

EDUCATION

STATE EXPENDITURES FOR EDUCATION

As a category of expenditure from the state budget, education has for many years received the largest share of California's tax resources. In the area of public education, more than \$1.2 billion is now allocated annually from state funds, over 42 percent of the total budget dollar, and approximately 60 percent of the State General Fund. This expenditure includes support for the public schools, and support and construction for the University of California and the state colleges. Table I shows total state expenditures for education for the past two fiscal years as well as the proposed amount for 1963-64. State appropriations for this activity will rise by \$106,289,000 over the preceding year.

Table I. State Expenditures for Education
(In thousands)

	1961-62 actual	1962-63 estimated	1963-64 proposed	Change from 1962-63	
				Amount	Percent
State Operations:					
Department of Education	\$7,553	\$8,613	\$9,509	\$895	10.4
Special schools	5,421	5,878	5,962	84	1.4
University of California	134,434	149,939	158,022	8,083	5.4
California State Colleges	77,892	92,095	101,096	9,001	9.8
Other	2,734	3,533	4,219	687	19.4
Totals, State Operations	\$228,034	\$260,058	\$278,808	\$18,750	7.2
Capital Outlay:					
University of California					
General Fund	\$1,732	\$3,583	\$1,954	—\$1,629	—45.5
Bond funds	46,268	52,307	67,506	15,199	29.1
State Colleges					
General Fund	1,707	4,909	1,101	—3,808	—77.6
Bond fund	30,661	64,469	57,609	—6,860	—10.6
Special Schools	195	121	57	—64	—58.2
Other					
General Fund	5	18	148	130	722.2
Bond funds	1,648	24	—	—24	—100.0
Totals, Capital Outlay	\$82,216	\$125,432	\$128,375	\$2,943	2.3
General Fund	3,639	8,631	3,260	—5,371	—62.2
Bond funds	78,577	116,801	125,115	8,314	7.1
Local Assistance:					
Public school support	\$717,427	\$765,086	\$843,284	\$78,199	10.2
Teachers' retirement	41,237	43,002	47,300	4,298	10.0
Debt service	26,401	37,016	40,544	3,528	9.5
Free textbooks	6,867	8,977	11,795	2,819	31.4
Child care centers	4,948	5,882	5,556	—325	—5.5
Vocational education	196	230	230	0	0.0
Other	5,000	5,169	1,245	—3,945	—75.9
Total Local Assistance	\$802,076	\$865,361	\$949,957	\$84,596	9.8
Grand Totals	\$1,112,326	\$1,250,851	\$1,357,140	\$106,289	8.5
General Fund	1,033,749	1,134,050	1,232,025	97,975	8.6
Bond funds	78,577	116,801	125,115	8,314	7.1

As estimated for the 1963-64 budget year, total subventions for public education appear in Table II. Within the large area of support for the

General Summary

Education

State Expenditures for Education—Continued

public schools, various elements may be identified. These include the State School Fund, the vehicle for the State's support of public school general operations; the support of child care centers; contributions to the teachers' retirement fund; the support of free textbooks to elementary and secondary classes; and General Fund participation in subventions to school districts under the National Defense Education Act and the vocational education program. In addition, a program of state assistance to local public libraries is proposed for the first time in 1963-64. Federal funds also appear as subventions for education, and include support for the school lunch program, the special milk program, and the federal share of national defense education and vocational education activities. Those items for which General Fund moneys are involved are discussed in detail elsewhere in this Analysis of the 1963-64 Budget Bill. Total state contributions to local jurisdictions for education in the coming fiscal year are estimated at \$971,549,925.

Table II. Subventions for Education, 1963-64

APPORTIONMENTS FOR PUBLIC SCHOOLS:

General Fund	\$839,564,334
State School Fund	3,500,000
California Water Fund	220,000

Total \$843,284,334

CHILD CARE CENTERS:

General Fund	5,556,395
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CONTRIBUTIONS TO STATE TEACHERS'

RETIREMENT FUND:

General Fund	47,300,000
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FREE TEXTBOOKS:

General Fund	11,794,795
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SCHOOL BUILDING CONSTRUCTION:

State School Construction Fund ¹	395,355
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DEBT SERVICE ON PUBLIC SCHOOL BONDS:

General Fund	\$40,544,275
Public School Building Loan Fund ¹	13,000,000
State School Building Aid Fund ¹	8,800,000
State School Building Fund ¹	14,500

Total 62,358,775

LIBRARY SUBVENTIONS:

General Fund	850,000
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NATIONAL DEFENSE EDUCATION:

Title III ²	\$2,671,875
Title V ²	1,086,000

Total 3,757,875

¹ Neither receipts nor expenditures of bond funds are included in the overall budget totals.

² Neither receipts nor expenditures of federal funds are included in the overall budget totals.

Education

General Summary

State Expenditures for Education—Continued

Table II. Subventions for Education, 1963-64—Continued

SCHOOL LUNCH PROGRAM:

Federal funds ²	\$6,200,000
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SPECIAL MILK PROGRAM:

Federal fund ²	8,700,000
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VOCATIONAL EDUCATION; REIMBURSEMENTS

TO SCHOOL DISTRICTS:

General Fund	\$230,271
Federal funds ²	6,268,023

Total	6,498,294
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TOTALS, SUBVENTIONS FOR EDUCATION, ALL SOURCES	\$996,695,823
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Detail:

General Fund	\$945,840,070
State School Fund	3,500,000
California Water Fund	220,000
Public School Building Loan Fund ¹	13,000,000
State School Building Aid Fund ¹	8,800,000
State School Building Fund ¹	14,500
State School Construction Fund	395,355
Federal funds ²	24,925,898

TOTAL FEDERAL SUPPORT, SUBVENTIONS	\$24,925,898
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TOTAL STATE SUPPORT, SUBVENTIONS ³	\$971,549,925
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¹ Neither receipts nor expenditures of bond funds are included in the overall budget totals.

² Neither receipts nor expenditures of federal funds are included in the overall budget totals.

³ Total state subvention support, including bond funds which are not included in budget totals.

APPORTIONMENTS FOR PUBLIC SCHOOL SUPPORT

The State School Fund is the vehicle for the State's financial support of public education at the elementary, high school and junior college levels; thus each year General Fund money is transferred into the fund for this purpose. The operation of the fund in any year may be considered as occurring in two steps, the second of which in turn is divided into two parts. The exact amount of money transferred into the State School Fund in any year is governed by a formula relating the transfers to total state average daily attendance (ADA) for the previous year. Application of this formula represents DERIVATION of the fund (see Table III).

Once the fund is derived, it may be broken down into individual amounts intended for the support of particular elements of public school operations, such as basic aid, equalization aid, special education for physically handicapped children, or pupil transportation. For example, according to the State Constitution, \$120 of state support is guaranteed to each pupil in average daily attendance in California, regardless of the wealth of the local school district. This is called basic aid. In 1957 the Legislature raised this amount by \$5 to \$125 per ADA. This breaking down of the State School Fund into elements may be referred to as DISTRIBUTION.

However, in order to translate state financial support into actual expenditures to the various local school districts, the State School Fund must be apportioned to the districts as ALLOWANCES. These allowances comprise the actual payments and reimbursements to school dis-

Table III

A Summary of the Elements of Derivation and Distribution of the State School Fund as Estimated for 1962-63

I. ELEMENTS OF DERIVATION					II. ELEMENTS OF DISTRIBUTION				
Item	Education Code section	Statutory unit rate	ADA factor ¹	Total	Item	Education Code section	Statutory unit rate	ADA factor	Total
Statutory minimum -----	17301(a)	\$180.00	3,760,237	\$676,842,660	DISTRIBUTION under Section 17303				
Plus additional funds as necessary -----	17301(b)	21.36 ²	3,760,237	80,318,662	County School Service Fund, "Other Purposes" -----	17303(a)	\$3.06	3,760,237	\$11,506,325
Subtotal -----		\$201.36		\$757,161,322	Pupil transportation -----	17303(b)	3.02	3,760,237	11,355,916
Less surplus in County School Service Fund -----				—709,782	Special education -----	17303(c)	5.00	3,760,237	18,801,185
				\$756,451,540	Apportionments for growth -----	17303(d)	3.92	3,760,237	14,740,129
					Basic and equalization aid -----	17303(e)	165.00	3,760,237	620,439,105
					Subtotal -----		\$180.00		\$676,842,660
					DISTRIBUTION under Section 17303.5				
					County School Service Fund, Direct Services -----	17303.5(a)	21.50	241,795	5,198,593
					Pupil transportation -----	17303.5(b)	.98	3,760,237	3,685,032
					Special education -----	17303.5(c)	2.66	3,760,237	10,002,230
					Apportionments for growth -----	17303.5(d)	7.34	3,760,237	27,600,140
					Basic and equalization aid -----	17303.5(e)	8.78	3,760,237	33,014,881
					plus the difference between: -----		1.60	3,760,237	6,016,379
							—21.50	241,795	—5,198,593
					Subtotal -----				\$80,318,662
					Total DISTRIBUTION under Sections 17303 and 17303.5 -----				\$757,161,322
					Less surplus in County School Service Fund -----				—709,782
									\$756,451,540
Reimbursement apportionment for driver training -----	17305			5,684,065 ³	Driver training -----				\$5,684,065 ³
Reimbursement apportionment for project-connected pupils -----	17305.5			101,811 ³	Project-connected pupils -----				101,811 ³
Reimbursement for mentally gifted minors -----	17307			1,342,439 ³	Mentally gifted minors -----				1,342,439 ³
Reimbursement to new junior college districts -----	6421			2,016,794 ³	New junior college districts -----				2,016,794 ³
Reimbursement to new junior college districts -----	20211								
TOTAL STATE SCHOOL FUND DERIVATION -----				\$765,596,649 ⁴	TOTAL STATE SCHOOL FUND DISTRIBUTION -----				\$765,596,649 ⁴

¹ The actual 1961-62 ADA, on which the 1962-63 fund is derived.² Under Ch. 809, Statutes of 1961, only as much more than \$180 per ADA will be transferred as is necessary to meet computed apportionments, not to exceed \$21.36 per ADA.³ Certified and apportioned, December 10, 1962.⁴ Nonadjusted totals, appearing on page 967, line 69, of the Governor's Budget.

Apportionments for Public School Support—Continued

tricts for the various purposes identified in the distribution of the fund, as for example the amount of basic and equalization aid necessary to assure any school district's foundation program.

Table III is a graphic presentation of the derivation and distribution of the State School Fund as estimated for the 1962-63 fiscal year.

For the 1963-64 fiscal year an amount of \$30,000,000 is proposed as additional state support for elementary, secondary and junior college schools of the State. Additionally, the implementation of a countywide tax plan is recommended; it is estimated that this feature, if adopted, would result in an additional \$25,000,000 of support for public schools for a total of \$55,000,000. Augmented support of special education programs for the physically and, mentally handicapped is included within these totals.

Our discussion of the recommendations on the current system of public school support, both short and long run in nature, which follow, do not include any detailed discussion of the above proposals for increased state aid to the public schools. Analysis of the specific proposals will be made when the proposed legislation has been introduced. Rather, we deal here with some of the existing deficiencies and inequities in school apportionment laws and procedures. Under our short-run recommendations we have enumerated several areas in which we feel reform is necessary in the apportionment of state money to public schools under existing basic legislation. Our section on long-run recommendations sets forth our views on a more useful and concise foundation program concept for the purposes of state support. In our opinion, large new increases in state aid for the public schools should be deferred pending consideration of these proposals and an adequate determination of need.

SHORT-RUN RECOMMENDATIONS ON PUBLIC SCHOOL SUPPORT

In our study of public school finance we have pursued both short-run and long-run objectives. The purpose of the short-run objectives has been the revision and amendment of the present method of public school support for improved equalization of wealth for poorer school districts and the better application of state funds presently available on a first-things-first basis. These short-run recommendations have been covered in a series of 11 reports on the State School Fund issued throughout the year by the Legislative Analyst. We have summarized the principal recommendations below, by School Fund component of distribution.

Basic Aid

1. The basic aid guarantee to all school districts should be reset at the constitutional minimum of \$120 per ADA; this would repeal the statutory guarantee of an additional \$5 per ADA. Funds thus "freed" shall be applied to equalization aid purposes (but no change will be made in the total foundation program figures).

**Short-Run Recommendations on Public School Support—Continued
Equalization Aid**

2. If the above recommendation is not accepted, alternatively, then, the deficit factor¹ presently applied only to equalization aid allowances should, instead, be applied to the \$5 per ADA which is currently added by statute to the constitutionally guaranteed \$120 per ADA basic aid allowance. This would promote better equalization by applying deficit factors to all districts more equally, rather than as now where deficit factors are applied only to the allowances of those poorer districts requiring equalization aid.

Foundation Program

3. The tax base for the support of junior colleges should be broadened to include all areas within the State, thus extending the availability of and responsibility for the support of junior colleges to the entire State. The complete summary of our recommendations on junior college support appears on page 227 of this Analysis.

4. Federal funds received by a district under Public Law 874 should be treated as district income to the extent of 95 percent of the receipts. Thus the amount of assessed valuation added because of allowances under PL 874 shall be eliminated in the calculations determining local school support effort. This will be replaced with the application of a uniform percentage of each PL 874 dollar towards local ability to support schools in addition to the effort from local assessed valuation and other increments. This uniform percentage should be 95 percent of the PL 874 funds received by a district; this would permit 5 percent for any administrative costs which are not included in the unit rate reimbursed by the federal government. This suggestion would not affect basic aid districts.

5. Allowances to school districts from federal Forest Reserve Funds should be included in the definition of miscellaneous funds in Section 17606 of the Education Code. As in the item above, the amount of assessed valuation due to the receipt of miscellaneous funds should be eliminated in determining district equalization aid. The total of miscellaneous funds received by a district should be deducted directly from the equalization aid due that district in determining the district's basic and equalization aid allowances because these funds are received by the district at no additional administrative cost. This suggestion, together with the above recommendation, under present law affect those districts which are presently receiving only basic aid from the State.

County School Service Fund

6. Sections 17303 and 17303.5 should be amended to provide that the derivation of funds for the State School Fund for purposes of direct services from the County School Service Fund should be made on the basis of \$21.50 per small school ADA. This will separate the derivation of funds intended for direct services from those available for equalization aid. A cap should be applied to this total derivation, providing

¹ A deficit is where the total amount appropriated on a closed-end basis is insufficient to meet all the formulas for distribution for the various purposes. Unknown factors such as exact growth in assessed valuation make it possible for this to happen.

Short-Run Recommendations on Public School Support—Continued

that the amount thus raised shall not in any year exceed the product of the previous year's total state ADA times \$1.60.

7. For purposes of derivation of funds for direct services, the small school ADA figure to be used should be that of the next preceding fiscal year, rather than that of the second preceding fiscal year as presently specified by Section 17303.5(a). This will place the amount available for support of direct services on a more current ADA basis, better relating the amount of money raised to the number of ADA to be served. This small school ADA has been declining in recent years.

8. The Department of Education should be directed to review the formulas contained in Title 5 of the Administrative Code concerning the County School Service Fund. This review should be intended to better relate these formulas to actual need for services. The present formulas do not reflect an accurate basis of need for purposes of guidance in budget review of allowances from the County School Service Fund.

Since the date of our report the Department of Education has revised Section 1509 of Title 5 of the Administrative Code (amendment filed April 18, 1962). This section still permits formulas to be used "... for the purpose of guidance in determining the amount that may be allowed each county superintendent of schools for the several purposes authorized by the Education Code . . .", and Section 18351(i) is cited as the authorization for this procedure. The analysis of the formulas contained in our report of November 9, 1961, indicates that the formulas are unreliable as guides for determining county office needs. We therefore recommend that the statutory authority for the use of these formulas (Section 18351(i)) be repealed and that line item budget review entirely replace distribution formulas.

