which CSUC has no foreign study.

Given the fact that over half of the waivers go to students from countries with which CSUC maintains no foreign study programs, we conclude that there is no justification for a 25 percent increase in the number of nonresident tuition waivers. Furthermore, our analysis shows that most of the existing waivers are not needed to support the foreign study program. Based on the trend of the number of waivers granted to students from preference and reciprocity countries, we believe that a level of 50 FTE waivers is reasonable in 1980-81. We therefore recommend that this program be budgeted at a level of 50 FTE, and that the budgeted number of tuition-paying nonresident students be increased by 50 FTE for a General Fund savings of \$103,500.

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

INSTRUCTIONALLY RELATED ACTIVITIES FEE

In January 1978, the Board of Trustees adopted a proposal of the Task Force on Student Body Fees to establish a new student fee specifically for the support of instructionally related activities (IRA). IRA includes a variety of academically related programs such as intercollegiate athletics, radio and television, music, drama, forensics and newspaper publication.

Table 29 shows a breakdown of the fee level established at each campus, and the amount derived therefrom.

Table 29
Instructionally Related Activities Fee Revenue
1979-80

	<i>Annual Fee Level</i>	<i>Budgeted Enrollment^b</i>	<i>Total Revenue^c</i>
Bakersfield	\$10	2,930	\$29,300
Chico	10	12,920	129,200
Dominguez Hills.....	10	6,580	65,800
Fresno	10	14,220	142,200
Fullerton.....	10	21,010	210,100
Hayward	10 ^a	9,800	112,190
Humboldt	6	7,100	42,600
Long Beach	10	30,990	309,900
Los Angeles	10 ^a	22,410	264,900
Northridge	10	26,930	269,300
Pomona	8	14,140	113,120
Sacramento	10	20,200	202,000
San Bernardino	10	4,160	41,600
San Diego.....	10	30,140	301,400
San Francisco	9	23,710	213,390
San Jose.....	10	26,180	261,800
San Luis Obispo	10 ^a	15,310	169,900
Sonoma	10	5,660	56,600
Stanislaus	10	3,380	33,800
Totals.....		297,770	\$2,969,100

^a Excludes \$3 fee charged for summer quarter.

^b Excludes summer quarter enrollments: Hayward (4,730), Los Angeles (13,600), Pomona (5,060), San Luis Obispo (5,600).

^c Includes revenue from summer quarter.

Authorization for the establishment of the Instructionally Related Activities Fee was provided by Chapter 688, Statutes of 1978 (AB 2474), which gave the Trustees the authority to deposit the fee income in a separate CSUC Trust Fund instead of requiring that the fee income be used to supplement the regular support budget appropriation. The bill provided that IRA fee income not utilized in one year may be carried over into the next. In addition, the bill guaranteed that all fee money collected on a campus would remain on that campus.

The provisions of Chapter 688 contain a sunset clause, whereby the authorization to deposit IRA fees into the trust fund expires on July 1, 1981. CSUC has indicated that it intends to sponsor legislation to extend this authorization. At that time, we will review in detail the activities supported by the IRA fee and make recommendations to the Legislature as appropriate.

Table 30
Institutional Support Program Expenditures
1978-79 to 1980-81

Element	<u>Personnel</u>			<u>Expenditures</u>			<u>Change</u>	
	<u>1978-79</u>	<u>1979-80</u>	<u>1980-81</u>	<u>1978-79</u>	<u>1979-80</u>	<u>1980-81</u>	<u>Amount</u>	<u>Percent</u>
1. Executive management.....	780.8	749.4	753.7	\$23,487,682	\$26,338,231	\$27,056,428	\$718,197	2.7%
2. Financial operations.....	778.6	792.5	807	15,333,373	16,860,330	17,653,527	793,197	4.7
3. General administrative services	1,270.6	1,381.3	1,442.8	24,658,937	30,035,124	32,709,645	2,674,521	8.9
4. Logistical services	1,005.6	1,089.3	1,092.8	32,741,681	37,297,849	38,711,652	1,413,803	3.8
5. Physical plant operations	3,263.8	3,537.4	3,559.3	84,633,775	96,324,230	111,376,458	15,052,228	15.6
6. Faculty and staff services	—	—	—	5,883,387	8,832,951	8,846,782	13,831	0.2
7. Community relations	90	81.8	84.5	3,540,769	3,552,526	3,980,406	427,880	12.0
Totals.....	7,189.4	7,631.7	7,740.1	\$190,279,604	\$219,241,241	\$240,334,898	\$21,093,657	9.6%
General Fund	6,502.4	6,935.5	7,019.1	161,604,017	187,781,585	202,909,711	\$15,128,126	8.1%
Reimbursements—other.....	—	—	—	11,275,048	12,887,025	13,653,664	766,639	5.9
Parking Account, Dormitory Revenue Fund	188.8	197.5	205.7	3,726,533	4,125,427	4,277,452	152,025	3.7
Dormitory Revenue Fund.....	297.8	322.3	330.5	8,377,915	9,055,858	9,944,859	889,001	9.8
Continuing Education Revenue Fund	200.4	176.4	184.8	5,296,091	5,391,346	5,901,927	510,581	9.5
Capital Outlay Fund for Public Higher Education.....	—	—	—	—	—	3,000,000	3,000,000	NA
Energy and Resources Fund.....	—	—	—	—	—	647,285	647,285	NA

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

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.

Table 30 shows the estimated expenditures for 1980-81.

Table 31
Chancellor's Office Expenditures

	<i>Estimated</i>		<i>Proposed</i>		<i>Change</i>	
	<i>1979-80</i>	<i>1980-81</i>	<i>1980-81</i>	<i>1980-81</i>	<i>Positions</i>	<i>Dollars</i>
	<i>Positions</i>	<i>Dollars</i>	<i>Positions</i>	<i>Dollars</i>	<i>Positions</i>	<i>Dollars</i>
General Fund						
Chancellor's Office						
Personnel						
Executive Office	15.0	\$496,395	15.0	\$505,487	—	\$9,092
Legal Services	18.5	618,544	18.5	642,297	—	23,753
Academic Affairs	51.0	1,764,470	51.0	1,804,294	—	39,824
Faculty and Staff	32.0	1,028,171	32.0	1,053,615	—	25,444
Collective Bargaining	12.0	341,269	12.0	424,644	—	83,375
Business Affairs	56.0	1,693,838	56.0	1,724,340	—	30,502
Physical Planning	14.0	517,470	14.0	524,143	—	6,673
Government Affairs	9.0	267,434	9.0	277,174	—	9,740
Institutional Research	13.0	490,924	13.0	493,938	—	3,014
Public Affairs	6.0	207,529	6.0	207,880	—	351
Administrative Office	54.1	1,221,212	54.1	1,225,960	—	4,748
Subtotals	280.6	\$8,647,256	280.6	\$8,883,772	0.0	\$236,516
Operating expense and equipment	—	2,496,581	—	3,146,018	—	649,437
Totals	280.6	\$11,143,837	280.6	\$12,029,790	0.0	\$885,953
Audit Staff						
Personnel	11.0	\$366,507	11.0	\$373,797	0.0	\$7,290
Operating expense and equipment	—	111,332	—	113,433	—	2,101
Totals	11.0	\$477,839	11.0	\$487,230	0.0	\$9,391
Information Systems						
Personnel	121.0	\$3,247,049	121.0	\$3,305,071	0.0	\$58,022
Operating expense and equipment	—	4,802,605	—	5,339,034	—	546,929
Totals	121.0	\$8,049,654	121.0	\$8,644,105	0.0	\$604,951
Total, General Fund	412.6	\$19,671,330	412.6	\$21,161,125	0.0	\$1,500,295
Special Funds						
Parking						
Personnel	0.4	\$6,291	0.4	\$6,599	0.0	\$308
Operating expense and equipment	—	3,440	—	3,725	—	285
Totals	0.4	\$9,731	0.4	\$10,324	0.0	\$593
Totals, Special Funds	0.4	9,731	0.4	10,324	0.0	593
Grand Totals	413.0	\$19,681,061	413.0	\$21,171,449	0.0	\$1,500,888
Funding Sources						
General Fund	364.6	\$18,026,811	364.6	\$18,945,316	0.0	\$918,505
Reimbursements	48.0	1,644,519	48.0	2,226,309	0.0	581,790
Parking Revenue Fund	0.4	9,731	0.4	10,324	0.0	593

A. Chancellor's Office

The Chancellor is the chief executive officer of the CSUC Board of Trustees. He is responsible for the implementation of all policies enacted by the board. Table 31 shows the major divisions in the Chancellor's Office and their expenditures for 1980-81.

Trustees' Audit Program

The trustees' audit program, located in the Chancellor's Office, is responsible for internal management audits of the activities of the CSUC. The audit program reports directly to the Board of Trustees. In recent years, the audit program has examined such CSUC operations as financial aids, student health care, facilities utilization, and uses of the Student Services Fee.

The Governor's Budget provides \$487,230 for support of the program as shown in Table 32.

Table 32
Trustees' Audit Program Expenditures

	Actual 1978-79	Estimated 1979-80	Proposed 1980-81	Change	
				Amount	Percent
Expenditures.....	\$370,980	\$477,839	\$487,230	\$9,391	2.0%
Personnel.....	10.4	11.0	11.0	—	—

B. Academic Senates

CSUC faculty participate in the system's governance through 19 local academic senates which elect a 52-member, statewide academic senate. The local senates vary in organization but share the common objective of providing policy advice on academic matters.

Seats in the statewide senate are determined by campus FTE—two for campuses with less than 10,000 FTE, three for campuses with 10,000 FTE to 20,000 FTE and four for campuses with over 20,000 FTE. Members serve for three year terms.

Operations of the statewide senate are conducted by a six-member executive committee. In addition, there are three standing committees and ad hoc committees as needed. The executive committee meets six to ten days per month, the other committees meet once a month and the full statewide senate meets five times per year.

Expenses of the CSUC academic senate are shown in Table 33.

Table 33
CSUC Academic Senate Expenses

	Estimated 1979-80	Proposed 1980-81	Change	
			Amount	Percent
Statewide	\$486,713	\$517,443	\$30,730	6.3%
Local	N/A	N/A	—	—

Inconsistent Budgeting

We recommend that CSUC costs for the campus academic senates be accurately reflected in future budgets.

The CSUC budget does not identify the campus-based costs of academic

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

senate activities as does the UC budget. Consequently, a valid comparison of costs for academic senates at CSUC and UC cannot be made. We recommend that future budgets identify the campus-based, as well as statewide, costs.

C. Director of Learning Services Development Vacant

We recommend that funding for the Director of Learning Services Development be deleted, for a General Fund savings of \$44,723. (Reduce Item 379 by \$44,723.)

The Director of Learning Services Development, located within the Chancellor's Office, is responsible for systemwide coordination of library programs. Since February 16, 1979, this position has been vacant, despite repeated requests by various campus library directors that the position be filled. The Governor's Budget includes \$44,723 for the continued support of this position. If a legitimate need existed for this position, the Chancellor's Office would not have allowed it to remain vacant for one year. Consequently, we recommend that the funding be deleted.

D. Collective Bargaining

Chapter 744, Statutes of 1978 (AB 1091), established comprehensive provisions governing employer-employee relations in higher education, addressing such issues as obligations to meet and confer, definition of unfair labor practices, and duties of the Public Employment Relations Board (PERB).

In 1979-80, the first year of the collective bargaining program, CSUC's budget included \$378,795 for 13 positions to administer the program's implementation. For 1980-81, CSUC requested an additional \$761,521 (19 positions). Funds for six of these positions (\$300,000) are included in the Governor's Budget. Table 34 shows the number of (1) existing positions, (2) CSUC requested positions, and (3) positions proposed in the Governor's Budget.

**Table 34
CSUC Collective Bargaining Staff**

Title	Budgeted 1979-80	CSUC Governor's Budget	
		Requested 1980-81	Proposed 1980-81
Assistant Vice Chancellor	1	1	1
Director	1	1	1
Attorneys	1	2	2
Personnel Specialist.....	8	24	11 ^a
Clerks	2	4	4
Totals.....	13	32	19

^a One personnel specialist to be reclassified to clerical position in 1980-81.

Centralized vs. Decentralized Staff

As mentioned, the budget proposes a \$300,000 augmentation for six new positions (one attorney, three personnel specialists, and two clerks) for a total staff of 19 to administer the CSUC collective bargaining program. Our review of the workload and staffing in other states indicates that this

is a reasonable staffing level given the administrative approach proposed.

The administrative approach proposed in the Governor's Budget is to provide service from a central location. Each personnel specialist would have responsibility for certain issues while assisting from one to three colleges on specific problems. The alternative proposed by CSUC would provide one position on each campus. The CSUC approach (a) would require significantly more personnel (Table 34) and (b) would not promote uniformity in contract administration or policy-setting. For this reason, we recommend approval of the Governor's Budget proposal.

EMPLOYEE AFFIRMATIVE ACTION

The Governor's Budget provides \$1,132,019 for the support of three programs related to employee affirmative action within CSUC: (a) the Faculty Development Program (\$591,738), (b) the Administrative Fellows Program (\$485,281) and (c) a new program for disabled employees (\$55,000).

A. Faculty Development Program

The Legislature added the Faculty Development Program to the 1978-79 Governor's Budget to assist "women, minorities and other qualified probationary and tenured faculty in the lower academic ranks in meeting the qualifications for retention, tenure or promotion." The budget proposes \$591,738 to continue the present level of support for this program.

The program includes three major components:

- (1) Release Time (\$522,496). This component provides release time of up to six units per term for selected faculty members to (a) undertake (or complete) publication of instructional studies, (b) do research or (c) prepare to teach a greater variety of courses.
- (2) Mini-grants (\$44,131). This component allocates grants of up to \$3,000 (a) to help support the purchase of equipment and materials needed for research projects or (b) for support as a summer stipend.
- (3) Support for Presentation of Papers at Professional Meetings (\$25,111). This component provides funds for travel per diem, registration expenses and clerical expenses for the preparation of papers at professional meetings.

Because of the newness of this program, the Chancellor's Office has not completed an evaluation of its impact on career opportunities for women and minority faculty members. Pending the results of such an evaluation, *we recommend approval.*

B. Administrative Fellows (Interns) Program

The 1978 Budget Act provided \$345,120 to establish an employee affirmative action program "aimed at ensuring that women and minorities are given equal opportunity for placement and advancement in administrative and managerial positions in the CSUC." Underlying this proposal was the assumption that traditional career ladders leading to top administrative positions in higher education have not been equally available to women and minorities. To address this inequity, CSUC proposed the creation of an Administrative Intern Program (the title was later changed to

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

Administrative Fellows Program to avoid confusion with student internships). The budget proposes \$485,281 to continue the current level of support for 19 fellows.

In last year's Analysis, we noted that we were unable to assess the impact and value of the Administrative Fellows Program due to its newness and the consequent lack of information on the career patterns of program participants. That information is now available.

Program Profile 1978-79

The following is an updated profile of the 1978-79 Administrative Fellows Program:

A. Fellows

1. Applicants—54
2. Offers of appointment made—20
3. Number accepted—19
4. Sex: Of the 19 who accepted, 16 are women and three are men.
5. Ethnicity: Of the 16 women, 12 are minorities and of the three men, two are minorities
6. Previous position: 13 fellows were faculty, four were academic-related (Student Affairs) and two were support staff.

B. Campuses

1. The 19 fellows came from 14 campuses
2. 14 campuses hosted fellows

C. Placement (as of October 1979)

1. Seven fellows have been appointed to new positions
 - (a) Three obtained positions within CSUC (one Assistant Vice President, one Director of EOP and one Assistant Dean).
 - (b) Two obtained positions at colleges or universities outside CSUC.
 - (c) Two obtained positions outside of higher education.
2. Six decided for personal reasons not to seek an administrative position at this time (two of whom were offered positions).
3. The 12 fellows not obtaining new appointments have returned to their previous positions.

Program Profile 1979-80

In addition to the information presented above, the Chancellor's Office has provided the following preliminary information on current participants in the Administrative Fellows Program.

A. Fellows

1. Applicants—approximately 100
2. Offers of appointment made—19
3. Number accepted—19
4. Sex: Of the 19 who accepted, 14 are women and five are men.
5. Ethnicity: Of the 14 women, seven are minorities and of the five men, four are minorities.
6. Previous position: Seven fellows are faculty, five are academic-related, five are administrative and two are clerical.

B. Campuses

1. The 19 fellows are from 13 campuses and the Chancellor's Office. Four campuses and the Chancellor's Office each provided two fellows.
2. There are 12 campuses hosting fellows. Seven campuses are each hosting two fellows.

In our analysis of the 1979 Budget Bill, we expressed concern that a pool of 19 fellows might be too large if declining enrollments and Section 27.2 reductions led to a reduction in the number of administrative vacancies. Apparently this is not a problem. A survey of 17 campuses, conducted by the Chancellor's Office, indicates that in the past two years 142 administrative vacancies occurred (12 Vice Presidents, 55 Deans, 29 Associate Deans, 5 Assistant Deans and 41 Program Directors). The Chancellor's Office also reports that, three years ago, the average length of service of a department chair was about three years.

Consequently, the opportunities for advancement available to the fellows appear to be adequate. The program's ability to capitalize on these opportunities, however, is still to be tested. We are concerned that only three of the 19 participants in the 1978-79 Administrative Fellows Program have found administrative positions within CSUC and will continue to monitor the results of this program in enhancing the career opportunities available to its participants. *We recommend approval.*

C. Disabled Employees

The Governor's Budget provides \$55,000 to establish an affirmative action program for disabled employees. The purpose of the program is to assist current employees who are disabled as well as to encourage outreach efforts to increase the representation of disabled persons within the CSUC.

The Trustees' Budget requested \$373,255 for (a) systemwide coordination and support services (\$318,254), (b) special equipment (\$24,500), (c) systemwide reclassification review (\$15,000) and (d) training workshops for supervisors (\$15,501). The funding level proposed in the Governor's Budget would support the hiring of one full-time systemwide coordinator (\$30,000), and the remainder (\$25,000) would be spent on specialized equipment to accommodate the needs of disabled employees.

At present, several federal laws mandate the development of affirmative action programs for the disabled. Among the more significant are Sections 503 and 504 of the Rehabilitation Act of 1973 and Section 402 of the Vietnam Era Veterans Readjustment Act of 1974. A preliminary employment survey conducted in early 1979 reveals approximately 422 employees with various types of disabilities employed by the CSUC.

Two factors render the assessment of this proposed expenditure difficult. First, costs of providing services depend on the specific type and degree of disability involved. For example, two individuals may both be classified legally blind yet require vastly different types of assistance. Second, the extent of the state's obligation in providing assistance has not been well-defined.

Item 345 of the Supplemental Report of the 1979 Budget Act directs the State Personnel Board, in cooperation with CPEC, the Department of

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

Finance and all state agencies to report by December 31, 1979 on the appropriate responsibilities, service level, and funding for disabled employees. As of mid-January 1980, this report had not been received. Should the report be received prior to legislative hearings on this item, we will review and comment on it at that time. Pending receipt of this report, we *withhold recommendation on this item.*

SPECIAL REPAIR AND MAINTENANCE

We recommend that the proposed augmentation for special repair and maintenance projects be funded out of the Capital Outlay Fund for Public Higher Education (COFPHE), for a General Fund savings of \$2,964,448. We further recommend that the proposed \$3,000,000 augmentation, funded out of COFPHE, for additional special repair and maintenance projects be denied. (Reduce Item 379 by \$2,964,448 and reduce Item 381 by \$35,552.)

The Governor's Budget provides (a) \$2,964,448 in General Fund support for special repair and maintenance projects and (b) \$3,000,000 from the Capital Outlay Fund for Public Higher Education (COFPHE), appropriated for a two-year period, to be used for additional special repair and maintenance projects. These items total \$5,964,448.

CSUC's request for funding of special repair and maintenance projects indicates that approximately \$3 million *per year* over a three-year period is needed to eliminate a long-standing backlog of projects. Included in the three-year, \$9 million proposal is justification for projects totaling \$2,964,448 to be implemented in the first year (1980-81). Of this amount, \$1,478,948 is proposed for various projects related to health and safety including the replacement of natural gas lines and the repair of buckled sidewalks, dangerously worn stairways and running tracks. The remainder is proposed to be expended as follows: \$250,000 for emergencies; \$305,300 for roof repairs; \$398,650 for road and street repairs; and \$531,500 for each campus' first priority project.

We have examined CSUC's list of projects and believe that the proposed \$2,964,448 appropriation is reasonable in light of the system's needs. However, our analysis indicates that these projects can appropriately be funded out of the Capital Outlay Fund for Public High Education (COFPHE). In order to conserve General Fund money for other high priority state needs that cannot be met from the COFPHE, we recommend that the funding source for these projects be shifted to the COFPHE.

As noted above, the Governor's Budget also proposes that an additional \$3,000,000 be provided from the COFPHE, to be appropriated for a two-year period, for further special repair and maintenance projects. Justification for this additional appropriation in 1980-81 is not given in the Governor's Budget, nor has it been provided by CSUC. We therefore recommend that the proposed \$3 million augmentation be denied. The impact of these proposed changes is shown in Table 35.

Table 35
Proposed Budget Changes
Special Repair and Maintenance
1980-81

<i>Funding Source</i>	<i>Governor's Budget</i>	<i>Analyst's Proposal</i>	<i>Change</i>
General Fund.....	\$2,964,448	—	\$-2,964,448
COPFHE.....	3,000,000	\$2,964,448	-35,552
Totals	\$5,964,448	\$2,964,448	\$-3,000,000

Report on Preventive Maintenance Delayed

The Legislature adopted language in the Supplemental Report of the 1979 Budget Bill which directed CSUC to submit a preventive maintenance plan by November 1, 1979. In a letter dated November 19, 1979, the Chancellor submitted an interim report on the status of preventive maintenance policy within CSUC. The report proposes that a pilot preventive maintenance project be implemented on one campus in the current fiscal year. It further notes that a systemwide task force will be convened to study the problem of preventive maintenance, and a final report will be presented to the Joint Legislative Budget Committee and the legislative fiscal committees in September 1980.

ENERGY CONSERVATION

We recommend that \$647,285 proposed from the non-existent Energy and Resources Fund for energy conservation projects be funded out of the Capital Outlay Fund for Public Higher Education (COPFHE).

The Governor's Budget proposes \$647,285 for energy conservation projects, to be funded out of an Energy and Resources Fund. We have reviewed the projects and conclude that they offer significant energy-savings potential. We recommend, however, that the projects be funded out of the Capital Outlay Fund for Public Higher Education (COPFHE), as the Energy and Resources Fund does not exist at present. If the Legislature approves the creation of the Energy and Resources Fund, we still recommend that these projects be funded out of COPFHE, and that the Energy and Resources Fund be used to support energy conservation projects in other, non-higher education, state agencies.

The projects proposed by CSUC require no engineering support and may be implemented by physical plant personnel either through in-house or contract labor. Examples of these projects are:

1. Lighting efficiency improvement through relamping with energy saving lamps or delamping to reduce waste.
2. Energy efficiency improvement through installation of time clocks, locking thermostat covers, reflective solar film, etc.

In all, CSUC proposes to implement 23 energy-saving projects, with simple payback periods of from one-half to three and one-half years. If all of these projects were implemented in July 1980, the total cost avoidance for the 1980-81 fiscal year would be \$405,659. Allowing for a phased implementation schedule, CSUC will realize an actual cost savings conservatively estimated at \$200,000. These cost savings have been assumed in the construction of CSUC's proposed 1980-81 utilities budget.