9. The definition of "co-ordination" should be redrawn and clarified. The present lack of clear definition of this activity in the Education Code has permitted these county office expenditures to evade critical review.

10. The Department of Education should be directed to eliminate Section 1516 from Title 5 of the Administrative Code. This section provides for allowances to county superintendents which may, in fact, be turned over to certain newly unified school districts; they would have the effect of assuring support for a level of services no longer required as a result of district unification. We do not believe this compensatory expenditure is appropriate to the County School Service Fund.

11. The provisions of Article 1, Chapter 2, Division 3, of the Education Code with regard to salaries of county superintendents should be amended to reflect better proportionate relationships between state and county resources. Future increases in the salary figures shall represent increased efforts by both the State and the counties. At the last adjustment, no increased county effort was required; the full expense was assumed by the State.

12. County support of the foundation program for emergency, special training and juvenile hall schools should be set at 50 percent. This

Short-Run Recommendations on Public School Support—Continued

recommendation will apply the same method of calculating state support as is used for any school district, except that the county effort shall represent 50 percent of the foundation program, with state basic and equalization aid meeting the remaining half.

13. The Education Code should be amended to eliminate state support for all County School Service Fund services except those performed for small schools. Services will continue to be available to large school districts, but they will be performed only on a fully reimbursable basis if the districts want the service. This would prevent the duplication of state support at both the district and the county level.

Special Education

14. Unused district aid capacity (found only in basic aid districts) should be applied to 50 percent of the total excess expense reimbursement computation for all special education programs to be met from state apportionments. The determination of unused district aid capacity is to be based upon the principal apportionment of the same year as that in which the excess current expense was actually incurred. This would permit a better application of state funds in those districts where wealth is low and which are adversely affected by deficit factors.

15. The Department of Education should be directed to determine a reasonable proportion of students likely to require speech training in remedial classes in relation to the total number of pupils. Upon such a determination, a maximum should be placed upon the number of pupils to be enrolled as speech defectives for the purposes of ADA computations. (Administrative procedures will be devised to accommodate particular exceptions.) This maximum should be of the same general nature as that contained in Section 194.5 of Title 5 of the Administrative Code with regard to special physical education classes for the physically handicapped.

The department should also be directed to revise Section 194.5 of Title 5 to specify a maximum percentage of the number of pupils that may be enrolled in special physical education classes, rather than a maximum percentage of the ADA in such classes.

Pupil Transportation

16. State financial support for pupil transportation should be on the basis of a 50-50 sharing of all expenses that are greater than the product of the lower computational tax rate applied to the district assessed valuation. This would eliminate the present feature of the reimbursement formula whereby all expenses beyond a particular point are borne by the State. This would serve to promote vigilance in the area of pupil transportation expenditures.

The Department of Education should be directed to develop a method of tax relief for low wealth districts in their support of transportation under the 50-50 sharing basis.

17. The Department of Education should be required by the Education Code to review and approve or disapprove all proposed, new or

Short-Run Recommendations on Public School Support—Continued

renewal contracts for transportation services between school districts and private companies. The review should include:

- a. The reasonableness of the costs of any increased services proposed;
- b. The effect of the proposal with regard to increases in state cost;
- c. A study of the adequacy of the transportation system before and after the proposal.

18. The formulas for the computation of transportation reimbursements should be amended to provide that the computational tax rates will be applied to 100 percent of the district assessed valuation. Presently, only 90 percent of the assessed valuation is used. This will utilize assessed valuation to the same degree it is used in computation of foundation program allowances, and it will permit a broader application of state money for reimbursements than is currently possible without increasing the cost to the State.

19. School districts should be required to report to the Department of Education their expenditures for transportation to outdoor science and conservation classes, and to classes in forestry. Presently, no separate report of these expenditures is required, making analysis of these expenditures and their effect upon transportation costs to the State impossible.

The department should also be directed to develop criteria for what constitutes an outdoor science or conservation class for the purpose of transportation reimbursement. There is presently no clear definition between this form of education and an instructional excursion.

Driver Training

20. Sections 18251 and 18253 of the Education Code should be amended with regard to the support of driver training instruction and driver training replacement costs. Section 18251 should be amended to refer solely to the support of driver training expense, exclusive of replacement of vehicles and simulators and should not exceed \$42 per pupil trained. Section 18253 should relate solely to the support of replacement of vehicles and simulators. Transfer of expense from one category to another would be precluded. Reimbursements made under Section 18253 should be made on the basis of three-fourths of the actual cost to the district of replacements.

Since the Legislative Counsel's interpretation of the present code indicates that there is no limitation on the amount of state support per pupil trained, we believe a reasonable limitation should be incorporated in Section 18253.

21. The Education Code should be amended to eliminate the present necessity to estimate the revenue accruing to the Driver Training Penalty Assessment Fund each year. Because of the present regulations, it is necessary to estimate the total revenue to the fund each year in December on the basis of receipts in the period from July to December. The solution is to amend the Education Code so as to place the apportionment of driver training reimbursements in June of each fiscal year, rather than in December of that year, as is presently the case. In this

Short-Run Recommendations on Public School Support—Continued

manner the fiscal year's revenues in the Driver Training Penalty Assessment Fund may be more accurately determined, and the reimbursement apportionments made more accurately.

Project-connected Pupils

22. The present formula for project-connected pupil allowances should be amended to place a cap upon state expenditures from the Water Fund. This cap will represent the allowance by the State of no more than the full foundation program for each project-connected ADA. The effect of this would be to add to the basic and equalization rate per unit of project-connected ADA, as apportioned for foundation program purposes from the State School Fund, enough money from the Water Fund to assure the full allowance of the appropriate foundation program for each project-connected ADA.

Allowances for Growth

23. The growth apportionment should be eliminated, and the support of public schools placed on a current basis. The principal apportionment of basic and equalization aid should be in the form of advances on current ADA, subject to correction when the final current ADA is determined. The proposal would provide a method for keeping current both the apportionments and the ADA for which they are intended.

24. If the growth apportionment is continued, the Education Code should be amended to provide that, in the determination of the number of ADA attributable to growth in a unified district, increases in the ADA at one grade level shall be offset by any decrease in ADA at another level (or levels). Thus, growth expenditures would be made only for real ADA growth, rather than on the basis of growth before and without reference to decreases in ADA at other levels.

25. For districts other than unified school districts, only net ADA growth should be represented in growth apportionments, not the total ADA growth. (Both this proposal and the preceding one can be applied within the recommendation to eliminate the present growth apportionments, above.)

LONG-RUN RECOMMENDATIONS ON PUBLIC SCHOOL SUPPORT

Our long-run recommendations go beyond the context of the State School Fund and the present methods of school support. Foremost among our considerations has been that the amount and computation of the foundation program has no clear relationship to school district needs. Our intention has been to better define and delineate the State's responsibilities and obligations in this area of basic public school support; we seek a better definition of the foundation program's purposes as well as better identification of its expenditures.

Historically there has been no definition of the present foundation program other than that it represents the "minimum acceptable level of school support." Even this sketchy definition is not directly spelled out in the Education Code. This loose definition has meant that any foundation program figure once established has been subjected to

Long-Run Recommendations on Public School Support—Continued

criticism for its acceptability, and acceptability in this context has never been defined. Therefore, before consideration can be given to the amount of financial support, particularly increased financial support, to be applied from state and local sources, some greater understanding of its purposes must be established.

Our proposal approaches the foundation program from the point of view that it represents a working relationship of state and local resources sufficient to assure to each of California's pupils a basic educational opportunity. This basic educational opportunity shall be measured in terms of financial support for classroom instruction, the backbone of which is the classroom teacher. We therefore propose to redefine the foundation program as representing a basic educational opportunity which is related directly to the support of the classroom teacher.

We recognize that various school districts establish different priorities and different goals for their educational programs. Each district is free and should remain free to pursue its own idea of what a desirable educational program should be. However, the State, in its support of public education through the foundation program, must establish and identify the elements of *its* support and the limits of *its* responsibilities and obligations. This identification will have the effect of better serving the interests of the low-wealth, equalization aid school districts.

Implicit in this attempt at improved definition and identification of the foundation program is the assessment of the adequacy of the program. For many years the assessment of support of the foundation program has been approached on the basis of its relation to the total expenditures, or total income, of the school districts. This comparison is disadvantageous to the State because it compares support intended for a "minimum acceptable level of school support" on one hand with the total expenditure for all programs (whether minimal or not) on the other. Increases have been sought and justifications presented on the basis that increasing costs must be taken into account; however, not all of the increased costs which are referred to relate directly to the support of a minimum acceptable level. We have contended that increases in school district expenditures must not be considered as *ipso facto* indications of increased foundation program need; they should be weighed for their relevance. Further, the State has been criticized on the basis that its percentage support has fallen to a record low. Inasmuch as school district incomes will reflect varying local wealth and varying local effort the State is not obligated to support the public schools at any specific percent of their total income. Instead, state financial support should be applied to the extent that it is needed to assure each district that the resources necessary for a basic educational opportunity for each student will be available after an equal and uniform local tax effort.

Since the classroom teacher is the primary instrument for providing a basic educational opportunity, we have sought to relate foundation program allowances to the support of regular classroom teachers'

Long-Run Recommendations on Public School Support—Continued

salaries and to the maintenance of a reasonable average class size. This leaves to the local district the control of and responsibility for the quality of the teachers' instruction and the form in which this instruction is presented. Local districts remain free to augment their staffs and enrich their salary schedules at their own, local expense. The revised foundation program would serve to assure each district that, from its partnership with the State, the core of its instructional program would be virtually guaranteed. It leaves entirely to the local district the support for all other activities outside the basic classroom educational opportunity as well as leeway for raising that support without jeopardy to classroom instruction.

The revised foundation program would have two elements: support for regular classroom teachers' salaries and support towards the expense of essential operations related to classroom instruction.

Support for Classroom Instruction

The major part of the total foundation program would consist of the "allowance for classroom instruction." This allowance would reflect two factors. The first of these is a ratio of teachers to average daily attendance (ADA); for purposes of consistency and administrative practicality the ADA of the district is used in this ratio rather than the number of pupils enrolled. In most instances the district ADA and total enrollment are essentially comparable. The second factor is a value to represent the classroom teacher's salary. Basically, the method is as follows:

1. Divide district ADA by the formula ratio of classroom teachers to students; this yields the number of teachers to be represented in the foundation program.
2. Multiply the number of teachers by a selected teacher salary formula figure; this product is the district allowance for instruction. (To this amount shall be added the allowance for essential operations, discussed below; the total equals the full foundation program.)

In setting out this proposed method, we have maintained two basic principles: first, whatever definition is applied to the foundation program shall stand for all comparable districts; that is, there can be no alternate to a foundation program. Secondly, the local tax effort for the support of this foundation program shall be uniform and equal among comparable districts. With respect to this latter point, we have made our proposals on the basis that the countywide tax base plan could be fitted into this system. In either instance, the foundation program would be computed taking into account a uniform computational tax rate for local support. For the low-wealth district presently receiving state moneys on an alternate foundation program basis, we have adopted machinery similar to the Department of Education's proposed sliding scale "foundation program," wherein a low-wealth district may augment its total income from state sources by participating in a sliding scale reward-for-effort program. This reward-for-effort program would not be part of the support for the foundation program; its proceeds

Long-Run Recommendations on Public School Support—Continued

would be available to the district on a dollars per ADA basis to be spent by the district for the expansion of its educational program. This expansion may include the hiring of more classroom teachers, the raising of classroom teacher salaries, or the enlargement of activities beyond the support of essential operations related to classroom instruction. The income from this sliding scale reward-for-effort program will not be tied to the support of any particular activity. Just as in the department's proposals, those districts with the lowest wealth per ADA would receive proportionately greater state support at any increased tax effort level than would those districts whose wealth per ADA was closer to the cut-off point of \$10,000 assessed valuation per ADA. The sliding scale of tax effort would be capped at the \$1.35 level.

For the necessary small school we propose the utilization of the present necessary small school foundation program figures as contained in Education Code Sections 17655.5 and 17664. The effect of these present foundation program figures is substantially identical with the intention of the revised foundation program. That is, the present foundation program figures, determined not by the actual district ADA but by the range of ADA, are intended to assure the necessary small schools adequate financial support for their essential administration and operation. This essential administration becomes proportionately more expensive as the ADA diminishes.

For the small school which is not eligible for consideration as a necessary small school, the foundation program shall be computed in the same manner as that for the larger districts, on the basis of considerations of numbers of teachers needed to maintain the teacher: ADA ratio.

Support for Essential Operations Related to Classroom Instruction

The smaller part of the revised foundation program for any district should be the "allowance for essential operation related to classroom instruction." This figure should reflect a given proportion of the teacher salary figure contained in the allowance for classroom instruction formula. Through this allowance the district will receive a sum intended to provide the basic support necessary to backstop the classroom teacher. It is recognized that districts will interpret differently the application of the allowance for essential operation related to classroom instruction. This we consider appropriate, but we have sought to insulate the State and the foundation program from detailed considerations with regard to local administrative staffing and operational services.

The sum intended to represent the allowance per teacher for essential operations should, in our opinion, be expressed legislatively as a percent of the classroom teacher salary figure. It is recognized that whatever percent of this salary figure is set may be attacked on the basis of its alleged inadequacy. The determination of whether to increase this proportion should be reserved to the Legislature. Whether the

Long-Run Recommendations on Public School Support—Continued

coverage of the support for essential operations will include an approximation of school district current expenditures, or only the amount considered necessary and desirable by the Legislature, will have to be determined by that body.

Application of Foundation Program Factors

The revised foundation program would require annual reporting by the school district of: (1) their full-time equivalent (FTE) classroom teacher staffs; and (2) their actual salary expenditures for these FTE positions. This material would have to be available for review in the process of the annual district post audit.

If districts were not meeting the conditions of the foundation program formulas, the allowances would be adjusted. There are two such adjustments proposed. The first of these is with regard to the maintenance of the teacher:ADA ratio. If the district FTE classroom teachers number less than the application of the teacher:ADA ratio to the district total ADA requires, the allowance for instruction will be reduced as follows: The district's actual FTE classroom teacher number will be used in the computation instead of that number needed to maintain the formula ratio. This will tend to encourage those districts whose allowance for classroom instruction is reduced to increase their classroom teacher staff.

With regard to the second adjustment, in the event a district's actual salary expenditure per FTE classroom teacher went below the figure contained in the formula, both the allowance for instruction and the allowance for essential operations would be adjusted. In the allowance for instruction, the formula salary figure would be replaced by the actual reported figure. In the allowance for essential operation, the allowance per teacher would be reduced by 5 percent of the difference between the formula and actual salary figures.

Both of these reduction factors can be applied to the same district at the same time. The purpose of these adjustments is to encourage provision throughout the State of a basic educational opportunity.

Conclusion

Our long-run intention has been to provide a more meaningful application of the concept of a foundation program to public school support. We recognize that at present there remain details to be worked out with regard to our proposal. One such refinement is the proper matching of the regular program formulas with the necessary small school figures, so that those districts whose ADA is just over or just under the cutoff points for necessary small schools are neither penalized nor overly compensated. Our proposal does not force drastic revisions in public school finance; it does seek to place the foundation program on a basis where it may be reviewed and assessed in relation to the function and purpose of the public schools which should be the provision of a basic educational opportunity to each pupil.