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

A. Utilities Consumption

Expenditures for utilities are a major expense in the CSUC budget, amounting to \$29.6 million for gas, oil and electricity in 1980-81. While most other items are budgeted by formula, utility costs are based upon a variety of factors such as campus projections for the rate of consumption, cost increases and changes resulting from construction of new facilities.

Acting on our recommendation that CSUC reduce systemwide energy consumption, the Legislature provided \$616,461 to fund energy conservation projects in 1979-80. The Governor's Budget proposes to continue conservation efforts in 1980-81 through the implementation of \$647,285 in additional energy-saving projects (described above). Also, the Governor's Budget provides \$1,606,000 for capital outlay projects related to energy conservation (described under Item 561).

As a result of these continuing efforts to encourage energy conservation, CSUC's 1980-81 utilities budget is based on a systemwide reduction in energy consumption per gross square foot of 2.5 percent under estimated 1979-80 consumption. Estimated consumption for 1979-80, in turn, presupposes a reduction of 5 percent under actual 1978-79 consumption (the most recent year for which data on actual consumption is available). In other words, CSUC's 1980-81 utilities budget assumes a reduction of 7.375 percent in energy consumption compared to actual 1978-79 consumption, as shown in Table 36.

Table 36
CSUC Systemwide Utilities Usage

	<i>Actual 1978-79</i>	<i>Estimated 1979-80</i>	<i>Projected 1980-81</i>
Electricity Usage			
Total KWH ^a (million)	403.323	385.747	380.254
KWH/GSF ^b	15.083	14.365	14.008
Gas and Oil Usage			
Total therms (million)	23.445	22.387	22.168
Therms/GSF	0.887	0.833	0.816
Total Energy Usage			
Total BTU (billion)	3,721.141	3,555.257	3,514.610
BTU/GSF (thousand)	139.158	132.397	129.469

^a Kilowatt-hours

^b Gross square feet

^c British Thermal Units

B. Conservation Efforts to Date

In last year's Analysis, we noted that our ability to assess the trend of CSUC's energy consumption was greatly hampered by lack of accurate information. Since that time, CSUC has taken major steps toward (a) increasing energy conservation efforts and (b) improving the gathering and reporting of energy consumption data.

First, in March 1979, the Trustees approved an energy conservation plan calling for a 40 percent reduction in systemwide energy consumption (measured in BTU's per gross square foot) by 1983-84, as compared to consumption in 1973-74. At the same time, the Trustees set a goal of a 25

percent reduction in water consumption, measured over the same time period.

The second major improvement in CSUC's energy conservation efforts is the development of a monthly energy consumption report, prepared by the Chancellor's Office, and distributed to the business managers at all campuses. The report, instituted in May 1979, presents various indices reflecting each campus' actual energy consumption. In an attempt to project more accurately future energy needs, the Chancellor's Office is also gathering information on the effects of such factors as weather and temperature, new construction, and intensity of facilities usage on energy consumption. In December 1979, CSUC reported the actual systemwide decreases shown in Table 37.

Table 37
CSUC Energy Conservation^a

	July-October 1978	July-October 1979	Percent Change
Electricity Usage			
KWH/GSF	5.0147	4.5887	-8.49%
Gas and Oil Usage			
Therms/GSF	0.1998	0.1686	-15.63
Total Energy Usage			
BTU/GSF	37,157	32,587	-12.29

^a For a description of measures of energy usage, refer to Table 36.

As Table 37 shows, in July to October 1979 CSUC achieved an overall reduction in energy consumption per gross square foot of 12.3 percent compared to the same period in the previous year. The Chancellor's Office notes that some of this reduction is probably attributable to unusually favorable weather conditions in 1979. Nonetheless, this reduction also reflects an effort on the part of CSUC to conserve energy.

Our analysis indicates that CSUC's energy conservation efforts could be further strengthened if the following problems were overcome.

(1) *Projected vs. actual savings: comparable data needed.* Crucial to the evaluation of major energy conservation projects is the availability of comparable data measuring projected versus actual savings. At present, CSUC's proposals to implement such projects are justified on the basis of an estimated cost avoidance, expressed in dollars. Because of the rapid changes in energy prices, however, dollar comparisons of projected versus realized savings may not be indicative of actual savings in energy. The problem is further compounded by the fact that CSUC calculates the cost of energy consumption using the actual utility rates in effect at each of the 19 campuses. Consequently, it is not a simple matter to deflate the actual cost of energy on the basis of a change in systemwide "average cost."

For these reasons, we recommend that the projected savings associated with proposed energy conservation projects be expressed both in dollar terms (for the purpose of the investment decision) and in terms of units of energy saved, expressed in BTUs (for the purpose of evaluating the project's success). We further recommend that, in presenting dollar cost avoidance estimates, CSUC explicitly state the assumed average price of energy.

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

(2) *Accuracy of measured gross square footage doubtful.* The ultimate measure of CSUC's success or failure in conserving energy is the amount of energy actually used, expressed in terms of energy consumption per gross square foot of building space. While we are confident that the energy consumption portion of this statistic is measured with reasonable accuracy, there is evidence that CSUC's reported gross square footage is not accurate.

The total area included in CSUC buildings, measured in gross square feet, is reported in the system's Space Facilities Data Base (SFDB). The SFDB, in turn, is the source of gross square footage measurements used in constructing energy consumption statistics. In April 1979, the Trustees' Audit Committee reported that, based on tests conducted on eight campuses, the Space Facilities Data Base is not accurately maintained. Moreover, the report notes that "analysis of SFDB data discloses so many inconsistencies in campus accountability for space that the SFDB is of questionable value."

We understand that the Chancellor's Office is reviewing the operation of the Space Facilities Data Base in order to improve its accuracy. Obviously, the reported energy consumption per gross square foot can only be as accurate as its two component parts. As long as substantial inaccuracies in reported gross square footage exist, meaningful comparisons of energy consumption among campuses will be impossible. For this reason, we recommend that the reported statistics on energy consumption be adjusted as early as possible to reflect more accurate information on campus gross square footage.

OFFICE COPIER SAVINGS

We recommend that the CSUC budget be reduced to reflect continuing savings from the office copier acquisition program. (Reduce Item 379 by \$782,104.)

Prior to 1976-77, the state was leasing almost all of its 2,500 office copiers, despite the fact that in practically every instance it was to the state's economic advantage to purchase rather than lease them. To initiate the purchase of office copiers and eliminate continued leasing cost, the Legislature augmented the 1976 Budget Bill to establish a \$3 million General Fund Loan to the Department of General Services. These funds were intended to finance copier acquisitions. Savings in lease costs were to provide the funds needed to repay the loans. Although this augmentation was reduced to \$1 million by the Governor, it served to revise state policy on copier acquisition—the new policy holds that copiers should be purchased rather than leased.

Since 1976-77, CSUC has been implementing this new policy. As of January 1980, 538 of its 543 copiers (99 percent) had been purchased. Last year, we recommended that the CSUC appropriation be reduced by \$320,393 to reflect savings from the office copier acquisition program. In acting on this recommendation, the Legislature adopted language in the Supplementary Report of the 1979 Budget Act stating:

"It is legislative intent that \$320,393 of the amount appropriated by Item 359 is to be expended only for the purchase of existing office copier vendor contracts."

Consequently, the ongoing savings resulting from the acquisition of copiers was never reflected in the CSUC support budget base.

At the close of the 1978-79 fiscal year, CSUC had purchased all vendor contracts. However, the system had an outstanding loan of \$552,781 from the Department of General Services which had been made to finance the completion of the copier acquisition program. The Chancellor's Office indicated in correspondence dated December 13, 1979 that \$320,393 had been reallocated from copier savings to reduce the balance of this loan amount to \$232,388. In addition, CSUC will report prior to the close of the 1979-80 fiscal year whether the balance might be reduced further through additional savings.

Ongoing Savings Not Reflected in Governor's Budget

CSUC estimates that the system achieved an annual savings of \$782,104 in 1979-80 as shown in Table 38. The Governor's Budget, however, reflects no savings resulting from the office copier program. We recommend that Item 379 be reduced by \$782,104 to reflect the permanent, ongoing savings resulting from the purchase of office copiers by the CSUC.

Table 38
Office Copier Savings
1979-80

<i>Campus</i>	<i>Total Equip. Cost</i>	<i>Annual Lease Cost^a</i>	<i>Annual Maint. Cost^b</i>	<i>Estimated Annual Savings^c</i>
Hayward	\$76,970	\$47,945	\$13,034	\$34,911
Cal Poly, Pomona	371,494	189,741	57,267	132,474
Cal Poly, SLO	201,740	95,196	35,724	59,472
Chico	104,053	55,980	16,509	39,471
Fresno	139,212	75,552	24,600	50,952
Humboldt	46,672	18,759	23,362	— ^d
Bakersfield	41,373	16,657	10,700	5,957
Long Beach	423,346	107,640	64,292	43,348
Los Angeles	469,178	92,328	61,056	31,272
Fullerton	218,587	89,580	40,296	49,284
Dominguez Hills	170,907	44,220	24,756	19,464
Sacramento	26,924	10,266	3,300	6,966
San Bernardino	53,562	26,376	15,561	10,815
San Diego	169,572	92,148	46,212	45,936
Northridge	583,812	229,620	94,200	135,420
San Francisco	331,882	98,592	70,704	27,888
San Jose	309,602	98,340	56,604	41,736
Sonoma	76,913	22,045	23,184	— ^d
Stanislaus	59,630	27,787	11,717	16,070
Chancellor's Office	65,247	52,623	11,213	41,410
Totals	\$3,940,676	\$1,491,395	\$709,291	\$782,104 ^e

^a Annual cost of leasing copiers prior to the purchase program.

^b Maintenance cost on state-owned copiers. This cost was included in the rental charges on leased copiers.

^c Savings is the lease cost less the maintenance cost on state-owned copiers.

^d Campus reported maintenance costs exceeded cost of previously leased copiers.

^e Includes \$10,742 in losses reported at Humboldt and Sonoma campuses.

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

Table 38 also shows that the annual campus savings resulting from the copier acquisition program averaged approximately \$39,000, with savings as high as \$135,000 reported. Two campuses, Humboldt and Sonoma, reported annual losses resulting from the purchase of copiers. We recommend that the Chancellor's Office examine the experience of these two campuses to determine if the reported losses are accurate and, if so, why the purchase of copiers was approved.

VII. INDEPENDENT OPERATIONS

The independent operations program includes all program elements that benefit independent financing agencies, faculty and students but are not directly related to the objectives of an institution of higher education. An example would be research, not directly related to the university's educational mission, performed by CSUC on contract to a government agency. Independent operations receive no direct General Fund support. Table 39 shows the estimated expenditures for 1980-81.

VIII. FOUNDATIONS AND AUXILIARY ORGANIZATIONS

Foundations and auxiliary organizations are separate legal entities authorized by the Legislature to perform functions that contribute to the educational mission of the CSUC, as well as providing services to students and employees. Most of these organizations can be grouped into four major categories: associated student organizations, special educational projects administered by foundations, student union operations and commercial activities. All operations of the foundations and auxiliary organizations are self-supporting; they receive no General Fund support. Table 40 shows the proposed expenditures for 1980-81.

Table 40
Foundations and Auxiliary Organizations Expenditures

	<i>Actual</i> 1978-79	<i>Estimated</i> 1979-80	<i>Proposed</i> 1980-81	<i>Change</i>	
				<i>Amount</i>	<i>Percent</i>
Program Totals	\$148,700,000	\$161,100,000	\$169,100,000	\$8,000,000	5.0%
<i>Foundations and Auxiliary Organizations—federal</i>	<i>\$36,288,001</i>	<i>\$39,400,000</i>	<i>\$39,400,000</i>	—	—
<i>Foundations and Auxiliary Organizations—other</i>	<i>112,411,999</i>	<i>121,700,000</i>	<i>129,700,000</i>	<i>\$8,000,000</i>	<i>6.6%</i>

Table 39
Independent Operations Expenditures

	<i>Personnel</i>			<i>Expenditure</i>			<i>Change</i>	
	<i>1978-79</i>	<i>1979-80</i>	<i>1980-81</i>	<i>1978-79</i>	<i>1979-80</i>	<i>1980-81</i>	<i>Amount</i>	<i>Percent</i>
Institutional Operations.....	785.3	791.4	822.7	\$17,636,258	\$17,946,659	\$19,045,746	\$1,099,087	6.1%
Outside agencies	1,027.3	861.9	843.6	16,506,876	16,638,186	18,544,723	1,906,537	11.5
Totals	1,812.6	1,653.3	1,666.3	\$34,143,134	\$34,584,845	\$37,590,469	\$3,005,624	8.7%
General Fund.....	—	—	—	\$-599,873	—	—	—	—
Reimbursements—other	1,800.5	1,649.6	1,660.3	33,052,624	\$34,352,709	\$37,182,677	\$2,829,968	8.2%
Reimbursements—federal.....	—	—	—	1,236,415	—	—	—	—
Parking Account, Dormitory Revenue Fund.....	6.3	3.7	6.0	281,290	232,136	407,792	175,656	75.7
Continuing Education Revenue Fund	5.8	—	—	172,678	—	—	—	—

CALIFORNIA MARITIME ACADEMY

Item 383 from the General
Fund

Budget p. E 164

Requested 1980-81	\$3,004,448
Estimated 1979-80	2,721,430
Actual 1978-79	2,186,409
Requested increase (excluding amount for salary increases) \$283,018 (+10.4 percent)	
Total recommended reduction	None

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 four-year academic program includes three 10-week sea-training periods, a two-week internship and a final seminar to prepare for license board examinations. Students major in either Marine Engineering Technology or Nautical Industrial Technology.

CMA is governed by an independent seven-member board of governors appointed by the Governor for four-year terms. Two members are educators, three represent the public 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

We recommend approval as budgeted.

The budget proposes an appropriation of \$3,004,448 from the General Fund for support of the Maritime Academy in 1980-81, which is an increase of \$283,018, or 10.4 percent, over estimated current year expenditures. This amount will increase by the amount of any salary or staff benefit increase approved for the budget year. The academy also receives federal funds and reimbursements for support of its activities. Table 1 presents a summary of expenditures and funding sources for the academy.

Table 1
Maritime Academy Budget Summary

Programs	Actual	Estimated	Proposed	Change	
	1978-79	1979-80	1980-81	Amount	Percent
1. Instruction					
A. Undergraduate Education	\$771,334	\$1,130,432	\$1,144,792	\$14,360	1.2%
B. Adult Maritime Education	90,332	107,776	107,781	5	a
Subtotals	\$861,666	\$1,238,208	\$1,252,573	\$14,371	1.1%
2. Academic Support					
A. Library	\$94,666	\$112,738	\$123,232	\$10,494	8.5%
B. Ship Operation	391,463	608,311	724,067	115,756	16.0
Subtotals	\$486,129	\$721,049	\$847,299	\$126,250	15.0%
3. Student Services					
A. Financial Aid	\$523,090	\$463,491	\$467,175	\$3,684	0.8%
B. Student Services	733,502	803,276	842,181	35,905	4.5

Items 384-388

POSTSECONDARY EDUCATION / 1243

C. Health Services	21,231	43,312	46,094	2,872	6.0
Subtotals	\$1,278,323	\$1,310,079	\$1,337,450	\$27,371	2.1%
4. Institutional Support	\$1,306,837	\$1,463,192	\$1,498,025	\$34,833	2.3%
Totals	\$3,932,955	\$4,732,528	\$4,953,347	\$220,819	4.5%
General Fund.....	\$2,186,409	\$2,721,430	\$3,004,448	\$283,018	9.4%
Federal funds.....	788,808	764,311	695,876	-63,435	-9.8
Reimbursements	957,738	1,246,787	1,253,023	6,236	0.5

* Less than 0.5 percent.

As shown in Table 1, the proposed General Fund increase of \$283,018 would provide for (a) a \$113,000 increase (16 percent) in rapidly escalating fuel oil costs, (b) personnel services adjustments and price increases totaling \$139,000, (c) a new library assistant position at \$15,000 and (d) special equipment at \$16,000. We recommend approval as budgeted.

BOARD OF GOVERNORS OF THE CALIFORNIA COMMUNITY COLLEGES

Items 384, 386-388 from the General Fund and Item 385 from the Community College Credentials Fund

Budget p. E 169

Requested 1980-81	\$27,624,817 ^a
Estimated 1979-80.....	24,619,634
Actual 1978-79	22,205,517
Requested increase (excluding amount for salary increases) \$3,005,183 (+12.2 percent)	
Total recommended reduction	\$2,518,555

* Does not include \$1,062.8 million in state apportionment support.

1980-81 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount
384	Board support	General	\$3,197,517
386	Academic Senate	General	82,000
387	Extended Opportunity Program	General	23,196,080
388	Instructional Improvement	General	760,000
385	Community College Credentials	Credentials Fund	389,220
Total			\$27,624,817

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis page

1. *New Chancellor's Unallocated Fund. Reduce Item 384 by \$200,000.* Recommend deletion in the absence of a plan of expenditure. 1247
2. *California Community and Junior College Association (CCJCA).* Recommend Chancellor's Office review CCJCA funding and responsibilities. 1248
3. *Academic Senate. Reduce Item 386 by \$26,530.* Recommend deletion of unjustified increases. 1250

BOARD OF GOVERNORS OF THE CALIFORNIA COMMUNITY COLLEGES—Continued

4. *Academic Senate. Reduce Item 386 by \$2,025. Recommend local districts maintain 1979-80 level of support.* 1251
5. *Aid for Large Community College Districts. Reduce apportionments by \$2,290,000. Recommend elimination of unjustified general aid.* 1256

GENERAL PROGRAM STATEMENT

The Board of Governors of the California Community Colleges was created by Chapter 1549, Statutes of 1967, and is composed of 15 members appointed by the Governor for four-year terms.

The Board serves primarily as a planning, coordinating, reporting, advising and regulating agency for California's 70 public community college districts. The locally elected boards of the districts are directly responsible for the operation of 106 colleges which provide tuition-free instruction to over 1 million Californians annually. Any high school graduate or citizen over 18 years old may attend.

The Donahoe Higher Education Act of 1960 (Master Plan) limits public community colleges to lower division (freshman and sophomore) undergraduate study in the liberal arts and sciences. However, the colleges have substantial occupational, adult and community service course offerings. Community colleges are authorized to grant associate in arts and associate in sciences degrees in addition to numerous occupational certificates and credentials.

ANALYSIS AND RECOMMENDATIONS

The budget proposes four appropriations totaling \$27,624,817 from the General Fund and the Community Colleges Credential Fund for support of the board's activities in 1980-81. This is \$3,005,183 or 12.2 percent more than estimated current year expenditures. This amount will increase by the amount of any salary or staff benefit increase approved for the budget year.

The budget proposes \$1,090,035,468 in total General Fund support for community colleges in 1980-81, which is an increase of \$89,832,272, or 9.0 percent over estimated current year expenditures.

The proposed increase consists of (1) a \$361,684 increase for the executive function (this amount includes a \$200,000 unspecified General Fund augmentation and \$95,817 in additional staff resources redirected to it from other program units), (2) an \$82,000 General Fund augmentation for first year support of the Community College Academic Senate, (3) increased support of \$2.7 million for Educational Opportunity Program and Services (EOPS) and (4) \$86.8 million for apportionment funding pursuant to statute.

Table 1 shows community college state support as proposed by the budget.

Table 1
California Community Colleges Board of Governors
State Support

	<i>Actual</i> 1978-79	<i>Estimated</i> 1979-80	<i>Proposed</i> 1980-81	<i>Change</i>	
				<i>Amount</i>	<i>Percent</i>
1. Executive					
A. Board of Governors	\$93,058	\$106,224	\$113,133	\$6,909	6.5%
B. Chancellor's office	320,544	381,238	693,001	311,763	81.8
C. Analytical studies	488,086	609,105	643,453	34,348	5.6
D. Legislative and public affairs.....	112,343	148,250	156,914	8,664	5.6
Subtotals.....	\$1,014,031	\$1,244,817	\$1,606,501	\$361,684	29.1%
2. Programs and Operations					
A. Innovative programs	\$132,232	\$117,578	\$68,058	\$-49,520	-42.1%
B. Program evaluation and approval	752,829	891,611	789,190	-102,421	-11.5
C. College services	717,048	952,738	931,608	-21,130	-2.2
D. Facilities planning	405,917	541,464	517,628	-23,836	-4.6
E. District compliance and affirmative action	52,045	51,772	54,022	2,250	4.3
F. Fiscal services	302,412	393,457	405,255	11,798	2.9
G. Budget and control	106,108	112,388	117,865	5,477	4.6
H. Administrative services	272,260	315,781	332,068	16,287	4.9
I. Credentials office	446,832	416,809	389,220	-27,589	-7.1
J. Occupational education ..	(1,238,173)	(1,323,052)	(1,339,737)	(16,685)	(1.2)
K. Human service and job development	—	144,068	385,692	241,624	62.6
Subtotals.....	\$3,186,683	\$3,937,666	\$3,990,606	\$52,940	1.3%
Totals.....	\$4,200,714	\$5,182,483	\$5,597,107	\$414,624	8.0%
3. State Apportionment and Categorical Aid					
A. Apportionments/					
Local Relief	\$786,541,688	\$960,200,000	\$1,047,000,000	\$86,800,000	9.0%
B. EOPS.....	17,389,919	20,472,092	23,196,080	2,723,988	13.3
C. Handicapped.....	8,723,212	15,800,000	15,800,000	—	—
D. Instructional improvement	897,280	779,305	700,281	-79,024	-10.1
E. Academic Senate	—	—	82,000	82,000	—
Subtotals	\$813,552,099	\$997,251,397	\$1,086,778,361	\$89,526,964	9.0%
Grand Totals	\$817,752,813	\$1,002,433,880	\$1,092,375,468	\$89,941,558	9.0%
General Fund	\$817,122,924	\$1,000,202,875	\$1,090,035,597	\$89,832,722	9.0%
CC Credentials Fund	347,493	416,809	389,220	-27,589	-6.6
CC Fund for Instructional Improvement	-1,052,720	30,641	-53,383	-84,024	-63.5
Special Deposit Fund (Real Estate)	12,783	100,000	100,000	—	—
Reimbursements.....	1,322,333	1,683,555	1,904,034	220,479	13.1

Total support in 1980-81 will be approximately \$1.5 billion, an 8.9 percent increase over the current year. Of this amount, 73.5 percent is state funded, 20.1 percent is locally funded, and 6.4 percent is federally funded. The level of state support proposed for the community colleges in 1980-81—approximately \$1.1 billion—exceeds the level of state support proposed for either UC (\$960 million) or CSUC (\$853 million). These figures exclude potential salary increases.

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

Table 2 shows total support for community colleges from all funds.

Table 2
Summary of Total Support for Community Colleges
(in millions)

	Actual 1978-79	Estimated 1979-80	Proposed 1980-81	Change		Percent of Total
				Amount	Percent	
1. State						
A. Board of Governors administration	\$4.2	\$5.2	\$5.6	\$0.4	8.0%	
B. Categorical programs						
1. Instruction improvement (Grants, Loans, Loan Repay- ment)	0.8	0.8	0.8	—	—	
2. EOPS	17.4	20.5	23.2	2.7	13.3	
3. Disabled students.....	8.7	15.8	15.8	—	—	
C. Apportionments (Fiscal Relief)	786.6	960.2	1,047.0	86.8	9.0	
Subtotals (State).....	\$817.7	\$1,002.4	\$1,092.4	\$89.9	9.0%	73.5%
2. Local						
A. Property tax ^a (including tax re- lief subventions)	\$325.3	\$256.0	\$287.1	\$31.1	12.1%	
B. Nonresident tuition	12.3	12.3	12.3	—	—	
Subtotals (Local)	\$337.6	\$268.3	\$299.4	\$31.1	11.6%	20.1%
3. Federal	\$92.3	\$92.5	\$92.5	—	—	6.4%
Totals.....	\$1,248.6	\$1,363.2	\$1,484.3	\$121.1	8.9%	100.0%

^a Does not include Timber Yield Tax revenue.