PROPOSAL TO RELIEVE THE STUDENT DROPOUT PROBLEM

Although not directly related to public school apportionments, the problem of dropouts from California schools presents many long-range difficulties to the State, not the least of which is a growing number of unskilled young people in the labor force, many of whom may ultimately require state and local welfare aid because of their inability to obtain satisfactory employment. In view of the likelihood of the presentation of differing proposals to remedy the problem in the 1963 Session of the Legislature we believe it appropriate to set forth our views on the subject in the Analysis of the 1963-64 Budget Bill.

As generally used, the term dropout refers to a person over the legal age for compulsory school attendance. Under the provisions of Chapter 6, Division 9 of the Education Code, most children in California must attend school until age 16. Those who leave school or are chronically absent before that age are generally classed as truant; this is a classification distinct from that of a dropout. The State Department of Education has estimated that California's dropout rate is about 25 percent; a decade ago it was closer to 30 percent. In comparison with the nation as a whole, the present rate is lower than that of most states. The department has measured dropouts in terms of the rate of decrease in high school enrollments between grades 8 and 12. However, the influx of new students from other states has tended to hold up the enrollment, and therefore has had the technical effect of decreasing the rate of dropouts; thus, the true rate is probably higher than that quoted by the department. In our opinion no successful study can be made of the dropout problem in California until a suitable, mutually acceptable definition of a dropout is made by the state department and disseminated to all school districts in the State. Presently, several such definitions are in use, making extremely difficult the accurate reporting of data on the problem. Additionally, criteria should be developed by the department which would permit statistical data to be maintained and reported regularly by each school district on the number of dropouts and the district rate. Until this is done, any proposals or studies aimed at remedying the dropout problem will be based largely upon suppositions.

Our examination of the dropout problem has indicated, as the department maintains, that the primary motive causing a student to drop out from school is psychological. The economic factor, once thought by many to be primary, is diminishing in importance in California as a lever which forces students to leave school before graduation. It is apparent that the "I hate school" attitude begins to develop in students at an early age and is only brought to fruition during the high school years. To the extent that this attitude is a manifestation of the home environment in which many of these children develop, the school and the Department of Education can only attempt to create an interest within the home in the school program and in the student's development. One plausible educational approach appears to be in more efficient and closer guidance and counseling early in each student's educational career, and in a more flexible arrangement with respect to the

Proposal to Relieve the Student Dropout Problem—Continued

numbers of required basic citizenship courses which every student must take. Consequently, in order to improve the motivation of the vocationally oriented potential dropout and induce him to remain in school, we propose a program built around the following points:

1. A wider exposure to prevocational electives. Commencing in the seventh grade vocationally oriented students should be permitted one elective each semester in prevocational training. The elective should relate to the pupil's demonstrated aptitudes. Thus, enrolling the problem student in wood, metal or some other shop as a method of disciplining him, regardless of his aptitudes, may only serve to strengthen his antischool prejudices. In the eighth grade, if the pupil's work in the elective courses is satisfactory, he would be permitted to take two such electives per semester. Upon satisfactory completion of these electives in the eighth grade, he would be eligible to take three related prevocational electives in the ninth grade. The purpose of this graduated exposure to prevocational training is to equip the vocationally oriented pupil with as much practical training as possible and with only the amount of academic training which may be necessary to meet general citizenship requirements. It contains, as well, a system of incentive award-for-effort; the student attaining satisfactory marks is allowed to advance. This, in our opinion, would serve to eliminate what appears to be one of the existing functions of vocational courses in the junior high schools of this state: that of providing a place for the problem student so that the academically gifted can pursue their studies undistracted. This downgrading of the prevocational shop in junior high schools as a form of discipline may be a large factor in turning students against school.

2. The decision with regard to what electives may be available to the vocationally oriented pupil will have to be made on the basis of the pupil's expressed preference and his teachers' interpretations of his capacities and aptitudes. The opinions of his teachers may be supplemented by aptitude test results that may have derived in the elementary grades. Test results should not be used as a basis for "segregating" pupils. Instead, the pupil "elects" the vocational curriculum gradually and with demonstrated aptitude.

3. The provisions of Division 9, Chapters 6 and 7 of the Education Code, relating to compulsory education requirements, may have to be amended in order to permit the application of our above proposals. Also, the provisions of Division 7, Chapter 2, General Courses of Study, and particularly the provisions of the "Casey Bill" (AB 2564, 1961 General Session) may require amendment to permit the distinction between the academically oriented pupil, and the vocationally oriented pupil and to permit enough time for a program of graduated electives, particularly at the junior high school level.

4. In addition to the implementation of a program of this type, we believe that effective counseling can also go a long way towards reducing the number of school dropouts. The experience gained under projects sponsored by Title V of the National Defense Education Act has yielded significant insight into more effective school district counseling. We believe that, rather than develop a core of specially trained guid-

Proposal to Relieve the Student Dropout Problem—Continued

ance counselors as the only means of counseling for the student, there should be a renewed emphasis on counseling by the classroom and "homeroom" or "core" teacher. Professional guidance workers and counselors have their place, but if used to the exclusion of classroom counseling they can only serve to heighten suspicion and distrust of the school and its system on the part of the potential dropout student. The reduction in class size inherent in our proposal for a revised foundation program will assist the teacher in reaching the pupil.

5. An attempt should be made, not by the state department but by the individual school districts, to interest the parents of the potential dropout or problem student in the school program. Often school open houses and parent-teacher conferences involve only the gifted and average academic students; rarely does the teacher or the parent of the potential dropout take an interest in that pupil's educational development.

6. No distinction should be made upon the high school graduate's diploma as to whether he is a vocational or an academic graduate. In many high schools this distinction tends to display the vocational program as second rate in comparison with the academic program. Distinction to honor graduates and students in the vocational arts, as well as those academic students with high scholarship, should be pointed out so as to upgrade vocational education in the opinions of the students, the parents and the community. As we have pointed out above, the tendency to regard vocational classes as courses in discipline acts, in many cases, as the trigger in causing students to leave school.

Conclusion

It may be noted that none of the recommendations set forth above for combatting the problem of school dropouts contains a proposal for additions to state apportionments to the public schools or for new programs within the Department of Education. We are aware that we propose here only a partial solution to the problem and one which treats largely with vocationally oriented children alone. A pilot study, such as we propose in our recommendations on the proposed Office of Compensatory Education to be found on page 160 of this Analysis, may be useful in further indicating methods of reaching the potential dropout student. We continue to believe that large new state expenditures on statewide programs of this sort are unwise until factual data has been presented supporting them.

We believe, in short, that a large measure of a solution to this problem is in a refocusing of emphasis and resources upon the potential dropout or problem student and in attempting to meet his particular educational needs. In our opinion, the gathering of data on the subject of dropouts and the coordination of statewide effort on solving the problem is a continuing responsibility of the State Department of Education, a responsibility which it should be meeting out of present resources.

**Department of Education
GENERAL ACTIVITIES**

ITEM 77 of the Budget Bill

Budget page 163

**FOR SUPPORT OF THE DEPARTMENT OF EDUCATION, GENERAL
ACTIVITIES, FROM THE GENERAL FUND**

Amount requested	\$3,571,650
Estimated to be expended in 1962-63 fiscal year	3,495,907
 Increase (2.2 percent)	 \$75,743
TOTAL RECOMMENDED REDUCTION	\$67,117

Summary of Recommended Reductions

	<i>Amount</i>	<i>Budget Page</i>	<i>Line</i>
Division of Departmental Administration			
0.2 Temporary help—Curriculum Commission	\$2,000	164	34
1 Special representative, State Board of Education	11,290	164	36
1 Consultant in civil defense	12,000	164	39
2 Intermediate stenographer	9,086	164	38,40
1 Assistant personnel analyst	7,459	164	42
Division of Higher Education			
Contractual Services—Bureau of Junior College Educa- tion	3,000	166	40
Division of Instruction			
1 Intermediate stenographer	4,560	167	61
Narcotics Education Project:			
1 Consultant in narcotics education	11,520	167	63
1 Intermediate stenographer	4,452	167	64
General expense	1,750	168	23

GENERAL SUMMARY

Article 1, Chapter 3, Division 2 of the Education Code contains the legal authorization for the Department of Education.

The general activities budget of the department provides funds for administrative, supervisorial and advisory functions for the statewide public school system under the general direction of the State Board of Education. The Department of Education is also responsible for the administration of the five special residence schools for physically handicapped children, the three production centers for the blind, an orientation center for the newly blinded, vocational education and vocational rehabilitation. The department is composed of five divisions in addition to the Division of Libraries (the State Library) which for budgetary purposes is treated as a separate item. These are as follows:

- Division of Departmental Administration
- Division of Higher Education
- Division of Instruction
- Division of Public School Administration
- Division of Special Schools and Services

ANALYSIS

Total General Fund expenditures for the support of department general activities during 1963-64 are set at \$3,571,650, an increase over the

Education

Item 77

General Activities—Continued

current figure of \$75,743 or 2.2 percent. A total of 13.4 new positions are requested for the regular program, as follows:

Division of Departmental Administration

- 0.2 Temporary help
- 1 Special representative, State Board of Education
- 2 Intermediate stenographer
- 1 Assistant personnel analyst
- 1 Programmer II
- 0.5 Key punch operator
- 1 Consultant in civil defense

6.7 Sub total

Division of Higher Education

- 1 Specialist in teacher education
- 1 Credential technician
- 1 Intermediate clerk

3 Sub total

Division of Instruction

- 2.5 Intermediate stenographer
- 1 Consultant in narcotics education
- 0.2 Temporary help

Subtotal 3.7

Total
positions
requested 13.4

Our analysis recommends the approval of 5.2 of these positions and the deletion of 8.2 positions. An analysis of the budget request of each division individually follows.

Division of Departmental Administration

There are four functions within the Division of Departmental Administration. The accounting office administers certain trust funds and provides budgeting, purchasing and internal auditing services. The administrative adviser's office provides legal services to the State Board of Education, the Superintendent of Public Instruction and the staff of the special schools and service agencies. The personnel office exercises direction over the department's personnel program. The Bureau of Education Research performs research in the fields of finance, curricula, testing and other related subjects for the department and the public schools.

The amount of \$811,956 is requested for this division for the 1963-64 fiscal year. This represents an increase of \$16,566 in General Fund costs over the present year's estimated expenditure. Total reimbursements to the division from other sources amount to \$392,253, an increase of \$8,645, personal services are up \$20,108, and operating and equipment requests have risen \$8,721. Support from federal funds is scheduled to increase \$3,618.

The division requests an additional 6.7 positions as follows:

Executive:

- 1 Special representative, Board of Education
- 0.2 Temporary help
- 2 Intermediate stenographer
- 1 Consultant in civil defense

General Activities—Continued

Personnel:

- 1 Assistant personnel analyst

Education Research:

- 1 Programmer II
- 0.5 Key punch operator

Salaries and wages for these positions will increase the division's budget by \$52,131.

We recommend the deletion of the position of special representative to the State Board of Education and the one related clerical position.

Both these positions were administratively established late in 1962 and are requested as permanent positions in the year under consideration. The State Board of Education has authorization for one full-time exempt position, which has been filled by an assistant secretary. This exempt position has been transferred to a civil service rating and the proposed special representative has acquired the exemption. No detailed justification for the position of special representative has been submitted by the Department of Education or the State Board of Education. Consequently the extent of the "need" for staff services expressed by the board in its supporting documents remains unanswered. We believe that it is unnecessary and undesirable to expand the permanent staff of the board. The point should be made that the staff of the Department of Education is available to the Board of Education and is, in effect, its staff. In seeking the services of specialists for the purpose of guidance the board should be encouraged to draw upon the personnel already available within the department. Should the board desire the services of special consultants not present within the department to answer specific questions, it may utilize funds which may be made available as a line item in the budget of the Division of Departmental Administration. This method is preferred over the creation of: (1) a separate staff under the board, or (2) a separate budget item for the board. Further, the office of the Superintendent of Public Instruction presently has authorization for the exempt position of special assistant and information officer. One of the functions of this individual is to provide liaison between the superintendent and the board. An additional special representative seems unnecessary. We deem unwise the creation of separate staff for policymaking boards in addition to the staff of the state agency for which the board formulates policy.

A position of 0.2 temporary help is proposed by the division to give assistance to the State Curriculum Commission. *We recommend the deletion of this request.*

The department's justification for this position states that "a need for various specialists to give assistance to the Curriculum Commission has been expressed at state board meetings." The sum of \$2,000 to provide for such specialists is asked. The department has stated that the figure of \$2,000 is not a firm estimate of the amount necessary for this purpose; it has not specified what assistance the commission would require that it does not now receive free of charge from experts in the department and from various professional organizations, universities

General Activities—Continued

and colleges. Apparently, no plans for the use of this money exist save for its use as a "contingency fund" to provide professional advice to the Curriculum Commission. We feel that the commission should continue to rely, as in the past, upon the professional advice of trained experts secured free of charge. It should be noted that this request, in the reduced amount of \$2,000, is identical in purpose to the request for \$13,124 to assist the Curriculum Commission submitted by the Department of Education to the Department of Finance last year. At that time the request was rejected by the Legislature on the same basis as expressed above.

We recommend deletion of the consultant and the associated clerk position in civil defense planning. These two positions were added during the current year to carry out the department's responsibilities in the area of civil defense as put forth by executive order from the Governor's Office. The department has been assigned the functions of planning, co-ordinating and advising local school districts in matters relating to public school civil defense. In addition, the consultant will plan and participate in the department's civil defense and disaster preparedness. Costs of this program will be shared equally with the federal government.

Our views on the addition of these positions to the Department of Education are expressed in the section on the California Disaster Office to be found on page 21 of this Analysis. A complete discussion of the civil defense planning efforts of the Disaster Office may be found in that section, together with our recommendations concerning the placing of civil defense planning offices within each major state agency, as is proposed for 1963-64.

One assistant personnel analyst is proposed for the division's personnel office. *We recommend disapproval of this request.*

This position was created and filled during the current year as an administrative adjustment on the basis of increased workload. The department states that the position will be financed by a reduction of two clerks from elsewhere in the division. Workload figures submitted in justification of this request indicate that functions requiring professional attention have, in the main, not increased markedly but have remained fairly constant. The total number of hearings for a seven year period requiring the attendance of a professional personnel officer are as follows:

Hearings		
Year		Number
1957-58	-----	27
1958-59	-----	18
1959-60	-----	27
1960-61	-----	13
1961-62	-----	24
1962-63 (est.)	-----	25
1963-64 (est.)	-----	26

Similarly, in the category of classifications reviewed for new positions, the number of such classifications has decreased rather than increased from a high of 186 per year in 1957-58 to an estimated 120 per

General Activities—Continued

year for 1963-64. Other such categories show similar declines or only modest increases in workload. The only large increase is found in the category of individual interviews with employees of the department. These have increased by 258 in the last four years, largely due to increased employee benefit plans which employees wish to discuss with the personnel office. In reality, however, these are matters which often need not be answered by a professional employee. The personnel office contains 13.5 employees, several of whom are supervising clerks and senior clerks, and since a large number of interviews are really nothing more than individual questions they can readily be answered by these clerical personnel. In our opinion, the department has failed to present sufficient justification for an additional professional position within the personnel office; consequently we recommend deletion of this request.

We recommend approval of the one programmer II and the 0.5 key punch operator positions. The 1962 Legislature approved two programmers II for the Bureau of Education Research; one of the positions is temporary and will expire on June 30, 1963. The division now proposes to make this position permanent on the grounds that the electronic data processing function has increased within the bureau. The bureau presently employs three such programmers as follows: one works exclusively with the programming of data processing equipment for the computation of State School Fund allotments; one is employed full time in programming the equipment for all other statistical surveys performed by the bureau except school apportionments; and one programmer works on special project assignments and other projects which formerly were done manually. This latter position is the one for which permanent authorization is requested. Demonstrated workload for this programmer includes work on apportionments which cannot be completely handled by the other two positions, salary surveys, cost analyses and such other special projects.