Community College Enrollment/ADA

Preliminary Fall 1979 data from 78 colleges show that community college head-count enrollments are up by 6.4 percent over Fall 1978. The Chancellor's office estimates that the increase will be 7 percent once all colleges have reported. If so, community colleges will enroll approximately 1,241,000 students in 1979-80, which converts to an ADA of 655,435—an increase of 3.2 percent, as shown in Table 3. (Currently there is no valid ADA projection for 1980-81.)

Table 3
Student Enrollment and ADA in Community Colleges

	Total Enrollment	Full-Credit Students		Noncredit Students	Percent ADA	
		Full-time	Part-time		Total ADA	Increase
1973-74	1,010,823	306,070	546,747	158,006	609,459	—
1974-75	1,137,668	324,281	635,426	171,961	695,374	14.1%
1975-76	1,284,407	374,473	727,075	182,859	768,902	10.6
1976-77	1,257,754	328,104	746,554	183,085	721,209	-6.6
1977-78	1,321,739	316,206	801,784	203,749	717,481	-0.5
1978-79	1,159,819	285,130	763,626	111,063	635,112	-13.0
1979-80 (est.)	1,241,006	NA	NA	NA	655,435	3.2

Source: Chancellor's office, Attendance ADA.

The Chancellor's office attributes the enrollment increase to (a) re-establishment of adult and summer school courses that were eliminated last year following the enactment of Proposition 13, (b) a slightly tighter California labor market that has channeled unemployed adults and

graduating high school seniors to postsecondary education, and (c) increased availability of student financial aid.

I. EXECUTIVE

The executive unit has four elements: the Board of Governors, the Chancellor's office, Analytical Studies and Legislative and Public Affairs. The budget proposes a 29.1 percent increase in funding for this unit totaling \$361,684. The increase is due primarily to (a) a \$311,763 increase in the Chancellor's office, and (b) a \$34,348 increase for the Analytical Studies unit.

1. Chancellor's Office

The Chancellor is selected by the Board of Governors and is responsible for state categorical programs, staff operations, and representing the Board before federal, state and local government.

No Plan for Expenditures

We recommend deletion of \$200,000 proposed for the Chancellor's new priorities. (Reduce Item 384 by \$200,000.)

The proposed budget provides \$295,817 in unallocated funds for the new Chancellor to use for formulation of a Chancellor's office reorganization plan. This amount consists of a \$200,000 General Fund augmentation and the redirection of \$95,817 from one professional position in Innovative Programs and one professional position in Facilities Planning.

Although budgetary flexibility does not necessarily require additional General Fund support, the new Chancellor should be given budgetary flexibility to reorganize the Chancellor's office. In the absence of any plan for expenditure, however, the \$200,000 augmentation represents an unallocated reserve, consequently we recommend deletion of the proposed \$200,000 General Fund increase.

The Chancellor will submit his plan with related expenditures prior to 1980-81 budget hearings. At that time, we will provide a supplemental analysis to the budget subcommittees based on our review of the plan.

2. Analytical Studies

The primary functions of this office are (a) to collect and analyze data, (b) to develop a central information system necessary for fiscal and program decisions, and (c) to coordinate the statewide educational plan for community colleges.

The budget proposes the transfer of one specialist position from Innovative Programs to work in Analytical Studies on long-term community college financing. Staff shortages have restricted the ability of Analytical Studies to develop a long-range fiscal policy.

The budget also proposes the transfer of one specialist position from Program Evaluation and Approval to Analytical Studies for implementation of a community college information system. This system will provide basic management information to aid in policy decisions. Our analysis indicates that these positions can be better utilized in Analytical Studies than in their former units. *We recommend that the proposed transfers be approved.*

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

3. California Community and Junior College Association

We recommend that the Chancellor's office review the rationale for public funding of the California Community and Junior College Association. We further recommend the Chancellor's office report to the California Postsecondary Education Commission (CPEC) by November 1, 1980 and that CPEC provide its comments to the Legislature on the report by January 1, 1981.

The California Community and Junior College Association (CCJCA) is a nongovernmental association whose primary functions are "advocacy and service" on behalf of member colleges. While CCJCA maintains that it is a private nongovernmental organization, a review of its funding indicates that, in fact, CCJCA is a publicly funded advocacy group. In 1978-79 CCJCA had a total budget of \$388,000 of which \$344,000 was from (some-what mandatory) dues paid by the colleges.

There are a number of problems with this situation including:

- *CCJCA is in a position to virtually "force" individual community colleges to pay dues to the association because colleges may not participate in intercollegiate athletics unless they are a dues paying member of CCJCA.* Many community college administrators have told us that they are not sure whether they would pay dues to CCJCA if participation in intercollegiate athletics were not contingent upon doing so. We are not able to identify the connection between sports and an advocacy association, particularly given the fact that only a small portion of the \$344,000 in dues collected in 1978-79 was expended on athletic conference activities. More importantly, it is not clear that a publicly-funded, privately-controlled entity should be able to tie the athletics program to advocacy.
- *CCJCA is not publicly accountable.* CCJCA is not subject to governmental review. Although colleges select their CCJCA representatives, the local college trustees, Board of Governors and the Legislature do not review the association's use of public funds.
- *There is no evidence that another publicly-funded advocacy group is needed to represent community colleges, given other existing agencies.*

There are three publicly funded agencies engaged in representing community college interests before the Board of Governors and the Legislature: CCJCA, the Community Colleges Trustees Association (CCCT) and the Chancellor's office. Members of the Board of Governors are appointed by the Governor and the community college trustees are elected by voters within their respective community college districts.

It is not clear that the latter two are unable to adequately represent the colleges' interests, and that a third publicly-supported entity is needed.

- *Finally, there is the issue of equity with other advocacy groups.* Other community college administrator, faculty and student associations are operated through the voluntary personal contributions of their members. CCJCA's differentiation is not clear, consequently, it could be argued that the state should also fund other community college associations.

For these reasons, we recommend the Chancellor's office review (1) the need for CCJCA, (2) its role as a publicly funded community college association and (3) the appropriateness of linking athletics with advocacy. We further recommend that the Chancellor's office report its findings to the CPEC by November 1, 1980 and that CPEC comment on the report to the Legislature by January 1, 1981.

4. Credit/Noncredit Courses

Some community colleges are offering courses for credit that do not meet credit standards in existing law. Consequently, AB 8 (Chapter 282, Statutes of 1979) required the Chancellor to conduct a study of and recommend policy on community college credit and noncredit courses. This report was submitted to the Legislature and the California Postsecondary Education Commission (CPEC) on January 1, 1980. AB 8 also requires that CPEC review the report and make recommendations to the Legislature by March 1, 1980. We will comment on the reports, following receipt of CPEC's comments.

5. Community College Transfer Study

The Supplemental Report of the 1979 Budget Act required CPEC, in cooperation with the public and private postsecondary segments, to develop plans by January 1, 1980, to:

- estimate the number of community college students eligible to transfer to UC and CSUC,
- identify students who do and do not transfer by sex, age, ethnicity, EOP/S status, and
- report on the persistence and performance of transfer students.

The draft report is scheduled for review by CPEC in February 1980, and will be available for discussion during the budget hearings.

II. PROGRAMS AND OPERATIONS

1. Innovative Program

This program provides grants and loans to colleges for innovative and nontraditional methods of instruction. The proposed budget shows (a) a transfer of one specialist position from this program to Analytical Studies and (b) the elimination of one specialist professional position, with the related savings transferred to the Chancellor's unallocated fund.

Our analysis indicates that the proposed reductions are justified. Workload has diminished for the loan component because colleges are unwilling to request loans for innovative programs in light of an uncertain fiscal future. The one specialist remaining should be sufficient to administer the grant portion of the program.

2. Program Evaluation and Approval

This office reviews community college instructional programs, approves college master plans and assists colleges in developing new programs.

The budget provides (a) for the transfer of one specialist position from this office to Analytical Studies, (b) a \$135,000 Federal Vocational Education Act reimbursement in 1980-81 for services provided by the office and

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

(c) \$82,000 in support for the Academic Senate. The position to be transferred is no longer needed in this unit because the development of new community college programs has decreased as a result of limited ADA growth and fiscal constraints on community college budgets.

CCC Academic Senate

The CCC Academic Senate is a statewide body with membership from 102 colleges. It is officially recognized by the Administrative Code (Title V) and (as in the case of the UC and CSUC academic senates) as the official representative of the faculty in matters concerning academic policy. It is not an advocacy group. The senate functions through a 15 member executive committee. This committee selects a president, vice president, treasurer, secretary, and committees to study various issues. Committees meet throughout the year. The full senate meets twice annually.

Funding

The 1980-81 budget, for the first time, proposes \$82,000 from the General Fund to provide support for the activities of the statewide CCC Academic Senate. These funds would be combined with \$42,000 in local district funds for a total support level of \$124,000, as shown in Table 4.

Table 4
CCC Academic Senate
Expenses

Expense	Estimated 1979-80		Proposed 1980-81		Total
	Local	State	Local	State	
Executive committee	\$12,000	—	\$15,500	—	\$15,500
Officers	6,400	—	—	\$66,000	66,000
Other services	200	—	—	8,800	8,800
Office expense	2,825	—	—	7,200	7,200
Newsletter	1,500	—	3,700	—	3,700
Senate meetings	15,000	—	14,000	—	14,000
Area meetings	1,600	—	2,000	—	2,000
Committees	4,500	—	2,600	—	2,600
Contingency reserve	—	—	4,200	—	4,200
Totals	\$44,025	—	\$42,000	\$82,000	\$124,000

Excessive Budgeting

We recommend that the CCC Academic Senate budget be reduced by \$26,520 to eliminate excess budgeting (Reduce Item 386 by \$26,530).

It is argued that state support will (a) contribute to the quality of the Senate activities, (b) establish some level of parity with UC and CSUC Academic Senates and (c) legitimize its function as a state activity.

However, the increase is excessive. The effect of the state contributing \$82,000 to the operations of the CCC Academic Senate is to triple the level of support for essentially the same activity. Specifically, we recommend that state funding be reduced \$26,530 as follows:

(a) *Contingency Reserve \$—4,200.* It is not the practice of the State to budget contingency reserves. This would be particularly unnecessary

in this instance in light of (1) the total increase requested, and (2) the discretionary nature of the activity.

(b) *Officers \$-16,000.* The budget proposes to fund two FTE release-time positions plus expenses at \$33,000 each. One position would be used by the president while the other would be fractionalized to be used by committee chairpersons. This is similar to the approach taken by UC and CSUC. The amount budgeted per position, however, is excessive.

The CSUC positions are budgeted at assistant professor step 3 (approximately \$24,000 in 1980-81). The CCC Senate should not be budgeted at a higher rate. Allowing \$1,000 for expenses, this would provide \$25,000 per position, or \$16,000 less than budgeted.

(c) *Office Expense \$-4,235.* The budget proposes to increase office expenses from \$2,825 in 1979-80 to \$7,200 in 1980-81. The increase occurs in supplies (from \$1,000 to \$4,200) and telephone (from \$650 to \$1,800). These increases are excessive. The annual price letter issued by the Department of Finance recommends a 7 percent increase in this area, which would provide \$1,070 and \$695 respectively. The result of budgeting at the 7 percent level is a General Fund savings of \$4,235.

(d) *Newsletter \$-2,095.* Again an excessive increase is budgeted (from \$1,500 in 1979-80 to \$3,700 in 1980-81). A 7 percent increase would provide \$1,605, for a savings of \$2,095.

Matching Funds

We recommend that local districts be required to maintain their 1979-80 level of Academic Senate funding (\$44,025), which would result in a General Fund savings of \$2,025. (Reduce Item 386 by \$2,025.)

As shown in Table 4, not only does the budget request a large state General Fund expenditure for the Academic Senate; it also shows that districts would reduce their share of funding by \$2,025. We are unable to justify further fiscal relief for community colleges (which already totals approximately \$400 million) by substituting General Fund money for local money. We recommend that the budget assume that the 1979-80 local share of \$44,015 will be maintained, resulting in a \$2,025 reduced need for General Fund support. Under our recommendations, state funding in 1980-81 would total \$53,445.

3. Facilities Planning

The Facilities Planning Office is responsible for reviewing all community college construction for compliance with state construction standards. Colleges are charged a fee based on the total estimated cost of the project. This unit also maintains (a) a five-year capital outlay plan and (b) facilities inventory for all colleges.

The budget proposes a reduction in review of new construction and remodeling through (a) elimination of one position and the transfer of related resources to the Chancellor's unallocated fund and (b) reassignment of one position to energy conservation and space utilization activities.

Our analysis indicates that the reduction in staff time for review of new construction and remodeling is warranted, given the steady decline in community college capital outlay projects. We withhold recommendation

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

on the proposed use of the savings to fund new activities until the Chancellor has submitted his plan of operation.

4. Credentials Office

Community college administrators, counselors, and instructors are required to maintain a state credential for employment. The Credentials Office is responsible for review, approval and revocation of credentials. The office is self supporting through a \$20 fee assessed for every application. Revenues to the Credentials Fund from application fees are estimated to total approximately \$417,000 in 1979-80.

Credentials Study

Credentialing of community college faculty has come under criticism because:

- Most community colleges in the nation do not require credentials,
- UC and CSUC do not require credentials,
- Credentialing does not ensure quality,
- State credentialing duplicates the screening process conducted by individual colleges; these colleges generally conduct a more in-depth review of applicants.

Consequently, there are indications that credentialing is a meaningless government activity costing approximately \$400,000 annually.

The Board of Governors has initiated a review of the credentials process to be completed in early 1980. We will review this matter before the budget hearings.

5. District Audit Standards

Chapter 937, Statutes of 1977 (SB 787), is intended to encourage sound fiscal management practices among school and community college districts. SB 787 requires the Chancellor's office to report to the Joint Legislative Audit Committee by June 30, 1979 and annually thereafter on (a) the number and nature of audit exceptions, and the estimated amount of funds involved in such exceptions, (b) a list of districts or county superintendents which failed to file their audits and (c) the actions taken by the Chancellor's office to eliminate exceptions and rectify fiscal discrepancies.

The Chancellor's office did not comply with this requirement on June 30, 1979.

III. APPORTIONMENTS AND CATEGORICAL AID

Extended Opportunities Program and Services (EOPS)

The EOPS program, established in 1979, provides grants, counseling and academic services to disadvantaged community college students.

Table 5 shows proposed EOPS funding and students served.

Table 5
EOPS Funding and Students Served

	<i>Actual</i>	<i>Estimated</i>	<i>Proposed</i>	<i>Change</i>	
	<i>1978-79</i>	<i>1979-80</i>	<i>1980-81</i>	<i>Amount</i>	<i>Percent</i>
1. Administration.....	\$1,388,920	\$1,562,642	\$1,614,704	\$52,062	3.3%
2. Grants.....	7,912,449	9,297,300	10,619,857	1,332,557	14.2
3. Services.....	7,738,550	9,221,489	10,552,461	1,330,972	14.4
4. Special projects.....	350,000	390,661	409,058	18,397	4.7
Totals.....	\$17,389,919	\$20,472,092	\$23,196,080	\$2,723,888	13.3%
Students served.....	57,392	64,391	67,890	3,499	5.4%

The Governor's Budget proposes a \$2.7 million increase in EOPS funding, for a total of \$23.2 million in 1980-81. The increase provides (a) continuation funding for grants and services to the 3,499 additional students authorized in 1979-80, for a total of 67,890 students and (b) a 9 percent program base inflation adjustment. This is essentially a continuation of the existing level of support. *We recommend approval.*

EOPS Allocation System

We identified some problems with the EOPS allocation formula in the *1979 Analysis*. In response, the Legislature directed the Student Financial Aid Policy Study Group to study the formula and report back to the Legislature. In January, the Study Group reported that:

- the allocation of EOPS funds should be guided solely by the needs of the students,
- a minimum program size should be recognized for small colleges, particularly in rural areas,
- colleges should be permitted local discretion in allocating funds between services and grants,
- the goal of the program should be to serve the largest number of students per college on a cost effective basis,
- individual college requests should be more closely monitored and
- the Chancellor's office staff should increase its field review activities.

New Allocation Formula

Partially in response to our concerns and the Study Group report, the Chancellor's office has proposed a new allocation formula for approval by the Board of Governors. The proposed formula would:

- fund colleges on the basis of 100 percent need, as defined,
- place emphasis on indicators of local program performance,
- eliminate subjective proposal evaluation and staff review elements and
- increase funds to colleges which increase local support to EOPS.

Table 6 shows a simplified illustration of proposed formula changes.

Table 6
Change in EOPS Formula

<i>Current Formula</i>	<i>Wt</i>	<i>Proposed Formula</i>	<i>Wt.</i>
<i>Element</i>		<i>Element</i>	
1. The Number Eligible	33%	1. The Number Eligible	60%
2. The Potential Need	27%	2. The Number Served	30%
3. The Number Served	10%	3. District Contribution	10%
4. Staff Review	30%		

The Chancellor's office proposes that the new formula be phased in over a four-year period, beginning in 1980-81. The formula provides that, using

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

1979-80 as the base year, any reductions in allocations to colleges would be limited to 15 percent in 1980-81, 25 percent in 1981-82 and 35 percent in 1982-83.

To date, the Chancellor's staff has not run computer simulations on the impact of the new formula on EOPS allocations during the next few years. We will report to the Legislature during budget hearings on the proposal.

Community College Apportionments
1. Overview

Chapter 282 Statutes of 1979 (AB 8) established the 1979-80 and 1980-81 community college apportionment process. The bill provides fixed appropriations for both years, and will terminate at the end of 1980-81.

The Governor's Budget proposes the AB 8 funding level of \$1,062.8 million for 1980-81. This will provide an \$86.8 million (8.9 percent) increase in General Fund support over the estimated 1979-80 support of \$976 million.

Table 7 shows the Governor's Budget funding for community college apportionments and support per ADA.

Table 7
Community College Apportionments
(in millions)

	<i>Actual</i>	<i>Estimated</i>	<i>Proposed</i>	<i>Change</i>	
	<i>1978-79</i>	<i>1979-80</i>	<i>1980-81</i>	<i>Amount</i>	<i>Percent</i>
State					
Regular Apportionments.....	\$786.6	\$960.2	\$1,047.0	\$86.8	9.0%
Handicapped Allowances	8.7	15.8	15.8	—	—
Subtotals	\$795.3	\$976.0	\$1,062.8	\$86.8	8.9%
Per ADA	(\$1,253)	(\$1,400)	(\$1,486) ^a	(\$86)	(6.1%)
Local					
Property tax levies ^b	\$324.3	\$256.0	\$288.0	\$32.0	12.5%
Totals	\$1,119.6	\$1,232.0	\$1,350.8	\$118.8	9.6%
Per ADA	(\$1,763)	(\$1,768)	(\$1,889) ^a	(\$121)	(6.8%)

^a Based on Governor's Budget ADA of 715,000. This estimate is being revised.

^b Includes state subventions.

2. Assembly Bill 8

As mentioned, AB 8 establishes a two-year state appropriation and allocation process for community college finance.

The most significant provisions of the measure are:

- Fixed appropriations from the General Fund. This controls the state fiscal liability from unanticipated growth in community college ADA.
- Increased equalization of per ADA expenditures among districts in order to achieve fiscal equity. This is a reinstatement of previous community college finance policy that was set aside by Chapter 282, Statutes of 1978 (SB 154) block grant funding.
- Marginal cost funding for ADA increases and decreases. This fiscal policy makes community college finance more consistent with funding for the other segments of public postsecondary education. Addi-

tionally, it mitigates the fiscal incentives for unnecessary growth.

- Program change proposal process for funding needs not met through marginal costs. This process makes community college financing similar to the other segments.
- Aid for certain districts with small colleges. This provision recognizes the increased costs of small, isolated colleges within multicollege districts.
- Aid to certain large districts. Community college districts with over 28,000 ADA will receive a special \$15 per ADA allocation.

3. Issues in Community College Finance

During our review of AB 8 community college finance, we identified the following issues which warrant the Legislature's attention:

- *Free Flow for Students Between Districts.* Community college district boundaries continue to block student access, particularly in the case of some students who wish to (a) attend the nearest college, (b) enroll in programs not offered by their district or (c) take courses near their places of employment. Our analysis of community college finance indicates that on a fiscal basis, free flow of students between districts is justified. Provisions should be considered, however, to assist low spending districts that might have difficulties attracting students due to previous funding inequities.
- *Equalization of Revenue Per ADA.* AB 8 includes state aid adjustments for district revenues which help equalize total revenue per ADA among districts. Any new long-term finance legislation should increase efforts towards equalization.
- *Marginal Cost Funding for ADA Changes.* The marginal/incremental cost concept in AB 8 discourages unwarranted ADA growth while providing a cushion for districts with declining enrollments. It has not been established, however, whether the marginal cost provisions reflect actual college costs.
- *Annual Budget Act Appropriations.* AB 8 continues the traditional apportionment system whereby the amount of state aid to community college districts is set outside of the budget process. Annual Budget Act appropriations for community colleges would allow the Legislature to allocate funds based on available resources and relative need, to all public segments of postsecondary education.
- *Program Change Proposal Funding.* AB 8 provides for program change proposal funding for special programs, because limited ADA growth has restricted some districts' ability to make programmatic changes. The program change funding process should be utilized in future budgets to support special needs.

To be eligible for such funding, either (a) the district must identify the program change in a plan submitted to the Chancellor's office or (b) the Board of Governors must recommend appropriate program change proposals for the 1980-81 budget.

The Board of Governors has not adopted the necessary rules and regulations to implement a program change proposal funding system. The board has adopted a timetable to implement this procedure starting with the 1981-82 budget.

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

Aid for Large Community College Districts

We recommend that special aid for large community college districts be deleted, for a General Fund savings of \$2,290,000.

AB 8 established a special aid provision for four large community college districts. The legislation contained a \$2,290,000 appropriation for this aid which is continued in the 1980-81 district funding base.

Table 8 shows the districts and the 1979-80 amount of aid.

**Table 8
Large District Aid
(1979-80)**

<i>District</i>	<i>Amount</i>
Coast Community College District	\$429,300
Los Angeles Community College District	999,390
San Diego Community College District	464,250
San Francisco Community College District.....	380,700
Total	\$2,273,640 ^a

^a Advanced apportionment amount certified by the Chancellor's office is \$16,360 less than the appropriation.

Based on our field visits, we see no analytical rationale for providing this additional aid. It is merely, as one administrator put it, "boiled into the base" as general aid. Consequently, we recommend deleting the funding until justification is provided. Even then, if the eligible districts can justify the aid, the justification should be through the program change proposal process rather than a statutory grant. (Adoption of this recommendation will require an in-lieu Budget Act appropriation of community college apportionments similar to that proposed for K-12 finance in Item 352 or adoption of budget control language.)

4. Proposition 4, Article XIII B of the state Constitution

On November 6, 1979, the voters approved Proposition 4 which added Article XIII B to the California Constitution. For almost all government entities, this article will control their appropriations and their expenditures.