The 0.5 key punch operator will also be employed in the Bureau of Education Research. Workload figures indicate a need for this position to work in the fields of textbook accounting, teacher assignments, statewide testing and other similar areas.

Division of Higher Education

This division was established in 1961 to consolidate and co-ordinate the department's functions in adult and post-secondary-school education. The division is composed of the following units, all of which were transferred from other divisions into this new element:

- Bureau of Adult Education
- Bureau of Junior College Education
- Bureau of Readjustment Education
- Credentials Office
- Teacher Education and Certification

Prior to 1961 and the formal establishment of the Trustees of the California State Colleges, the department contained a division of state colleges. Those functions not directly related to the state colleges formed the nucleus for the new Division of Higher Education and permitted

General Activities—Continued

the regrouping into the new division of those activities relating to adult education, post-secondary-school affairs, and teacher education and recruitment.

Expenditures of this division are expected to rise by \$19,111 in 1963-64 to a total of \$235,158. This increase is comprised of \$9,767 for operating expenses and \$29,304 for personal services. The division has reduced its equipment requests for the coming year by \$2,325. Reimbursements are scheduled to increase \$17,635. A total of three new positions are asked, all within the Bureau of Teacher Education and Certification. They are:

- 1 Specialist in teacher education
- 1 Credential technician
- 1 Intermediate clerk

We recommend approval of these three positions.

As a result of new regulations on teacher education and certification, passed by the 1961 Legislature (S.B. 57), Ch. 848, an increased need exists for reappraisal of the accreditation of California's colleges and universities. Many of the new regulations remain to be implemented by the Board of Education, which will rely heavily upon the Bureau of Teacher Education and Certification for advice. Presently, there exists no professional in the field of teacher education within this bureau, with the exception of the bureau chief. *Therefore, we recommend approval of the position of specialist in teacher education.* The addition of this position should assist the department in the implementation of the above regulations with the least possible delay.

We recommend approval of the two positions within the certification office. The workload accomplished per position in this office has been progressively reduced due to the more detailed and complex teacher evaluations needed. The following tabulation is an indication of requirements:

	<i>Actual</i> 1961-62	<i>Estimated</i> 1962-63	<i>Estimated</i> 1963-64
Total evaluations -----	161,000	180,000	190,000
Per credential technician -----	7,419	6,500	6,000
Per clerical -----	3,433	3,300	3,300

It may be noted that despite the increased workload demonstrated above, the department has left unfilled two authorized credential technician positions; of the 28 presently authorized, only 26 are filled. Likewise, only 47.3 of an authorized 51.3 total clerical positions have been established and filled by the department. The department's position on this matter has been that, although the unfilled positions were needed, they were held open to effect salary saving. Since it is maintained by the department that the increased workload requires additional staff over and above the two positions requested, we recommend that these presently unfilled positions be established and filled in order that this office may keep abreast of its new workload. If this is done, barring drastic workload increases next year, there should be adequate staff to handle the certification function of the department.

General Activities—Continued

A sum of \$3,000 is requested as payment for contractual services to assist the Co-ordinating Council on Higher Education on special questions and problems on which they require professional advice. We understand that this sum is to be used by the department in preparing a comparative cost study of junior college programs.

In our opinion a study of this type would aid in determining a sound junior college support program. Nevertheless, we fail to understand why a program of this kind and magnitude cannot be accomplished by the existing three professional positions in the Bureau of Junior College Education. *Accordingly, we recommend disapproval of this request for \$3,000.*

Division of Instruction

This division is the organizational unit through which the department coordinates the State's public school instruction; it also provides the department's services for improving the statewide instructional program. In addition to division administration, there are the following units:

- Bureau of Audio-Visual Education
- Bureau of Elementary Education
- Bureau of National Defense Education
- Bureau of Physical and Health Education and Recreation
- Bureau of Pupil Personnel Services
- Bureau of Secondary Education
- Vocational Education

General Fund support of national defense education and of vocational education derives from budget items outside general activities support and is reviewed in detail elsewhere in this Analysis.

The amount of \$720,601 is requested for the activities of this division during 1963-64; this represents an increase over the current year's appropriation of \$26,783. The largest portion of this increase falls into the category of personal services where 3.7 positions and one entirely new program, narcotics education, are proposed. Within operating expenses, this latter project accounts for \$7,800 of the total increase for this item. A total of 3.7 new positions requested for the Division of Instruction are as follows:

Bureau of Physical and Health Education:

- 2 Intermediate stenographer
- 1 Consultant in narcotics education
- 0.2 Temporary help

Pupil Personnel Services:

- 0.5 Intermediate stenographer

We recommend disapproval of one of the intermediate stenographer positions within the Bureau of Physical and Health Education.

The department contends that this position, which existed until 1961-62 when it was eliminated, is necessary on the basis of increased workload. Apparently the bureau has functioned efficiently for the past two years with the one remaining stenographer and additional

General Activities—Continued

existing clerical help; we have seen no departmental estimate of the increased backlog if this position is denied nor has any data been submitted indicating estimated savings or greater efficiency if it were authorized. On the basis of insufficient justification, we recommend the deletion of this request.

Narcotics Education Project

We recommend the deletion of the two positions of consultant in narcotics education and intermediate stenographer within the division's budget for the proposed program of narcotics education. In addition, we recommend the deletion of the amount of \$1,750 for general expense. Our recommendation includes the approval of \$8,050 for special temporary consultants and necessary bulletin printing and film preparation expenses. Wages and salaries for these two proposed positions total \$15,972. General expenses are expected to reach \$1,750 for the project; thus deletion of these segments of the program would result in a saving of \$17,722.

It is planned that during the first year of what is projected as a three-year program, specific program plans will be developed. Classroom teachers and school administrators, especially those in areas where narcotics present a problem, will be consulted as to instructional and in-service training needs. Material on narcotics and dangerous drugs will be revised and a new teachers' manual, audiovisual aids, and other related materials for pupil use will be prepared.

It is our understanding that approximately \$90,000 will be used over a period of three years in the project on narcotics education. This appears to us to be merely the beginning of a long and costly program for which future expenditures can only increase. In view of the many facets of the narcotics problem in California and its implications in the fields of public health, social welfare and law enforcement, it appears that a more satisfactory program might be accomplished, with more economy to the State, through a pooling of the existing resources of the Departments of Public Health, Social Welfare, Justice and Education. The Bureau of Physical and Health Education, which would administer this program, presently employs three consultants, one of whom specializes solely in health education. We have seen no evidence that this individual could not include the program of narcotics education as a segment of her health education duties, provided that such a program were co-ordinated with the above-mentioned departments through use of visits to schools and talks to students by law enforcement, public health, and social welfare experts presently employed by those agencies.

We have recommended approval of certain items budgeted for this program. These include funds for projects which were specifically recommended by the Special Study Commission on Narcotics for inclusion in the Department of Education's general instructional program. They are as follows:

General Activities—Continued

Special consultants -----	\$2,000
Communications -----	850
Travel—in-state -----	1,200
Manuscripts -----	3,000
Films and filmstrips -----	1,000
Total -----	<u>\$8,050</u>

In our opinion, the inclusion of these funds will allow the existing consultant in health education to refocus her energies upon the problem of the instruction of the state's school population on the dangers of narcotics and dangerous drugs. A program, such as we envision, combining the talents of law enforcement officers, specialists in other related state agencies, and special consultants for which funds are included above, could be efficiently co-ordinated by the Bureau of Physical and Health Education with its existing staff and would prove just as effective as the program which is presently proposed. In addition, we have recommended the approval of funds proposed to update publications, filmstrips and other educational material on the narcotics problem. Funds for necessary in-state travel for the existing consultant in health education are also included.

One half-time position is requested for the Bureau of Pupil Personnel Services to provide additional clerical help. This position was created and filled during the current fiscal year as an administrative adjustment. *We recommend approval of this position.*

The workload of this bureau is increased due to duties which it performs as a result of Title V (Improved Guidance and Counseling), National Defense Education Act. It is now proposed to meet this workload increase through the addition of one half-time intermediate stenographer to be financed by federal funds. Thus, the salary for this position, \$2,640, appears as a reimbursement in the same amount from federal Title V funds.

Division of Public School Administration

The Division of Public School Administration operates in noninstructional areas. In addition to the division's administration, there are the following components:

- Bureau of Administrative Services
- Bureau of School Apportionments and Reports
- Bureau of School District Organization
- Bureau of School Planning
- Bureau of Textbooks and Publications
- Educational Agency for Surplus Property
- School lunch and special milk programs

The Educational Agency for Surplus Property is supported from the Surplus Property Revolving Fund, while the school lunch and special milk activities are entirely federally financed. The Bureau of School Apportionments and Reports collates and verifies school district reports and is responsible for the apportionment of funds from the State School Fund. General Fund support of the State School Fund in

General Activities—Continued

1962-63 will equal approximately \$765 million. A discussion of the fund and public school finance in California in general may be found on page 136 of this Analysis.

Total appropriations for the support of this division are up by \$2,890 for fiscal 1963-64 from the current figure of \$1,030,085. The amount requested is set at \$1,133,175; the increase is due to merit salary increases and a slight increase in operating expenses. Requests for new equipment show a decrease for 1963-64 of \$3,012. Reimbursements for planning surveys prepared for local school districts by the Bureau of School District Organization are scheduled at \$40,000 for the forthcoming fiscal year. No new positions are requested for this division and no change in the level of service is proposed.

Division of Special Schools and Services

This division provides administration and educational supervision for the various special schools and special service agencies of the department. It also provides services to school districts maintaining special education programs for handicapped pupils. In addition to division administration, there are the following units:

Bureau of Special Education

California Industries for the Blind (central administration)

Field Rehabilitation Services for the Adult Blind

Vocational Rehabilitation Service

General Fund support for the three California Industries for the Blind production centers and for the Vocational Rehabilitation Service is discussed in connection with the separate budget items appearing for these activities.

Support for this division from the General Fund in 1963-64 totals \$770,960, an increase over estimated expenditures in the current year of \$10,393. The major increase is in the area of new or replacement equipment where an additional \$2,307 is requested. During the current fiscal year one additional position was added to the Bureau of Special Education as an administrative adjustment to complete a special project on the education of emotionally handicapped children. This position is not requested for 1963-64 and all costs of this project and position were recovered through a federal grant. No additional new positions are requested for this division and the level of service is expected to remain unchanged.

Adult Education for Civil Defense

Reported in conjunction with the department's general activities budget is the entirely federally financed adult education for civil defense program. The federal support is directed to both state level expenses and to reimbursements to school districts maintaining adult education classes in civil defense.

This activity is intended to use existing adult education facilities and resources to teach the principles of individual, family and community protection. There are two phases: the training of teachers by the department, and the conducting of classes for adults in local adult

General Activities—Continued

schools. The teacher training consists of an intensive 15 hour course conducted by staff members of the Division of Higher Education's Bureau of Adult Education covering the following subjects:

1. The current world situation and America's vulnerability.
2. Chemical warfare.
3. Biological warfare.
4. Nuclear warfare.
5. Methods of surviving natural and man-made disaster.

Upon completion of this intensive course the teachers are certificated to conduct 12 hour courses for adults in individual and family survival. During 1962 the preparation of a television series on civil defense was commissioned; this series is intended to be used either independently of the school course or to implement the classroom instruction.

At the completion of the 1962 school year this program had conducted a total of 778 classes in the State and had trained 25,839 citizens in civil defense.

**Department of Education
SCHOOL BUILDING AID**

ITEM 78 of the Budget Bill

Budget page 172

**FOR ADDITIONAL SUPPORT OF THE DEPARTMENT
OF EDUCATION, GENERAL ACTIVITIES, FROM
THE SCHOOL BUILDING AID FUND**

Amount requested	\$100,200
Estimated to be expended in 1962-63 fiscal year	100,200
<hr/>	
Increase	None
TOTAL RECOMMENDED REDUCTION	None

ANALYSIS

This appropriation from the School Building Aid Fund for the general activities of the Department of Education is intended to meet the expenses of the Bureau of School Planning, Division of Public School Administration, that are attributable to processing projects under the school construction aid program. The requested 1963-64 appropriation shows no increase from the current year's figure of \$100,200. All employee retirement and health and welfare benefit costs are now charged directly to general support of the program.

We recommend approval.

**Department of Education
OFFICE OF COMPENSATORY EDUCATION**

ITEM 79 of the Budget Bill

Budget page 172

**FOR SUPPORT OF THE DEPARTMENT OF EDUCATION,
OFFICE OF COMPENSATORY EDUCATION,
FROM THE GENERAL FUND**

Amount requested -----	\$346,000
Estimated to be expended in 1962-63 fiscal year -----	None

Increase -----	\$346,000
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TOTAL RECOMMENDED REDUCTION -----	\$185,294
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Summary of Recommended Reductions

	<i>Amount</i>	<i>Page</i>	<i>Line</i>
Office of Compensatory Education :			
1 Intermediate stenographer -----	\$4,344	172	66
General office expense -----	950	172	75
School district projects (5) -----	180,000	172	81

Transfer consultant in compensatory education to Division of Instruction, Department of Education.

Limit authorization of funds for the project and position to June 30, 1965, pending legislative review of its results.

GENERAL SUMMARY

This program, for which enabling legislation has been introduced in SB 115, and a request for \$346,000 are proposed in the budget for the 1963-64 fiscal year to encourage the establishment and development of special educational programs for culturally deprived children in California. For the purposes of this program, a culturally deprived student is one who, although potentially capable of completing the curriculum leading to graduation from the public school in which he is enrolled, is unlikely to do so because of language, cultural, economic or other such environmental handicaps. The program will consist of consolidating materials and information already available in the field, advising local school districts on practices which have encouraged the learning process among such children in other districts or states, and the contracting with school districts to develop further information and programs in areas where insufficient data on this problem is available. The proposal establishes the office of the Consultant on Compensatory Education within the Department of Education for the purpose of coordinating this statewide program. In addition to funds for the operation of this office, an amount of \$324,000 is provided for the contracting of nine pilot research programs with school districts or other public educational units within the State. This amount is intended to finance no more than two-thirds of the costs of such programs, not to exceed \$24 per project student. The enabling legislation defines a program of compensatory education as being an undertaking in addition to the regular educational program of a district which seeks to identify and provide intellectual stimulation to culturally deprived students. In addition, to qualify for the funds for which legislative approval is asked, the district must include in its program for these pupils any one or more of the following elements:

Office of Compensatory Education—Continued

1. Individualized psychological evaluation.
2. Individualized instruction.
3. Remedial assistance.
4. Dissemination of educational and career information.
5. Broadening of cultural experience.
6. Working relationships with and the enlistment of the encouragement and support of persons in the home of such minor.
7. Teaching English as a second language.
8. Intensified guidance and counseling of such minors and persons in the homes of such minors.
9. Liaison with the community and nonschool agencies who may render assistance, including local public and private welfare agencies and organizations.
10. Activities involving motivation and stimulation of the minor's educational and cultural propensities.
11. Development of community leadership aimed at achieving co-operation with the school district among these families and groups for which the program is designed.