In implementing Article XIII B, the Legislature should consider the following issues that specifically concern community colleges:

- What should appropriations limit population adjustments be based on (ADA or district population)?
- Which funding sources should be within the local limit and which should be within the state limit?
- What means are available to continue expenditure equalization?

Specific recommendations for legislative action are contained in our analysis of Proposition 4 (Report No. 79-20, December 1979).

STUDENT AID COMMISSION

Items 389-391 from the General Fund and Item 392 from the State Guaranteed Loan Reserve Fund

Budget p. E 185

Requested 1980-81	\$83,027,590
Estimated 1979-80.....	79,572,432
Actual 1978-79	71,969,993
Requested increase (excluding amount for salary increases) \$3,445,158 (+4.3 percent)	
Total recommended reduction	\$10,800

1980-81 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount
389	Commission Administration	General	\$3,863,295
390	Cal Grant Awards	General	74,911,595
391	Other Programs	General	4,252,700
	Total—General Fund		\$83,027,590
392	Guaranteed Loan Program	Guaranteed Loan	(1,769,059)

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis page

1. Data Processing. Recommend Commission develop a data processing master plan. 1260
2. *Management Parking. Reduce Item 389 by \$10,800.* Recommend reduction from budgeted lease expenses to be offset by reimbursements. 1261
3. Cal Grant Awards. Recommend commission establish annual procedures for adjustment of Cal Grant Minimum Awards prior to budget hearings. 1262
4. Program Audits. Recommend the Joint Legislative Audit Committee conduct an audit of Cal Grant A educational institutions. 1263
5. Student Eligibility. Recommend the commission adopt federal standards for satisfactory academic student progress. 1265

GENERAL PROGRAM STATEMENT

The Student Aid Commission, consisting of 12 members:

- Administers various student financial aid programs.
- Reports on the impact and effectiveness of state-funded student aid programs.
- Collects and disseminates data concerning the financial resources and needs of students and potential students, and the scope and impact of existing state, federal, and institutional student aid programs.
- Reports on the aggregate financial need of individuals seeking access to postsecondary education and the degree to which current student aid programs meet this legitimate financial need.

STUDENT AID COMMISSION—Continued

- Develops and reports the criteria utilized in distributing available student aid funds.
- Disseminates information about all institutional, state, and federal student aid programs to potential applicants.

ANALYSIS AND RECOMMENDATIONS

The budget proposes appropriations of \$83,027,590 from the General Fund for support of the Student Aid Commission's activities in 1980-81, which is an increase of \$3,445,158 over estimated current year expenditures. The budget also proposes an appropriation of \$1,725,626 from the Guaranteed Loan Fund for the loan program in 1980-81, which is \$1,103,553 more than estimated current year expenditures.

Table 1 shows expenditures and funding for the commission's activities.

Table 1
Student Aid Commission Expenditures and Funding

	<i>Actual</i> 1978-79	<i>Estimated</i> 1979-80	<i>Proposed</i> 1980-81	<i>Change</i>	
				<i>Amount</i>	<i>Percent</i>
A. State Operations					
1. Cal Grant Programs					
A. Scholarships.....	\$1,387,662	\$1,381,202	\$1,503,814	\$122,612	8.9%
B. (1) College Opportunity Grants.....	851,378	1,043,654	1,088,387	44,733	4.3
(2) Student Opportunity & Access Program....	9,584	297,916	266,961	-30,955	-10.4
C. Occupational Education and Training Grants.....	198,245	189,757	218,798	29,041	15.3
2. Graduate Fellowship Program	129,846	125,371	138,689	13,318	10.6
3. Bilingual Teacher Development Grant Program	40,105	84,129	86,972	2,843	3.4
4. Law Enforcement Personnel Dependents Scholarship Program.....	603	2,168	6,432	4,264	196.7
5. Supervised Clinical Training Grant Program.....	422	3,042	7,308	4,266	140.2
6. Guaranteed Loan Program					
A. Federal Component	58,991	62,318	57,228	-5,090	-8.2
B. State Component.....	204,417	723,698	1,843,605	1,119,907	154.7
7. Student Financial Aid Information Program.....	69,626	253,912	225,366	-28,546	-11.2
8. Research	100,984	163,015	183,715	20,700	12.7
9. Student Financial Aid Training	30,000	30,000	35,079	5,079	16.9
10. Executive Administration and Support Services (Distributed)	(621,215)	(617,035)	(683,836)	(66,801)	(10.8)
Reimbursements	\$-17,035				
Subtotals, State Operations..	\$3,604,828	\$4,360,182	\$5,662,354	\$1,302,172	29.9%
B. Awards					
1. Cal Grants					
A. Scholarships	\$51,755,955	\$56,808,936	\$58,930,068	\$2,121,132	3.7%
B. College Opportunity grants	20,481,177	23,358,090	25,345,277	1,987,187	8.5
C. Occupational Education and Training Grants	2,560,894	3,311,154	3,036,150	-275,004	-8.3

Items 389-392

POSTSECONDARY EDUCATION / 1259

2. Graduate fellowships	2,410,296	2,698,000	2,698,000	—	—
3. Bilingual Teacher Development Grants	412,581	1,040,000	1,039,700	-300	-0.1
4. Law Enforcement Personnel Dependent Grants	8,500	15,000	15,000	—	—
5. Supervised Clinical Training Grants	445,000	500,000	500,000	—	—
Subtotals, Awards	<u>\$78,074,403</u>	<u>\$87,731,180</u>	<u>\$91,564,195</u>	<u>\$3,833,015</u>	<u>4.4%</u>
Grand totals	<u>\$81,139,231</u>	<u>\$92,091,362</u>	<u>\$97,226,549</u>	<u>\$5,135,187</u>	<u>5.6%</u>
General Fund	<i>\$71,969,993</i>	<i>\$79,572,432</i>	<i>\$83,027,590</i>	<i>\$3,455,158</i>	<i>4.3%</i>
State Guaranteed Loan Reserve Fund	-1,097,134	89,030	1,769,059	1,680,029	1,887.0%
Federal funds	10,266,372	12,429,900	12,429,900	—	—
Reimbursements.....	17,035	—	—	—	—

Significant increases in the commission's state operations are (a) \$50,000 within the \$122,612 Cal Grant A increase to fund needs assessment teams in 1980-81 and (b) \$1.1 million from the Guaranteed Student Loan Fund for contract costs associated with increased loan processing in the new Guaranteed Student Loan Program.

Increases in awards to students total \$3.8 million (4.4 percent). Both Cal Grant A (Scholarships) and Cal Grant B (Opportunity Grants) would receive a \$2.1 million increase under this proposed budget. Expenditures under the Cal Grant C program for occupational education, however, would decrease by \$275,000 due to declines in renewals and average awards.

Changes in General Fund expenditures between 1979-80 and 1980-81 are shown in Table 2.

Table 2
Student Aid Commission
Proposed 1980-81 General Fund Budget Changes

	<i>General Fund</i>
I. Support	
1979-80 Current Year Revised	\$3,654,963
A. Baseline Adjustments	
1. Merit Salary Adjustments	36,583
2. OASDI	13,547
3. Retirement	31,800
4. Price Increase.....	88,212
5. Restoration of Section 27.2	70,908
6. One-time Expenditures:	
a. Ch. 113/78 (SOAP)	-297,916
b. 1979-80 Item 318 (Bilingual Program)	-37,800
Totals, Baseline Budget.....	<u>\$3,560,297</u>
B. Budget Change Proposals	
1. Student Opportunity & Access Program	268,938
2. Student Financial Aid Training Program	5,335
3. Bilingual Teacher Development Grant Prog	33,066
4. "Other" Support Programs.....	-4,341
Total, Support Budget Change Proposals	<u>\$302,998</u>
Total, 1980-81 Support Budget	\$3,863,295

STUDENT AID COMMISSION—Continued

2. Grant Awards	
1979-80 Current Year	\$75,331,280
A. Baseline Adjustments	
1. Statutorily driven number of new Cal Grant awards	4,104,130
2. One-time expenditures,	
a. 79-80 B/A Item 318 (Bilingual grants)	-725,000
Total Baseline Budget	\$78,710,410
B. Budget Change Proposals	
1. Cal Grant Awards	-270,815 ^a
2. Bilingual Teacher Development Grant Awards	724,700
Total Awards Budget Change Prop.	\$453,885
Total, 1980-81 Awards Budget	\$79,164,295
Total, 1980-81 Student Aid Commission Budget	\$83,027,590

^a General Fund reduction: Occupational Education and Training Grants to expenditure level requested by Commission.

I. ADMINISTRATION (Item 389)**1. Data Processing**

The data processing unit, composed of three professional and one clerical positions, is responsible for coordinating commission data processing services. The bulk of commission data processing is handled through inter-agency and private contracts. Table 3 shows data processing expenditures.

Table 3
Student Aid Commission
Data Processing Costs

	Actual 1978-79	Estimated 1979-80	Proposed 1980-81	Change	
				Amount	Percent
Personnel Costs	\$81,500	\$111,800	\$111,800	—	—
Commercial Contract Costs:					
Graduate Fellowships	5,953	8,662	9,748	\$1,086	12.5%
Guaranteed Student Loan Program	236	276,902	401,902	125,000	45.1
MICROFICHE Processing	530	583	641	58	9.9
Interagency Agreement Costs:					
Franchise Tax Board	363,312	408,246	428,658	20,412	5.0
Department of General Services	3,420	3,762	4,138	376	10.0
Totals	\$454,951	\$809,955	\$956,887	\$146,932	18.1%

Data Processing Master Plan Needed

We recommend the Student Aid Commission, in consultation with the Department of Finance, State Office of Information Technology, develop a data processing master plan to be submitted to the Joint Legislative Budget Committee by December 1, 1980.

In November 1976, the State of Office of Information Technology approved the Commission's "Three Year Data Processing Master Plan". The plan called for a consolidated systems approach for data processing support of all commission programs. In order to implement the plan, the commission contracted with the Department of General Services for a feasibility study at a cost of \$50,000.

In December 1978, General Services provided to the commission (a) a *Management Consulting Report* which made 31 recommendations on operational changes and (b) the *Data Processing Feasibility Report*, Phase

I. The commission did not officially respond to either of these reports. Instead, it used \$79,000 included in the 1978-79 budget for implementation of the feasibility study to pay for excess data processing costs. This amount has been incorporated in the commission's budget base. The commission's present on-going data processing workload justifies retention of the funds in the commission's budget.

The 1976 master plan has not been implemented. The commission is now in the process of developing a new plan. We have reservations about its ability to develop such a plan, based on (a) its inability to implement the 1976 plan and (b) the limited expertise of the commission's data processing staff. We recommend that the commission work closely with the State Office of Information Technology in putting together its new plan and submit the plan to the Legislature by December 1, 1980.

2. Free Management Parking

We recommend a \$10,800 General Fund reduction in support for employee parking. (Reduce Item 389 by \$10,800.)

The commission's facility lease budget includes funds for 50 parking stalls at \$18.00 per stall per month. Commission employees, however, are not charged a parking fee to offset the cost. As a result, the commission has incurred \$70,000 in cost to provide free parking for some of its employees since 1974. Government Code Section 14677 provides that state officers and employees shall be charged for parking in state owned or controlled property in such amounts as may be deemed appropriate. In fact, other state employees in the same building (the Department of Health Services) pay parking fees which are used to offset lease costs.

We see no basis for subsidizing parking for this group of employees, and recommend that the budget reflect the establishment of parking fees. Therefore, we recommend \$10,800 ($\$18.00 \times 50 \times 12$) be reduced from the commission's budget for lease of space, to be offset by employee parking reimbursements.

In Item 131.1, we are recommending that parking fees in state-owned lots be increased to prevailing market rates. If the Item 131.1 recommendation is adopted by the Legislature, the proposed \$10,800 reduction should be increased accordingly.

II. STUDENT AWARD PROGRAMS

1. Cal Grant A and B Programs

General Fund allocations for the Cal Grant A and B programs are determined by multiplying the average award to be made by the estimated number of awards. The commission calculates its proposed average award for each program by establishing a base figure—the current year average award—and adding an amount necessary to cover the cost of such factors as (a) an increase in the statutory limit for the award, (b) a change in the proportion of award winners at independent colleges and (c) inflation.

The resulting amount is expected to satisfy the financial needs of the award recipients. The commission projects the required number of awards by estimating the number of current-year winners who will be eligible for renewal awards and adding this figure to the number of new awards authorized.

STUDENT AID COMMISSION—Continued

The budget proposes funding for Cal Grant A and B at \$58.9 million and \$25.3 million, respectively. The maximum Cal Grant A award would be \$3,200 and the maximum Cal Grant B award would be \$4,100.

New Procedures

Chapter 1218, Statutes of 1979 (AB 2621), adds procedures for the review of state support for the Cal Grant programs. It provides that Cal Grant increases shall be determined in light of (a) inflation, (b) availability of other financial aid, (c) changes in the level of educational support provided to students at California public colleges and universities and (d) the impact of proposed adjustments in the maximum award upon the utilization of public and private postsecondary institutions. In addition, the procedures for the annual review and adjustment of the number of awards and the maximum awards are to be made by the Student Aid Commission (SAC) *in consultation with* the California Postsecondary Education Commission (CPEC).

Procedures Not Implemented

We recommend the Student Aid Commission (SAC), in cooperation with the California Postsecondary Education Commission (a) develop procedures for annual review and adjustment of the number and maximum awards under the Cal Grant Program and (b) indicate how compliance with these procedures would affect the 1980-81 budget request and (c) report to the fiscal committees prior to final approval of the SAC budget.

SAC and CPEC have not reached a consensus on the procedures for annual review pursuant to Chapter 1218. They continue to disagree over:

(1) *The appropriate inflation adjustment.* The SAC proposes that Cal Grant A awards be adjusted for inflation since 1973-74. This would raise the 1980-81 maximum Cal Grant A award to \$3,500, a \$600 increase over 1979-80.

CPEC staff maintains that it is not appropriate to provide now for inflation since 1973-74 because the Legislature made a conscious decision not to provide for the inflation during those years. Instead, the current grant level is an expression of the Legislature's "perception of the appropriate maximum award in light of inflation and state goals for financial aid."

(2) *Differentiated maximum grants.* The SAC proposal does not provide that all Cal Grant A and B recipients receive the proposed maximum grants (\$3,200 in Cal Grant A and \$4,100 in Cal Grant B). Instead, continuing Cal Grant A and B recipients would be limited to a \$300 increase. For example, third and fourth year Cal Grant A recipients who are currently receiving a \$2,700 grant would only receive \$3,000 in 1980-81 while new recipients would be awarded \$3,200. As a result, some Cal Grant recipients attending the same postsecondary institution with identical financial need would receive awards of differing amounts.

CPEC maintains that any increase in the maximum grant should apply to all eligible Cal Grant recipients because inflation affects all students.

This could be accomplished by either providing additional funds or reducing the proposed new maximums.

(3) *The estimated rate of renewal.* The SAC and CPEC Cal Grant A renewal rates differ by 4 percent—81 percent and 77 percent, respectively. The budget has used an 81 percent renewal rate for calculation of the Cal Grant A baseline budget. This variance results in a difference in funding requirements of \$1.7 million. Consequently, the Cal Grant A funding level contained in the Governor's Budget may not accurately reflect the amount of state support needed to fund the new \$3,200 maximum.

We cannot make a final recommendation on the 1980-81 Cal Grant A and B funding levels until these disagreements are resolved. We recommend that the SAC and CPEC reach a consensus in accordance with current law prior to budget hearings.

Audit Recommended

We recommend that the Joint Legislative Audit Committee in consultation with the Student Aid Commission, audit a sample of postsecondary educational institutions receiving state funds through the Cal Grant A program.

Once a student accepts a Cal Grant A award, his or her name is forwarded to the appropriate postsecondary institution. By the middle of each semester, the commission forwards a preliminary claim to the institution listing all award recipients and the amount to be covered by Cal Grant A. The institution verifies whether it is entitled to the full amount designated for each student and returns the claim to the commission. Based on the returned claim, the commission authorizes payment to the institution through a single check.

In 1978-79 the commission received 373 refunds on overpayments. Because many of these refunds are initiated by the institutions themselves, and are not due to discoveries made by the commission, other institutions may be receiving overpayments which are not being refunded.

Therefore, we recommend adoption of the following supplemental report language: "The Auditor General, in consultation with the Student Aid Commission, is requested to conduct an audit of selected private institutions of higher education to verify the accuracy of (a) information concerning registration and the number of units undertaken and (b) tuition and fees claimed by the colleges. The audit should concentrate on those institutions which (a) have never initiated a refund and (b) receive more than \$1 million per year (12 institutions)."

2. Cal Grant C

The Occupational Education and Training Grants program provides 1,337 new grants annually to needy and talented students seeking occupational education and training. Grants under this program are limited to two years. Cal Grant C has a maximum grant of \$2,000 for tuition and \$500 for related training costs.

The budget includes funding for an additional 37 grants with no increase in the maximum award. As shown in Table 1, General Fund support for the program is proposed to decline by \$249,000, due primarily to (a) a decline in the average award, (b) decreased renewals and (c) additional

STUDENT AID COMMISSION—Continued

federal support through the state supplemental incentive grant (SSIG).

3. California Student Opportunity and Access Program (SOAP)

The California SOAP program was established in 1978 to provide a minimum of five intersegmental pilot consortia designed to increase the access of high school and community college students from under-represented groups to four year postsecondary institutions. The current year is the first year of operation for the five consortia. Due to funding complications, the programs did not start as early in 1979-80 as planned, and consequently, a second year of funding will be necessary for evaluation of the intersegmental consortium approach to student access.

The budget includes funds to continue the consortia in 1980-81. We recommend approval, pending an evaluation of the consortium approach.

4. Bilingual Teacher Development Grant (Item 391)

The Bilingual Teacher Development Grant Program provides awards for tuition and fees up to \$3,000 annually for periods not to exceed three years. The 1979-80 Budget Act augmented the program by \$762,800 for a total of \$1.1 million. In 1980-81 the proposed budget continues the program at the \$1.1 million level.

Consolidation of Bilingual Teacher Development Programs

The Legislature included language in the Supplemental Report of the 1979 Budget Act directing the Department of Education, with assistance from the Student Aid Commission, to study the feasibility of combining the Bilingual Teacher Development Grant with the Bilingual Teacher Corps. The department and the commission have recommended the merging of the programs, with management responsibilities assigned to the Student Aid Commission.

Our analysis indicates that the merger is warranted, and we recommend that legislation be enacted to combine the two programs (see Item 345). Proposed legislation should include provisions for (a) additional staff support to the Student Aid Commission for increased workload, (b) improved articulation between community college and teacher development programs in four years postsecondary institutions and (c) input from state agencies which participate in bilingual teacher training.

5. Guaranteed Loan Program (Item 392)

This program was authorized in 1966 to provide state administration for a federal loan program which provides low-interest loans to college students. All federal funds were encumbered in 1967 and since that time the federal government has directly administered its loan program. The present function of the state program is to provide necessary administrative services for collecting outstanding loans. However, Chapter 1201, Statutes of 1977, provided the commission with a General Fund loan of \$2,000,000 (the State Guaranteed Loan Reserve Fund) to establish a state guarantee agency for the Federal Guaranteed Student Loan Program. The loan is to be repaid by June 1986.

An estimated \$113 million in new student loan volume is anticipated for

the current year. For 1980-81, the commission projects a volume of \$150 million. The Governor's Budget includes an additional \$1.1 million from the State Guaranteed Loan Reserve Fund for increased loan application processing.

Table 4 shows the estimated loan demand by segment.

Table 4
Estimated Demand for GSLP Loans in California for 1979-80^a

Segment	Loans Needed		Loans Expected		Unmet Loan Need	
	Number	Amount	Number	Amount	Number	Amount
University of Calif.	23,000	\$46,000,000	15,500	\$31,000,000	7,500	\$15,000,000
Calif. State U & C.	18,000	35,000,000	10,800	21,000,000	7,200	14,000,000
Community Colleges	9,000	11,700,000	700	900,000	8,300	10,800,000
Independent Colleges	22,000	50,600,000	15,000	34,500,000	7,000	16,100,000
Vocational Schools	18,000	32,400,000	14,200	25,600,000	3,800	6,800,000
Totals	90,000	\$175,700,000	56,200	\$113,000,000	33,800	\$62,700,000

^a Source: *An Assessment of Alternative Loan Sources*, SAC, November, 1979.

The estimates shown in Table 4 indicate an unmet demand of approximately 34,000 loans for 1979-80, valued at \$62,700,000, for students attending California postsecondary education institutions.

Guaranteed Student Loan Contract

In 1978, the commission initiated a three year contract with United Student Aid Funds, Inc. for loan application processing. The contract will end in June 1982. Currently the commission does not have plans to extend the contract for administration of the program. Given the projected growth of the loan program, provisions should be made for future administration at an early date. The commission should be prepared to discuss its plans for administering the program after June 1982 during the budget hearings.

6. Use of Federal Standards Recommended

We recommend that the Legislature direct the Student Aid Commission to adopt the federal satisfactory academic progress standards for continuation of eligibility under state financial aid programs.

Students must make satisfactory academic progress to remain eligible for assistance under federal student financial aid programs. The U.S. Office of Education allows each postsecondary education institution to set its own policy on satisfactory academic progress, but requires it be written, uniformly enforced, and auditable.

There are no such formal requirements for recipients of California student aid. The only requirement for renewal of a California financial aid award is that the student be eligible for continued enrollment. Consequently, a student can be ineligible for federal student aid because he or she is not making satisfactory academic progress, but continue to receive state aid.

Conformity with federal policy would promote (a) uniform treatment of students on state financial aid and (b) the distribution of limited state financial aid funds to those students best able to use them. This change is also recommended by the Student Financial Aid Policy Study Group.

STUDENT AID COMMISSION—Continued

7. Student Financial Aid Policy Study Group

The Legislature adopted language in the Supplemental Report of the 1979 Budget Act, which directed the California Student Aid Commission and California Postsecondary Education Commission to appoint a student financial aid policy study group to review all aspects of student aid.

The 13 member study group concluded its review in January, 1980. Significant recommendations contained in the group's report include:

- The Legislature should consolidate the Cal Grant A and B programs and establish one major financial aid program.
- State eligibility for undergraduate aid should be extended from four to five years in a manner consistent with federal regulations.
- State eligibility should remain limited to students who enroll at least one-half time.
- The state should provide assistance to needy students who attend independent colleges, while understanding that self help expectations shall be greater than that for students in public institutions with comparable financial needs.
- The Student Aid Commission should expand its role to (a) include broad policy research to facilitate legislative decision making, (b) increase oversight and evaluation of student budgets, self help policies, and need methodology and (c) assess federal financial aid policies and recommend changes in state policy as needed.

These matters will be contained in legislation to be considered during the 1981 session.

**Youth and Adult Correctional Agency
DEPARTMENT OF CORRECTIONS**

Items 393, 394, 397-400 from the
General Fund, and Items 395,
396 and 401 from various
funds

Budget p. YAC 1

Requested 1980-81	\$338,300,646
Estimated 1979-80.....	308,602,386
Actual 1978-79	269,310,336
Requested increase (excluding amount for salary increases) \$29,698,260 (+9.6 percent)	
Total recommended reduction	\$520,830

1980-81 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount
393	Departmental Operations	General	\$323,228,848
—	Departmental Operations	Reimbursements	7,017,176
394	Workers' Compensation-Inmates	General	2,018,300
395	Inmate Welfare Fund	Trust	(7,137,052)
396	Correctional Industries	Revolving	(26,244,008)