ANALYSIS

A total appropriation of \$346,000 is asked for the first year of this program. Of this total, \$16,149 is intended to provide support for the two positions requested, \$4,950 will account for general office expense, bulletin printing and travel expenses, and \$324,000 is proposed as grants to school districts carrying on an approved program in this field. Two positions are requested, as follows:

- 1 Consultant in compensatory education
- 1 Intermediate stenographer

We recommend the transfer of the position of consultant in compensatory education to the Division of Instruction, Department of Education. We also recommend the deletion of \$950 of operating expense from the requested appropriation. Our recommendation includes the deletion of \$180,000 of the total \$324,000 requested in grants to school districts; the remaining \$144,000 to be used in grants to four rather than nine districts operating approved compensatory education pilot projects. We also recommend the deletion of the one intermediate stenographer position. Under our recommendation, the program will remain at the existing level in 1964-65 and legislative authorization will expire on June 30, 1965. This will enable legislative review of the program's accomplishments at that time.

If our recommendation is followed, a total of \$185,294 will be deleted from the \$346,000 requested, a pilot program in compensatory education will be established within the Department of Education, and four pilot projects will be approved, to be supported by maximum grants of \$36,000 per project.

The Department of Education has estimated that nearly one-quarter of California students entering high school each year fail to graduate four years hence. Recognizing that the problem of school dropouts in California is a serious one we have included on page 146 of this Analysis several of our recommendations aimed at providing partial solutions to this matter. The points we raise in that discussion are directed primarily at the vocationally oriented pupil who is a potential dropout or who is culturally deprived; we have not indicated proposals for coping with the student who is academically able but who, for psy-

Office of Compensatory Education—Continued

chological or environmental reasons, has developed an antischool attitude and is unlikely to complete the public schools. Our reasons for this omission are that we have seen no accepted and accurate data concerning the best method of helping these students. To our knowledge, no pilot project results on this problem in California have been released, although several school districts, among them the San Francisco Unified District, have undertaken such programs financed through private grants.

In our opinion, such a pilot project is appropriate if directed toward indicating the feasibility of a statewide program of compensatory education. The provision of funds for nine such pilot projects, however, seems to go further than the pilot study approach. We believe that adequate results can be obtained by the financing of four, rather than nine, such projects at a maximum cost of \$36,000 per project. The estimated cost of the project per pupil served, over and above normal costs of education, is \$36; if the estimate provided by the department of 1,500 such students per project is correct, the reduced figure of \$144,000 which we recommend be appropriated for this purpose will provide the requisite two-thirds cost per pupil, i.e., \$24. Our recommendation is based upon our belief that four such projects will demonstrate as amply as nine the need and feasibility of continuing and extending a program of providing aid to culturally deprived students. Present plans call for the creation of three projects in the San Francisco Bay area, three in the central valley, two in the Los Angeles area and a specialized project aimed primarily at non-English-speaking migrants in the San Diego area. The approval of funds for four projects will allow one project in each of these areas and will, in our opinion, provide sufficient data for evaluation purposes.

Our recommendation against the establishment of a separate Office of Compensatory Education is based upon the probability, if this is done, of requests from other minority interests within the State for equal representation through the creation of separate offices for each group or interest within the department. Presently two consultants for the mentally gifted are included within the Division of Instruction and make use of the division's clerical pool and office supplies. We feel that no damage will result to the compensatory education program if it is organized identically to the mentally gifted and similar programs within the Division of Instruction. We have recommended the deletion of the intermediate stenographer position and of the request of \$950 for general expense because we believe they will not be necessary if the compensatory education program is carried out within the Division of Instruction rather than through a separate office.

Our recommendation limiting this project to two years will allow the Department of Education to submit a detailed report on this project, together with its recommendations for its expansion or discontinuation, to the Legislature at its next general session. Such a report should include, for example:

Office of Compensatory Education—Continued

1. The number of students affected in each of the four projects;
2. The effectiveness of various methods used in the program to improve the students' educational possibilities and motivations;
3. The results of attempts to interest those in the homes of such students in the school program and the students' progress;
4. A detailed analysis of the cost factor per student in each project, to include an analysis of each district's ability to support such a program on its own;
5. The results, measured by college entrance figures, placements in satisfactory employment, and the reduction, if any, in the districts' dropout rates of the program on the affected students; and
6. The outlook for and possibilities of the extension of such a program above the existing level.

**Department of Education
NATIONAL DEFENSE EDUCATION ACT**

GENERAL SUMMARY

The National Defense Education Act (PL 85-864) was designed to provide federal financial assistance to states and to educational institutions in order to promote training to meet the defense requirements of the United States. Chapter 5, Division 2 of the Education Code, commencing with Section 551, contains California's legislative acceptance of the terms of the federal act. The act as originally passed in 1958 was due to expire at the end of the 1961-62 fiscal year. Public Law 87-344 extended the authorizations for two years, until June 30, 1964. Therefore, the budget year under consideration may possibly be the final year of the National Defense Education Act program in its present form.

Before federal funds were available to a state, a plan was required for approval at the federal level. California's plan provided for the creation of a Bureau of National Defense Education in the Department of Education. This bureau has the primary responsibility for the administration of the Title III and Title V programs as well as co-ordination responsibilities for the Title VIII and Title X programs, assigned respectively to the department's Vocational Education section and Bureau of Education Research. The budget for the support of the Bureau of National Defense Education is part of the state level operations budget reflected in Title IIIb (discussed below). There are two units in the bureau performing supervisory and administrative services; the latter includes the availability of the consultant staff to the instructional bureaus of the department, as well as to local school districts upon their request.

The 10 titles of the National Defense Education Act are as follows:

Title I. An introductory title containing a declaration of policy that nothing in the act authorizes federal control of education. This title also contains a glossary of terms used in the act.

Title II. Loans to students in institutions of higher learning. General Fund participation here has been set at one-tenth of the total

National Defense Education Act—Continued

expenditure, with federal funds meeting the balance. State level administration of this program rests with the trustees of the California State Colleges, and the 1963-64 budget request for Title II is discussed elsewhere in this analysis of the budget bill.

Title III. Improvement in the instruction of science, mathematics and modern languages. There are two parts to this title. Title IIIa provides federal funds to states to be matched from local sources for the purchase of laboratory or other equipment to be used in the instruction of science, mathematics or modern languages. Private schools may participate in this program to the extent that equipment shall be available to them on a loan basis. Federal subventions to local districts under Title IIIa are reported in the local assistance section of the budget.

Title IIIb, administered within the Department of Education, provides grants for the expansion of supervisory and related functions in public schools for these disciplines, as well as for the support of state level operations (including the Bureau of National Defense Education). State and federal funds in Title IIIb are expended for the following purposes:

1. Evaluation, processing and approval of local applications for federal funds.
2. Dissemination of information derived from projects supported by the NDEA.
3. Financing of statewide or regional studies and workshops for educators and teachers.
4. The provision of consultants both in the department and to local school districts on behalf of NDEA sponsored projects.

Title IV. Graduate study fellowships, available each year since 1958-59. These fellowships are not connected with the loans available under Title II, nor does the State enter into their administration.

Title V. Federal support for the establishment or maintenance of testing, guidance or counseling programs. Existing state and local expenditures in on-going programs in California have satisfied the act's requirements for matching federal support; therefore, only federal subventions are reported in the local assistance section of the budget. California's plan for participation in Title V, as approved at the federal level, provided for testing to identify the able student and for guidance and counseling in secondary schools to advise students with regard to the further education best suited to them.

The second segment of this title, with which state level operations are not involved, provides for the establishment of guidance and training institutes arranged with educational institutions by the U.S. Office of Education.

Federal funds available for Title V are administered at the state level by the Bureau of National Defense Education. Local school districts submit their applications to the bureau; the applications are reviewed for conformity to the act's provisions. If approval is granted the districts are then free to proceed with their projects, presenting

National Defense Education Act—Continued

With regard to the accomplishments of California's participation in the National Defense Education Act, we asked certain questions in the 1962-63 Analysis of the Budget Bill. These questions, together with the observations of the bureau, follow.

1. *What has been accomplished in terms of numbers involved (e.g., teachers and students participating in the various programs) and in terms of measurable results?*

The bureau has noted that districts whose enrollments represent a substantial majority of the State's total enrollment have participated in NDEA projects; well over half of the total number of districts have participated each year since the first year funds were available. In 1959-60, when over 880 of the state's districts participated, the average daily attendance of these districts exceeded 81 percent of the state total. The results of the projects are difficult to measure, but certain judgments can be made. The primary conclusion is that the NDEA projects have accelerated and stimulated the effort to improve instruction in science, mathematics and modern languages. The projects have demonstrated the relative merits of different approaches attempting to improve technical instruction and have permitted experimentation with new techniques. It should be emphasized that in this respect the NDEA projects have served mainly as catalysts.

2. *What utilization of available federal funds has been made?*

In budgeting programs under the act, the entitlements of federal funds for California under Titles III, V and X have been almost totally utilized. In the case of Titles III and V, the utilization of federal entitlements has averaged over 95 percent, while for Title X the utilization has been only slightly lower.

3. *What state money has been released; or, what has been accomplished under the program that regular state activities would not have accomplished?*

As noted above in connection with Title V, certain on-going state and local expenditures undertaken prior to the passage of the Act have had the effect of giving California credit for certain federal matching requirements. The bureau has contended that state money is not directly released by NDEA projects inasmuch as most of the projects represent the application of federal and local money; most of the General Fund support is applied to state level operations for Title III. Had the State sought to accomplish by itself what federal participation in the NDEA has permitted, the General Fund cost would have been considerably greater. It is difficult to identify categorically what would have been accomplished, had there been no NDEA in view of the fact of the very existence of the federal program. However, many of the areas explored and developed by NDEA projects would, in all probability, have been undertaken in some form or another sooner or later. The availability of federal funds on an incentive basis has served to hasten the process, and generally to encourage appetites that might otherwise have gone ungratified for a few more years.

National Defense Education Act—Continued

4. What duplication is present in the use of consultants among the different programs and the Division of Instruction?

Consultants whose salaries are borne by Title IIIb (the support for the Bureau of National Defense Education) are assigned to different bureaus within the Division of Instruction. These consultants implement the regular consultant staffs of these bureaus. By utilizing NDEA consultants on this sort of "loan" basis the department has a resource of temporary help specialists. Their skills may supplement those of the regular consultant staff, or they may be in addition, depending upon the area of assignment. This arrangement of consultant deployment can permit economies when compared to engaging other full-time consultants for these bureaus from the General Fund budget for the department's general activities.

5. What is the distribution of the reports and materials produced; how are they evaluated; and what overlap is there with those produced by the existing program of the Department of Education?

Each NDEA project and its conclusions are evaluated by specialists engaged by the bureau. Some of the project reports are released in individual publications, others in compilations covering several areas. Those reports printed under Department of Education authorizations are available for distribution on the same basis as regular departmental publications. Co-ordination of proposed printings by the department is intended to reduce or eliminate possible overlap.

6. What are the individual local school districts doing on their own as a result of the National Defense Education Act stimulus?

The question relates most directly to local participation under Title III for improvement of instruction in science, mathematics and languages. The bureau has noted that districts most likely to participate in such programs are large high school and junior college districts receiving equalization aid and located in metropolitan areas. The least likely to participate are elementary districts with less than 100 in average daily attendance and located in rural or mountain areas. The bureau's questionnaire and subsequent report on Title III, released in December, 1962, indicates that the majority of school administrators feel that the NDEA has provided an emphasis on, and an increased amount of, instruction in science, mathematics and languages. The question of what districts are spending on their own outside the matching requirements of Title III remains unanswered.

It should be noted that several of the districts participating in the program have improved the quality of instruction in these fields through the addition, financed NDEA appropriations, of better equipment and instructional materials. To the extent that the quality of instruction has been improved, a level has been set from which deviation will be difficult if NDEA becomes inoperative. Whether or not the State assumes the formal obligations of the Act if Congress fails to renew it, local districts whose programs have been improved because of the NDEA can be expected to request like assistance from the State in terms of increased school aid.

Department of Education
NATIONAL DEFENSE EDUCATION ACT

ITEM 80 of the Budget Bill

Budget page 174

**FOR SUPPORT OF TITLE IIIb, NATIONAL DEFENSE EDUCATION
 ACT, FROM THE GENERAL FUND**

Amount requested	\$268,042
Estimated to be expended in 1962-63 fiscal year	263,836
 Increase (1.6 percent)	 \$4,206

TOTAL RECOMMENDED REDUCTION None

ANALYSIS

For 1963-64 \$268,042 is requested from the General Fund for the administration of this title, an increase of \$4,206 over the current year's expenditures. This increased request is due largely to merit salary increases and to increased numbers and costs of bulletins published by the bureau in the fields of foreign language instruction in the elementary schools, science and mathematics. A lengthy study has been prepared by the bureau for distribution in 1963 on the subject of the impact of Title III in California. We have summarized the bureau's findings included in that report in our general summary, above. Requests for new equipment show a decrease of \$9,628 over the previous year and total \$1,650.

Federal expenditures are expected to remain at their present level of \$302,141. No new positions are sought and no change in the level of service is proposed.

We recommend approval of this item as budgeted.

Department of Education
NATIONAL DEFENSE EDUCATION ACT

ITEM 81 of the Budget Bill

Budget page 176

**FOR SUPPORT OF TITLE X, NATIONAL DEFENSE EDUCATION
 ACT, FROM THE GENERAL FUND**

Amount requested	\$50,000
Estimated to be expended in 1962-63 fiscal year	50,000
 Increase	 None

TOTAL RECOMMENDED REDUCTION \$5,008*

Summary of Recommended Reductions

Budget

	<i>Amount</i>	<i>Page</i>	<i>Line</i>
1 Intermediate stenographer	\$5,008*	177	6

* One-half of the expense of this position is borne by federal funds, one-half by the General Fund.

ANALYSIS

General Fund contributions to this title during 1963-64 amount to \$50,000, a sum which will be matched by the federal government. This is the same amount that was budgeted for the current fiscal year. As in the past, federal and General Fund monies share equally in the cost of employee retirement and health benefits.

One new position, that of intermediate stenographer, is requested in the 1963-64 Budget for Title X. We understand that this position existed

National Defense Education Act—Continued

prior to the current fiscal year and was eliminated inadvertently during the preparation of the 1962-63 Budget. Apparently the Bureau of Education Research, for which the position is proposed, has functioned efficiently for the past year without the additional clerical position. We have seen no justification for the approval of this request, nor has any estimate of decreased workload if the position is authorized been submitted. *Accordingly, we recommend the deletion of the requested position of intermediate stenographer for the Title X program.*

With the exception of the deletion noted above, we recommend approval as budgeted.

**Department of Education
DIVISION OF LIBRARIES**

ITEM 82 of the Budget Bill

Budget page 178

**FOR SUPPORT OF THE DIVISION OF LIBRARIES
FROM THE GENERAL FUND**

Amount requested	\$1,109,048
Estimated to be expended in 1962-63 fiscal year	1,085,539
 Increase (2.2 percent)	 \$23,509

TOTAL RECOMMENDED REDUCTION None

GENERAL SUMMARY

Division 20 of the Education Code, commencing with Section 27000, contains the legislative authorization for the Division of Libraries in the Department of Education. The chief of the division, who is appointed by the Governor, is known as the State Librarian.

The State Library, under the direction of the State Librarian, has several service responsibilities. These include: (1) providing basic reference services to the Legislature and the executive branch of the state government; (2) providing supplemental services through local public and private libraries; (3) stimulating the development of public library facilities; and (4) acquiring and preserving historical materials relating to California.

In addition to the administrative unit there are four bureaus in the State Library, as follows:

1. The Law Library. The law library serves as a legal research and reference center for the Legislature, law enforcement agencies, the bench, the bar, law students and the general public. Consultant services to other law libraries are available from the law librarian.

2. Library Consultant Services. This bureau is assigned the stimulation and development of public library facilities and services throughout the State, the making of studies and surveys of library needs, and for certain delegated responsibilities in the area of supervision of county libraries.

3. The Reader Services Bureau. The Reader Services Bureau coordinates the activities of the seven public service sections included within the bureau. The bureau also provides direct services to in-

Division of Libraries—Continued

dividuals as well as interlibrary loans. Among these service sections is the Legislative Reference Service, a branch of which will be opened this year in the Capitol Annex.

4. The Technical Services Bureau. This bureau reflects the activities connected with maintaining and improving the library's collections, including the ordering of books, their cataloging and repair.

The library is in the second year of a two-year project of weeding out of its catalogs obsolete titles and unnecessary duplicate copies. In 1961-62 the review was centered on philosophy, psychology, religion, social and pure sciences and technology. In 1962-63 the review will be focused upon languages, the arts, literature and library science. At the same time that subject matter specialists have been reviewing these areas, the library's own staff has been reviewing the collection of government publications, the reference collection and art reproductions. Since this project was undertaken the library has reviewed a total of 119,642 titles, and 32,427 titles (representing 56,652 volumes) have been withdrawn from the collection.

Rural Library Services

The Rural Library Services Act (P.L. 597, 84th Congress) has as its objective the extension of public library services to rural areas now lacking in such services. For the coming fiscal year, the State Library will continue the following presently authorized programs which are federally and locally financed: the North Bay Counties Project, which utilizes co-operative library services in six counties in the northern San Francisco Bay area; the San Joaquin Valley Counties Project, a project to provide complete and ready reference and information services to six county and four city libraries; and the Mendocino County Project, designed to provide library service in an area where such service is not presently available. In addition, the Processing Center Program will continue to purchase, catalog, classify and prepare books for use by 16 member libraries in Northern California who contract for this service. In 1963-64, \$236,032 of federal money will be used in this program, an increase of \$15,676 over the current year's appropriation.

ANALYSIS

The requested appropriation for the support of the State Library during the coming fiscal year totals \$1,109,048, an increase of \$23,509 or 2.2 percent. The remaining federal funds, \$236,032, are associated with the support of the Rural Library Service. This federal appropriation shows an increase of \$15,676 for 1963-64.

The General Fund increase of \$23,509 is comprised of requests for new positions, merit salary increases, and increased operating and equipment requests. Included in this amount is an increase of \$15,184 in the book budget to provide for an estimated 11 percent book price increase. This has been the constant price increase factor for the past four years; it is reviewed each year in order to insure its continuing validity.

Division of Libraries—Continued

Eight new positions are requested by the State Library. Five and one-half are continuing and two and one-half are new requests, as follows:

Reader Service Bureau:

- 1 Librarian II (to June 30, 1964)
- 1 Temporary help (to June 30, 1964)
- 1 Librarian II
- 1.5 Intermediate typist-clerk

Technical Services Bureau:

- 2 Intermediate file clerk (to June 30, 1964)
- 1 Senior typist-clerk (to June 30, 1964)
- 0.5 Intermediate typist-clerk (to June 30, 1964)

Total positions requested: 8

Book-weeding Project

Within Reader Services, the librarian II and the temporary help positions are requested for one year due to the necessity of extending the book-weeding project being carried on by the library. For similar reasons the two intermediate file clerks and the senior typist clerk within the Technical Services Bureau are requested for an additional year. *We recommend approval of these five positions.*

As mentioned above, the book-weeding project was originally begun in 1961-62 as a two-year project aimed at weeding obsolete titles and volumes from the library's collection. The contention at that time, with which we agreed, was that if this was not accomplished additional space would soon be required to house the growing collection. Although the project aimed at a completion date of June 30, 1963, the library has experienced great difficulty in hiring individuals for the positions authorized for this project. Due to the transitory nature of the work and the extreme specialization required for certain of the positions, some of them have remained vacant for as much as half a year, resulting in a salary saving for the two years of approximately \$47,812, but also causing a slowing down of the project. We deem this project to be of sufficient importance in future saving of state funds for new library space to recommend its extension, together with the positions involved, for one additional year. At the same time, the progress made by the library on this project has been considerable and we feel that a year's extension should provide this division with ample time to complete the project and report upon its results to the Legislature in 1965.

Realignment of Materials

One half-time intermediate clerk is requested for one year in order to complete the library's stack-shifting program, taking place within the Technical Services Bureau. This project has been continuing for the past two years with the aid of one full-time clerk; the library feels the program can be completed by June 30, 1964, by reducing this position to half-time. *We recommend approval of this request.*

Due to an increasing volume of periodicals requiring cataloging the completion of this project will not be possible by the end of this fiscal year. Since the stack-shifting project complements the book-weeding

Division of Libraries—Continued

program, we feel it too should be granted a continuance of one year in order that the entire program may be brought to a successful conclusion in 1964. At that time, it is our understanding that the five and one-half positions associated with these two projects will no longer be needed.

Legislative Reference Library Branch

We recommend approval of the half-time intermediate clerk position within the Reader Services Bureau. This position is requested due to the re-establishment of the Capitol Branch of the Legislative Reference Library in the Capitol Annex. This service was originally begun in 1959 as a library and reference service to individual legislators; in 1961 it was discontinued. It is now proposed to renew this branch of the State Library. Under former operation, the branch employed one half-time intermediate clerk to serve as liaison between the branch and the main library; this position was dropped when the branch was returned to the main library. The same position is now proposed for the liaison function and will assist in indexing and cataloging and, in our opinion, is justified. In addition, at least one existing library staff member will be relocated in the Capitol Branch.

Federal Depository Library Act

As a result of the enactment by Congress of the Depository Library Act (PL 87-579), the California State Library has been designated by the U.S. Superintendent of Documents as a regional depository for federal government publications. The law requires the library to receive and add to its existing collection various government publications, to provide reference and interlibrary loan from this collection (a function it presently performs, but which will require augmentation), and to assist other local depository libraries in the State in disposing of government publications they no longer want. In order to fully meet the requirements of this law, for which no federal funds were provided, the library requests the augmentation of the following permanent positions to the Government Publications Section, Reader Services Bureau:

1 Librarian II

1 Intermediate typist-clerk

We recommend approval of these positions. The Government Publications Section, into whose responsibility the administration of regional depository functions will fall, presently employs 14.5 full-time employees. Approximately 22,000 government publications and documents are processed by this section each year; a library estimate places the new documents which will be received as a result of this law at 13,200 per year, an increase of 60 percent over the amount presently processed. These new items will fall into the following general categories: monographs, 1,320 pieces (to be processed by librarian and clerk); serial titles, 11,880 (to be processed by clerk); and new serial titles, 350 (to be processed by librarian). In addition, new workload will exist due to the fact that the 33 local depositories within the State are now required by law to request the permission of the State Library in order

Division of Libraries—Continued

to discard government publications they no longer want. This requires the library staff to research its records to determine whether the particular publication is needed, whether it should be transferred to another depository, or whether it should in fact be discarded. The local depository library must then be advised of the State Library's decision. None of these activities are presently performed by the library. Further, the requirement of the law that a local depository must retain each document it receives for at least five years means that local libraries will be requesting disposal instructions from the State Library continuously.

Salary and wages for the two new positions, including retirement and health and welfare benefits, amount to \$9,696, while related office equipment and supplies total \$1,589. The library has stated that if these positions and related expenses are not approved the action will have no effect upon the inflow of new governmental publications. These documents will be received by the library regardless of what action the Legislature takes upon this request; many, in fact, have already been receipted for by the State Library. Although we believe it is unwise policy, in general, for the State to accept, without prior legislative approval, the responsibilities and financing of a program drawn up at the federal level, in our opinion approval of this request is necessary to keep the State Library abreast of the increased workload which will be and is already being caused by this law.

With the exception of the reservations noted above concerning the library's participation in the federal depository program, we recommend approval of this item as budgeted.

Department of Education

CALIFORNIA INDUSTRIES FOR THE BLIND

GENERAL SUMMARY

The legislative authorization to establish manufacturing centers for the blind and other physically handicapped persons is found in the Welfare and Institutions Code, Division V, Part 1, Chapter 2, beginning with Section 3300.

The three state-operated and state-subsidized production centers for the blind and physically handicapped are located in Berkeley, Los Angeles, and San Diego. These centers are co-ordinated through a central administrative office in the Division of Special Schools and Services of the Department of Education at Sacramento. Employment opportunities are offered by the centers to those who, because of their handicaps, are not able to obtain employment in private industry.

The items produced in each production center vary. The Los Angeles center has the most diversified program. Among the items manufactured are mattresses and box springs, dry mops, street brooms, brushes, commissary specialties, and textile items. In addition, a contract department handles sub-assembly work done for local private industries. This contract department is still in the experimental stage and it has yet to be determined whether or not such a department can be operated successfully.

California Industries for the Blind—Continued

The Berkeley center specializes in the making of domestic and industrial corn brooms and textile items such as dust cloths, mailing bags, and pillow cases. This center also provides commissary items for the federal government.

The San Diego facility is the smallest of the three, concentrating on the manufacture of various types of mops, door mats, and janitorial supplies. In the past federal contracts have accounted for the majority of the San Diego center's sales.

There are two areas of the California Industries for the Blind program in which this office has constantly urged improvement. One has been the method used in the funding of the program. Presently, the program is being supported from two sources: appropriations from the General Fund, and income derived from the California Industries for the Blind Manufacturing Fund. The General Fund appropriation provides the sum necessary for administrative and physical plant operating expenses. All other costs of the program, including the expenses of the program central office located in Sacramento, are charged to the California Industries for the Blind Manufacturing Fund. Profits from the year's sales are placed in the Manufacturing Fund's surplus on a cumulative year-to-year basis. Although this surplus is presently over 1 million dollars, the costs of the General Fund support have not been reimbursed to the General Fund out of profits made by the California Industries for the Blind centers. It remains our hope to see the Manufacturing Fund made self-sufficient. The relation of General Fund support costs to Manufacturing Fund profit has led this office to look to some method of reimbursement of the General Fund, predicated upon the principle that General Fund resources were originally intended to be available on a short term basis to enable the industries to operate through the year until revenues from sales could be made available.

The Senate Finance Committee in February 1959 recommended that the Division of Organization and Cost Control of the Department of Finance conduct a management survey of the California Industries for the Blind, including in its study the relationship of the manufacturing fund surplus to the General Fund support costs. Upon completion of the study, the Division of Organization and Cost Control offered the following proposal: the total expense of operating the California Industries for the Blind program should be accounted in one fund. This would be accomplished by appropriating and transferring the General Fund subsidy directly to the California Industries for the Blind Manufacturing Fund. All program expenses would then be paid from the California Industries for the Blind Manufacturing Fund. The intention was thus to limit General Fund participation only to that amount necessary to make up the difference between estimated expenses and surplus cash available. To date, there has been no attempt to place this proposal in effect.

The other area of our concern with regard to the California Industries for the Blind program has been the inability of the program to operate self-sufficiently; that is, without General Fund assistance. We believe

Education

General Summary

California Industries for the Blind—Continued

that California Industries for the Blind can and should be able to function as a self-sufficient operation without having to rely on the General Fund for support. Before this can be accomplished, a sound and efficient production program and a comprehensive sales program must be developed. Both programs should, to an extent, be able to meet private enterprise on a competitive basis. Historically, the California Industries for the Blind have been deficient in both areas.

Steps have been taken to make the production operation more efficient. Examples of production improvements are: (1) an effort to separate the more able from the less able workers, and to place the less productive under the supervision of the Opportunity Work Centers; (2) the mechanization of selected production lines; (3) the discontinuance of obsolete and unpopular items; and (4) the modernization and specialization of the more acceptable and competitive lines.

California Industries for the Blind must also attempt to develop a totally new sales program. This step is necessary since an active sales program has been virtually nonexistent. During the fiscal year 1961-62 the total sales of the three centers amounted to \$2,419,175. Of this total, \$1,764,505 can be attributed to federal contracts and orders. A further breakdown of sales, by category and by production center follows:

California Industries for the Blind Sales Comparison

	<i>Sales Fiscal Year</i>			<i>Increase/Decrease Sales 1961-62 Over</i>	
	<i>1959-60</i>	<i>1960-61</i>	<i>1961-62</i>	<i>1959-60</i>	<i>1960-61</i>
All Centers					
Total -----	2,115,907	2,209,271	2,419,175	303,268	209,904
U.S. -----	1,300,421	1,560,880	1,764,505	464,084	203,625
State -----	182,818	181,401	178,037	-4,781	-3,364
Other* -----	632,668	466,990	476,633	-156,035	9,643
Oakland Center					
Total -----	829,650	800,137	789,492	-40,158	-10,645
U.S. -----	528,655	554,919	519,036	-9,619	-35,883
State -----	105,333	100,269	113,106	7,773	12,837
Other* -----	195,662	144,949	157,350	-38,312	12,401
Los Angeles Center					
Total -----	839,201	951,856	1,146,641	307,440	194,785
U.S. -----	388,639	603,137	810,238	421,599	207,101
State -----	69,476	77,653	62,692	-6,784	-14,961
Other* -----	381,086	271,066	273,711	-107,375	2,645
San Diego Center					
Total -----	447,056	457,278	483,042	35,986	25,764
U.S. -----	383,127	402,824	435,231	52,104	32,407
State -----	8,009	3,479	2,239	-5,770	-1,240
Other* -----	55,920	50,975	45,572	-10,348	-5,403

* City, county schools, local agencies, contract distributors, retail firms, service organizations, subcontracting and miscellaneous.

California Industries for the Blind has made little effort to tap the potential commercial sales in the State of California. An example of this deficiency follows. The three blind centers manufacture and market a complete line of janitorial supplies. These supplies are similar to those used by every school district, municipality, and county office in the State of California. A recent survey conducted by our office on the purchasing of supplies by school districts established that the janitorial

California Industries for the Blind—Continued

supplies produced by the blind centers are considered to be of equal or superior quality to those items sold by private firms. The prices charged by California Industries for the Blind are also competitive, many prices being lower than the average prices paid for similar items by school districts. Although the goods produced by the blind centers are competitive with those produced by private enterprise, during the fiscal year 1961-62 California school districts, municipalities, and county offices purchased janitorial supplies totaling \$12,507 from the three centers. This is only 0.51 percent of total sales. This low volume of sales was not due to inferior products or high prices but to a lack of a sufficiently aggressive sales program that would enable California Industries for the Blind to compete on equal terms with private suppliers. Such a program is of the utmost importance, and should be developed immediately. It may be possible for the Legislature to facilitate the development of the sales program. One such method would be to require California school districts, municipalities, and county offices to request bids from California Industries for the Blind when purchasing items that California Industries for the Blind manufacture, and to require the California Industries for the Blind to respond to these bid requests.

ANALYSIS

During recent years, numerous recommendations have been made for changing and redirecting the California Industries for the Blind program. Studies have been made by the Citizens' Advisory Committee, the Coordinating Council of State Programs for the Blind, the private consulting firm of Booz, Allen and Hamilton, the Organization and Cost Control Division of the Department of Finance, the Budget Division of the Department of Finance, and the Legislative Analyst.

The various surveys and studies presented numerous recommendations that would have, if adopted, led to a more efficient and productive operation and would have eventually resulted in a self-supporting California Industries for the Blind program. The administration of the program, however, received most of the recommendations with little enthusiasm. This action resulted in a program that, through the years, has remained inefficient and dependent upon state aid.

In the 1957-58 Budget Analysis, this office stated:

"Each year combined cost of operation of the three shops approximates \$250,000 (General Fund support) in what apparently is nothing more than a straight subsidy program. . . ."

In the 1963-64 budget year this sum has grown to \$373,901. In the 1958-59 Budget Analysis it was stated:

"Another apparent need at the state level is a controlled and co-ordinated sales program for the products produced by all the centers. . . . It is plain that the existing sales program is one of the most critical problem areas and one which needs attention."

The 1963-64 sales program is still inadequate and not doing the sales job that is necessary or possible. A further illustration of this follows.

Education

General Summary

California Industries for the Blind—Continued

In 1959 the managerial consulting firm of Booz, Allen and Hamilton conducted a marketing survey for the California Industries for the Blind. The cost of the survey was approximately \$19,000. The survey outlined an adequate marketing program for the industries. The survey also projected future California Industries for the Blind sales goals. As stated in the Booz, Allen and Hamilton report:

“While these sales goals are only intended to serve as broad guides to action, they are attainable with a well-executed program. Their achievement of the goals require well-qualified people, effectively organized and adequately motivated.”

The goals that were established by Booz, Allen and Hamilton were as follows:

	<i>Total sales</i>
1958-59 (actual) -----	\$2,725,000
1960-61 (estimated) -----	3,065,000
1962-63 (estimated) -----	3,505,000
1964-65 (estimated) -----	3,785,000

Although the California Industries for the Blind operation was staffed in accordance with the consultants' recommendations, the actual sales of the industries amounted to:

	<i>Total sales</i>
1958-59 (actual) -----	\$2,725,000
1959-60 (actual) -----	2,120,000
1960-61 (actual) -----	2,209,000
1961-62 (actual) -----	2,419,000

It is evident that the California Industries for the Blind sales program has not met, and will not meet, the goals proposed by Booz, Allen and Hamilton. Either the goals set by the consultants were impractical or \$19,000 was spent on a survey that has been disregarded. Regardless of whether or not the consultants' goals were accurate, the administration of the California Industries for the Blind should have developed goals that would be practical in guiding the present program. No such goals have been formulated or are presently available.

Further recommendations to the administration of the California Industries for the Blind were offered in Management Survey 922, authored by the Organization and Cost Control Division, Department of Finance, 1959. Speaking of the industries program the survey stated:

“Outright abolishment of this organization is not considered for several reasons. . . . If operated efficiently the system could become self-supporting. A comparison of general fund expenditures to total sales indicates that the former generally approximate eleven percent of total sales. It can be reasonably assumed that efficient and economic operations could reduce this figure significantly if not completely.”

In the 1961-62 budget year, the General Fund expenditures to total sales have risen to over 12 percent.

Although there seems to be little doubt that if properly administered, the California Industries for the Blind program could operate efficiently

California Industries for the Blind—Continued

and without General Fund support, it has become evident that left to their own devices, the industries program administrators cannot, or will not, develop a program that will operate in such a manner. It is also evident that the program cannot be furthered through additional studies, surveys, and reports. These seem to have little effect on the development and operation of the program.

The recommendation to delete \$373,901 will, in effect, impose a sales quota upon the industries. To realize the amount of the reduction from other sources, the industries will be forced to:

- a. Increase the amount of profit made on the goods sold through more efficient and productive methods.

There is no reason why this is not possible under the present program. Supposedly only those persons who are efficient workers or those who can become efficient workers are selected for employment in the centers. Those workers who are less productive or less able to be productive have been transferred to the department's Opportunity Work Centers Program. The 1963-64 budgetary request for this program, in addition to the industries' \$373,901, is \$76,001. In reality, therefore, the total 1963-64 budgetary request for the California Industries for the Blind is \$449,902.

- b. Develop a sales program that will be capable of selling the amount of goods necessary to produce a profit which will replace the \$373,901 budget reduction.

If, during the year the administration of the California Industries for the Blind cannot develop their production and sales to the extent that would allow the program to operate without state subsistence, the program should be reduced to the level that will permit operation without General Fund support.

We therefore recommend that the entire budget request of \$373,901 not be approved.

Department of Education**BERKELEY CENTER, INDUSTRIES FOR THE BLIND**

ITEM 83 of the Budget Bill

Budget page 182

FOR SUPPORT OF BERKELEY CENTER, INDUSTRIES FOR THE BLIND, FROM THE GENERAL FUND

Amount requested	\$172,228
Estimated to be expended in 1962-63 fiscal year	174,829

Decrease (1.5 percent)	\$2,601
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TOTAL RECOMMENDED REDUCTION	\$172,228
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Summary of Recommended Reductions

	<i>Amount</i>	<i>Page</i>	<i>Line</i>
Total General Fund support	\$172,228	183	28

**Berkeley Center, Industries for the Blind—Continued
ANALYSIS**

This center's 1963-64 General Fund budget indicates a decrease of \$2,601 (1.5 percent) from the estimated 1961-62 expenditure of \$174,829. This center was moved from the Oakland area to a leased facility in Berkeley during October 1962. The move was made to clear the right-of-way for a new freeway. See preceding discussion which covers all three CIB centers. *We recommend the entire amount of \$172,228 be deleted from the budget.*

Department of Education

LOS ANGELES CENTER, CALIFORNIA INDUSTRIES FOR THE BLIND

ITEM 84 of the Budget Bill

Budget page 183

**FOR SUPPORT OF LOS ANGELES CENTER, CALIFORNIA INDUSTRIES
FOR THE BLIND, FROM THE GENERAL FUND**

Amount requested	\$138,102
Estimated to be expended in 1962-63 fiscal year	136,687
Increase (1 percent)	\$1,415
TOTAL RECOMMENDED REDUCTION	\$138,102

Summary of Recommended Reduction

	<i>Amount</i>	<i>Page</i>	<i>Line</i>
Total General Fund support	\$138,102	184	28

ANALYSIS

For 1963-64 the budget is increased by \$1,415 (1 percent) over the estimated 1962-63 expenditure of \$136,687. No new positions are sought. See preceding discussion which covers all three CIB centers. *We recommend the entire amount of \$138,102 be deleted from the budget.*

Department of Education

SAN DIEGO CENTER, INDUSTRIES FOR THE BLIND

ITEM 85 of the Budget Bill

Budget page 185

**FOR SUPPORT OF SAN DIEGO CENTER, INDUSTRIES FOR
THE BLIND, FROM THE GENERAL FUND**

Amount requested	\$63,571
Estimated to be expended in 1962-63 fiscal year	64,197
Decrease (1 percent)	\$626
TOTAL RECOMMENDED REDUCTION	\$63,571

Summary of Recommended Reduction

	<i>Amount</i>	<i>Page</i>	<i>Line</i>
Total General Fund support	\$63,571	185	62

ANALYSIS

The center's 1963-64 General Fund budget indicates a decrease of \$626 (1 percent) from the estimated 1962-63 expenditure of \$64,197. See preceding discussion which covers all three CIB centers. *We recommend the entire amount of \$63,571 be deleted from the budget.*

Department of Education
ORIENTATION CENTER FOR THE BLIND

ITEM 86 of the Budget Bill

Budget page 186

**FOR SUPPORT OF THE ORIENTATION CENTER FOR THE
 BLIND FROM THE GENERAL FUND**

Amount requested	\$261,084
Estimated to be expended in 1962-63 fiscal year	276,669
Decrease (5.6 percent)	\$15,585

TOTAL RECOMMENDED REDUCTION None

GENERAL SUMMARY

The Education Code, Division 6, Article 9, beginning with Section 6201, provides for the establishment of an orientation center for the blind.

The center's activities have been directed mainly towards intensive treatment of the problems facing the newly blind. These include communication, travel and the development of the other senses to compensate for their handicap. The center offers courses in travel techniques, Braille, typing, daily living and grooming, physical conditioning and, where feasible, prevocational training intended to enable these persons to engage in remunerative work. The center, in the past, also provided a home for blind persons who were in residence prior to April 1, 1951. These blind residents have been moved from the center and are now being cared for in a private facility.

The center was forced to move into temporary quarters during the 1962-63 fiscal year. The orientation program is now being conducted in a portion of Agostini Building in Oakland, sleeping facilities for students are leased in a nearby apartment house. A new permanent orientation center in Albany is to be constructed and the estimated date of occupancy is July 1964.

ANALYSIS

The budget request of \$261,084 represents a decrease of 5.6 percent (\$15,585) from the 1962-63 estimated expenditure of \$276,669. In 1962-63, a total of 70 students will be served by the center. In 1963-64, it is estimated that the number of students to be served will increase to 75.

We recommend approval of the item as budgeted.

Department of Education
CALIFORNIA SCHOOL FOR THE BLIND

ITEM 87 of the Budget Bill

Budget page 188

**FOR SUPPORT OF THE CALIFORNIA SCHOOL FOR THE BLIND
 FROM THE GENERAL FUND**

Amount requested	\$713,536
Estimated to be expended in 1962-63 fiscal year	697,124
Increase (2.4 percent)	\$16,412

TOTAL RECOMMENDED REDUCTION None

**California School for the Blind—Continued
GENERAL SUMMARY**

Division 19, Chapter 2, Article 1, of the Education Code commencing at Section 25751, authorizes the establishment of the California School for the Blind in Berkeley. This residential school offers specialized elementary and high school educational programs for blind, partially blind and deaf-blind children. These programs require special teaching methods and techniques utilizing instructional materials such as Braille writers, Braille books, models, audio equipment, and various types of embossed maps and globes. The school also contains a Helen Keller unit which provides a full educational opportunity for the deaf-blind pupil. Also available from the Berkeley school are field services for preschool blind children, graduates and ex-pupils, and a reader service for blind college students.

Total enrollment, as of December 1962, was 170. It is estimated that in the 1963-64 fiscal year the school will provide general education for the same complement of 170 resident pupils. These figures include seven students enrolled in the Helen Keller unit.

ANALYSIS

For the 1963-64 budget \$16,412 more is requested than is estimated to be expended in 1962-63, an increase of 2.4 percent over \$697,124. Of this increase, over \$10,000 is for merit salary increases to the school's staff. The 1963-64 program does not provide for an increase in teacher positions. Conversely, a reduction in the number of deaf-blind students in the Helen Keller unit has allowed the reduction of one instructor position effective September 1, 1962. The 84.1 teacher positions that have been authorized and filled are in accord with the established academic staffing formula for the deaf and blind schools.

We recommend this item be approved as budgeted.

Department of Education

SCHOOL FOR CEREBRAL PALSID CHILDREN, NORTHERN CALIFORNIA

ITEM 88 of the Budget Bill

Budget page 190

**FOR SUPPORT OF SCHOOL FOR CEREBRAL PALSID CHILDREN,
NORTHERN CALIFORNIA, FROM THE GENERAL FUND**

Amount requested	\$504,053
Estimated to be expended in 1962-63 fiscal year	497,303
Increase (1.4 percent)	\$6,750
TOTAL RECOMMENDED REDUCTION	None

GENERAL SUMMARY

Chapter 5, Division 19 of the Education Code (commencing with Section 26401), contains the legislative authorization for the establishment of the two state-supported special schools for cerebral palsied and other similarly handicapped children. The schools are located at San Francisco and Altadena.

School for Cerebral Palsied Children, Northern California—Continued

The two schools share common roles as resources in assisting:

1. Selected cerebral palsied, and other similarly handicapped children, and their parents, in their development.
2. The initial preparation as well as subsequent inservice training for teachers in the field of special education.
3. Local school districts and agencies of the Department of Public Health by making available:
 - a. Specialized diagnostic appraisal, and
 - b. Specialized intensive training for selected pupils.
4. Professional schools training psychologists, physicians, therapists, social workers and school nurses (primarily San Francisco and Los Angeles State Colleges).

In addition to its educational functions as a residential institution, the San Francisco school serves as a demonstration laboratory for the education department of San Francisco State College and functions as a diagnostic center for the neurologically handicapped child in connection with the Crippled Children Services of the Department of Public Health. Further, in co-operation with the Vocational Rehabilitation Service of the Department of Education, the school is providing some prevocational training intended to develop skills which would qualify young handicapped persons for the more specialized training and counseling available from Vocational Rehabilitation, in an effort to make these persons more self-sufficient.

For 1963-64 the San Francisco school anticipates that it will serve 160 students, the same number as in 1962-63. The Northern California school has in the past years handled a greater total number of students than has the Southern California school, partly because of the differences between the physical plants of the two schools, and partly because of the nature and degree of affliction of the children referred. Many of the children referred to the Southern California school have represented more complicated or aggravated conditions, and have required more intensive treatment.

In terms of average cost per student served and the cost per average student year (determined by dividing the number of students served and the average resident enrollment, respectively, into the estimated total expenditure), the unit costs for the San Francisco school are as follows:

	1961-62	1962-63 (estimated)	1963-64 (proposed)
Number of students served.....	183	160	160
Average cost of students served.....	\$2,600	\$3,110	\$3,378
Average resident enrollment.....	30	32	32
Cost per average student year.....	\$15,860	\$15,541	\$15,752

ANALYSIS

Total expenditures for the 1963-64 budget year are scheduled to be 1.4 percent (\$6,750) higher than the present year. Included in the new budget proposal is a request for 1 intermediate typist-clerk position and for 0.2 temporary feeding-help position.

The typist will assist in the preparation of diagnostic evaluation reports that are developed for each child served by the school. Upon

School for Cerebral Palsied Children, Northern California—Continued

completion, the reports are forwarded to the child's local school district. The present staffing arrangement does not permit the prompt completion of the reports. This has resulted in a backlog of work and a prolonged delay between the time that the child returns to the school district and the time that the district received the child's diagnostic report.

The temporary help position has been added during the current 1962-63 year and is to correct a staffing deficiency in the feeding of the children.

We recommend approval of the 1 intermediate typist-clerk position and the 0.2 temporary feeding position.

Department of Education**SCHOOL FOR CEREBRAL PALSIED CHILDREN, SOUTHERN CALIFORNIA**

ITEM 89 of the Budget Bill

Budget page 191

FOR SUPPORT OF SCHOOL FOR CEREBRAL PALSIED CHILDREN, SOUTHERN CALIFORNIA, FROM THE GENERAL FUND

Amount requested	\$453,644
Estimated to be expended in 1962-63 fiscal year	421,837
Increase (7.5 percent)	\$31,807
TOTAL RECOMMENDED REDUCTION	\$1,086

Summary of Recommended Reductions

	<i>Amount</i>	<i>Budget Page</i>	<i>Line</i>
0.5 Intermediate stenographer I	\$1,086	192	41

GENERAL SUMMARY

This school, presently situated at Altadena, is one of the State's two residential schools for diagnosis and treatment and determination of an educational program for children afflicted with cerebral palsy or other similar handicaps. The children served by this school come mainly from the 13 Southern California counties. To a limited extend the school has served as a demonstration laboratory for the education department of Los Angeles State College in the training of teachers of handicapped children. This activity may be expected to increase following a move to new quarters. During the summer, sessions of the college courses for teacher trainees have been held at the Altadena school.

The present quarters of the Southern California school, formerly a health home, will be vacated in the near future. New facilities, expected now to be completed by January 1, 1964, will be located adjacent to the campus of Los Angeles State College. The new plant, offering approximately 44,000 square feet, will permit the Southern California school to make changes in its operations that will help to align the activities of the two schools. As noted with regard to the Northern California school budget request, there have been differences between the operations of the two schools. The primary causes of these differences have been the nature of the physical plants and the nature of the children referred to the schools. The result of these differences has been gen-

School for Cerebral Palsied Children, Southern California—Continued

erally higher unit costs at the Southern California school. With the provision of modern facilities, the Southern California school may be equipped to receive and handle a greater total number of children than at present; this will help reduce the unit costs. A shift in the nature of referrals, with a reduction in the proportion of severely complicated cases has already been observed. This shift, with its resultant higher possible turnover of cases, will also permit greater comparability with the Northern California facility.

Unit costs at the Altadena school are as follows:

	1961-62	1962-63 (estimated)	1963-64 (proposed)
Number of students served.....	62	62	120
Average cost of students served.....	\$6,122	\$6,803	\$3,780
Average resident enrollment.....	31	32	32
Cost per average student year.....	\$12,245	\$13,182	\$14,176

ANALYSIS

Total expenditures for the 1963-64 budget year are scheduled to be 7.5 percent (\$31,807) higher than the 1962-63 budget year, or \$453,644. Included in the \$31,807 expenditure increase is approximately \$8,500 that can be directly attributed to the initial expense of moving the existing school to a new facility adjacent to Los Angeles State College. The new facility is now under construction with an estimated completion date of January 1964.

The expenditure increase also includes \$16,516 for new staff positions. The new position requests have been necessitated by the move to the larger facility which will allow for the expansion of the school's educational and medical program.

The remainder of the budget increase can be attributed to the additional cost necessary to conduct the enlarged program. In the first year of operation, the Department of Education has estimated that the capacity of the new facility will allow for an increase in the number of students served from 62 to 120. While the total cost of the program will increase, the average cost of students served, if the department's projected enrollment is reached, will decrease from \$6,803 to \$3,780.

The 6.1 positions that have been requested consist of two intermediate typist-clerks, 0.5 medical social worker, one intermediate stenographer, 0.2 temporary instructional help, 0.4 physician and surgeon II, one janitor and one building maintenance man. The positions requested are to be effective January 1, 1964.

Two intermediate typist-clerks. The two typist-clerks will assist in the preparation of student records and reports and the various administrative assignments that will be initiated by the enlarged program. The anticipated 1963-64 enrollment will result in the present clerical workload being doubled. *We recommend approval of the requested positions.*

0.5 medical social worker. The medical social worker will assist in the screening of applicants, provide liaison between the students' parents and the staff, and counsel the parents of children enrolled or pre-

School for Cerebral Palsied Children, Southern California—Continued
sented for enrollment. A 0.5 position request for a medical social worker was approved in the 1961-62 Budget. The school has been unable to fill this position due to the difficulty in obtaining the help of a part-time trained medical social worker. Presently, the superintendent and supervising teacher are performing the functions that should be performed by the social worker. In view of the fact that: (1) an addition of a 0.5 position would allow the school to obtain a full-time social worker, (2) a corresponding position is among those authorized at the San Francisco facility, (3) the number of students to be served during the 1963-64 fiscal year will increase from 62 to 120, the request appears justified. *We recommend approval of the requested position.*

One intermediate stenographer. An intermediate stenographer I has been requested to provide additional clerical support for the school's enlarged program. The 1963-64 program will include a full-time social worker as previously discussed. While the addition of the social worker will necessitate some stenographic services, we do not believe that a full stenographer should be authorized at this time. The 1961-62 Budget authorized a 0.5 stenographer position, predicated upon the approval of a part-time social worker position requested in the same budget. The part-time social worker could not be obtained. However, the 0.5 stenographer position that was to support the social worker was filled but not used for the purpose for which it was budgeted. This is improper budgetary procedure and should be corrected in the following manner. The addition of a full-time social worker during the 1963-64 fiscal year (0.5 position approved 1961-62 Budget, 0.5 position requested 1963-64 Budget) should be accompanied by an increase of a 0.5 stenographer position rather than a 1.0 stenographer position; this would allow a decrease of \$1,086 in the budget. An addition of a 0.5 stenographer during the coming budget year, coupled with the 0.5 stenographer position that was authorized and filled in 1961-62, will allow the school the equivalent of one full-time stenographer in support of the proposed social worker and the medical program. *Therefore we recommend approval of 0.5 intermediate stenographer I and a reduction of \$1,086 from the budget.*

0.2 temporary instructional help. The 0.2 increase in temporary teaching help has been requested to enable the summer program to be continued at its present level. During the 1963-64 fiscal year, the program will offer a wider variety of courses to a greater number of students and the 0.2 increase in help is deemed necessary. *We recommend approval of the requested position.*

0.4 physician and surgeon II. The present program has a 0.3 physician and surgeon II position authorized. Upon entering the new facility, the program offered by the school will be enlarged by the establishment of a medical-educational diagnostic center which will be operated in co-operation with the Bureau of Crippled Children's Services of the State Department of Public Health. This extension of program will bring the services offered at the school up to a comparable level

School for Cerebral Palsied Children, Southern California—Continued

with the Northern California school. The addition of a 0.4 physician and surgeon II position will provide the school with the services of a full-time medical director. The agency will pay for 0.7 of his time and the balance will come from payments made by the Crippled Children's service. *We recommend approval of the requested position.*

One janitor. The present facility is being maintained by two janitors. The budgetary request will increase this staff to three. The new facility consists of approximately 44,000 square feet. Under accepted staffing standards, a building of this size will require the services of three janitors. *We recommend approval of the requested position.*

One building maintenance man. The maintenance man will maintain the heating and ventilating system of the new building and supervise the janitorial help. The position has been previously recommended by the mechanical engineering section of the Division of Architecture. *We recommend approval of the requested position.*

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

ITEM 90 of the Budget Bill

Budget page 193

**FOR SUPPORT OF SCHOOL FOR THE DEAF, BERKELEY
FROM THE GENERAL FUND**

Amount requested	\$1,767,369
Estimated to be expended in 1962-63 fiscal year	1,762,721
<hr/>	
Increase (0.3 percent)	\$4,648
TOTAL RECOMMENDED REDUCTION	None

GENERAL SUMMARY

The authorization for the establishment of the state school for the deaf at Berkeley, is contained in the California Education Code, Division 19, Chapter 1, Article 1, beginning with Section 25551.

The California School for the Deaf, Berkeley, is one of two state residential schools for deaf children. The school provides elementary and secondary academic and vocational programs for children 5½ to 21 years of age who have hearing losses necessitating special instruction.

The curriculum of the Berkeley school is similar to that of public day schools. In addition, special emphasis is placed upon speech instruction, oral techniques, finger spelling, and lipreading. This educational program offers the school's students an opportunity to qualify for admission to Gallaudet College, Washington, D.C. In 1962-63, 26 of the Berkeley school's graduates will attend this college. The school also has developed, in co-operation with the Berkeley and Oakland Building and Trades Council, a program designed to place graduates in various types of private businesses. The program consists both of specialized study and on-the-job training. Graduates are regularly employed in the following areas: construction, printing, metal and auto trades.

School for the Deaf, Berkeley—Continued

The December 1962 enrollment at the Berkeley school was 465, of which 154 were enrolled in the primary classes, 149 in intermediate and 162 in advanced classes. For the budget year under consideration, the total enrollment is expected to rise to 485, of which 434 are expected to be resident and 51 day pupils.

ANALYSIS

The Berkeley school's 1963-64 budget request represents an increase of 4,648 (0.3 percent) over the estimated 1962-63 expenditure of \$1,762,721. The increase reflects funds requested for three new positions and for merit salary increases, totaling \$30,070. This increase is partially offset by anticipated salary savings, additional reimbursements, and reductions in operating expenses and equipment purchases totaling \$25,422.

The three new positions requested are, a supervising counselor, a counselor, and an electrician I.

We recommend approval of the one supervising counselor position requested. Presently, the Berkeley school has two supervising counselors. One is responsible for 20 counselors and 216 girls ranging in age from 5 years to 20 years. The other is responsible for 20 counselors and 236 boys ranging in age from 5 years to 20 years. With the addition of a supervising counselor, the work load responsibilities would be redistributed. The new supervisor would work exclusively with boys and girls in the primary departments, approximately 88 girls and 92 boys, ages 5 to 12 years, and their 16 counselors. This arrangement would provide for a more evenly distributed guidance program that would be preventive rather than corrective in nature.

We recommend approval of the one counselor position requested. The requested counselor will assist the present staff in providing additional night supervision in the high school and junior high school residence halls. Presently one counselor is assigned nightly to each of the two girls' dormitories and the two boys' dormitories. The counselors make regular rounds of the multistoried buildings, periodically conducting bed, fire and ventilation checks. The counselors are also available for dealing with emergencies, illnesses, and the various disciplinary problems that arise during the night. The requested counselor will provide additional supervisory coverage of the multistoried buildings and will also be available for any staff relief necessary.

We recommend approval of the one electrician I position requested. The increased amount of electrical work over the past 5 years has developed into a workload requiring a full-time electrician. Presently all the necessary electrical work is being handled on a part-time basis by the Berkeley school's supervisor of building trades. Under such an arrangement, electrical work can be conducted only on an emergency basis. Preventive maintenance work is not possible. A staff addition of one full-time electrician would provide for an adequate electrical maintenance program. The addition would also allow the supervisor of building trades to return to his regular supervisory functions on a full-time basis.

We recommend approval of this item as budgeted.

Department of Education
CALIFORNIA SCHOOL FOR THE DEAF, RIVERSIDE

ITEM 91 of the Budget Bill

Budget page 195

**FOR SUPPORT OF THE CALIFORNIA SCHOOL FOR THE DEAF,
 RIVERSIDE, FROM THE GENERAL FUND**

Amount requested.....	\$1,899,627
Estimated to be expended in 1962-63 fiscal year.....	1,873,723
Increase (1.4 percent)	\$25,904

TOTAL RECOMMENDED REDUCTION.....	None
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GENERAL SUMMARY

California Education Code, Division 19, Chapter 1, commencing at Section 25551, contains the legislative authorization for the establishment of the California School for the Deaf at Riverside.

The Riverside school is one of two state-supported residential schools for the education of deaf children. Its program closely parallels that of the California School for the Deaf, Berkeley. Vocational preparation courses include home economics, business education, baking, commercial art, printing, cabinetmaking, electric appliance repair and body and fender repair. In addition, the school has recently inaugurated a horticulture program for training students in plant care and propagation. This program was initiated in an attempt to widen the employment opportunities offered by the school to its deaf and deaf-physically handicapped. The Riverside school has among its students some who are not only deaf but have some other physical handicap as well, such as cerebral palsy. These students often cannot get training in a field suitable to their capacities and where the working conditions are safe within the present vocational curriculum of the school.

The December 1962 enrollment at the Riverside school was 517, of which 120 were enrolled in the primary classes, 260 in the intermediate and 137 in the advanced classes. For 1963-64 the total enrollment is expected to equal 520, of which 466 are expected to be resident and 54 day pupils.

ANALYSIS

The amount requested for the budget year is \$1,899,627, an increase of \$25,904 or 1.4 percent more than the estimated 1962-63 expenditure of \$1,873,723. Merit salary increases before deductions for salary savings will equal approximately \$43,000. For 1963-64 one new academic teaching position is requested. The position has been justified on the basis of an increased enrollment of 13 students. The cost of the additional position will be partly offset by the elimination of one janitorial position. *We recommend approval of this one teaching position and the item as budgeted.*

**Department of Education
VOCATIONAL EDUCATION**

ITEM 92 of the Budget Bill

Budget page 198

**FOR SUPPORT OF VOCATIONAL EDUCATION
FROM THE GENERAL FUND**

Amount requested	\$686,040
Estimated to be expended in 1962-63 fiscal year	682,848
Increase (0.5 percent)	\$3,192
TOTAL RECOMMENDED REDUCTION	\$17,120*

Summary of Recommended Reductions

Area Vocational Education :	Amount	Page	Line
Research consultant in the education of women	\$11,520 *	201	48
Related expenses	5,600 *	201	69

* Total recommended reduction from federal funds. General Fund monies do not support this program.

GENERAL SUMMARY

The support of California's vocational education program is based upon the co-operation of federal, State General Fund and local financial resources. The provisions of Article 10, Division 6 (commencing with Section 6251), and of Article 3, Division 14 (commencing with Section 18701) of the Education Code contain the legislative authorization for vocational education activities.

Federal funds available for vocational education are derived from several sources: (1) the Smith-Hughes Act which makes funds available for salary reimbursements only; (2) the George-Barden Act which provides funds for salary reimbursements, travel expenses and instructional materials; (3) the Practical Nurse Training Program which in California underwrites the full expenses of the practical nurse education program sponsored by Vocational Education; (4) Title VIII of the National Defense Education Act (PL 85-864), and (5) the Manpower Development and Training Act (PL 87-415). Federal funds available under the Smith-Hughes, George-Barden and Manpower Development and Training acts must be matched on an equal basis by local or State General Fund monies. After the expenses of state level operations have been deducted from the total amount appropriated from State General Fund and federal sources, the remaining balances are distributed as reimbursements to local secondary school districts generally for supervision and teacher training if the recipient districts are maintaining approved vocational education courses in agriculture, homemaking, business, technical and industrial education. These subventions to local school districts appear in the local assistance section of the budget.

The table following summarizes the proposed 1963-64 State General Fund and federal expenditures for vocational education, both at the state level and in local reimbursements.

Vocational Education—Continued

I. State-level Operations

<i>Income</i>		<i>Expenditures</i>	
State General Fund	\$686,040	Administration: General Fund	\$26,124
Federal funds	943,093	Federal funds	49,741
			<hr/>
		Area vocational education (federal funds)	\$75,865
		Practical nurse training (federal funds)	166,750
		Fire training program (General Fund)	30,350
		Instructional materials (federal funds)	114,430
		Manpower development and training (federal funds)	21,668
		Supervision and teacher training:	87,000
		General Fund	\$545,486
		Federal funds	587,584
			<hr/>
			1,133,070
		(Detail:	
		Agricultural education	\$251,419
		Business education	16,781
		Distributive education	150,952
		Homemaking education	219,248
		Industrial arts education	21,315
		Industrial education	446,849
		Employees' retirement and health and welfare	50,700
		Less: Salary savings and reimbursements	—24,194
		Subtotal	<hr/> \$1,133,070
Total income	<hr/> \$1,629,133	Total Expenditures	<hr/> \$1,629,133

II. Reimbursements to School Districts

State General Fund	\$230,271	Agriculture (Federal and General Fund)	\$297,164
Federal funds	6,268,023	Area vocational education (federal funds)	933,462
		Business (Federal and General Fund)	130,632
		Homemaking (Federal and General Fund)	288,216
		Industrial (Federal and General Fund)	927,298
		Practical nursing (federal funds)	221,522
		Manpower development and training (federal funds)	3,700,000
			<hr/>
Total income	<hr/> \$6,498,294	Total Reimbursements	<hr/> \$6,498,294

Grand Total Expenditures and Reimbursements

Grand total income	\$8,127,427	Grand Total	
(General Fund	916,311)	Reimbursements to school districts	
(Federal funds	7,211,116)	and state-level operations	<hr/> \$8,127,427

The state agency for vocational education contains, in addition to an administrative unit, four regular services which provide assistance and guidance to local school districts. These services are:

1. Agricultural education, for those planning to enter or who have entered the occupation of farming. In 1961-62 over 24,000 people throughout the State enrolled in such courses.

Vocational Education—Continued

2. Industrial education, designed to help the person who is considering a trade or public service occupation, or who already entered one. The 1961-62 statewide enrollment in this activity was approximately 177,000.
3. Homemaking education, the largest in point of enrollment; 1961-62 enrollment totaled 249,793.
4. Business education, which deals only with the distribution occupations phase of business education. 1961-62 statewide enrollment exceeded 102,000.

In addition there are two entirely federally financed programs sponsored by vocational education. They are the Practical Nurse Training program and Area Vocational Education. The latter activity is supported by funds from Title VIII of the National Defense Education Act. Federal support is also present in the budget for the Instructional Materials for Apprentices program which prepares instructional materials for use by apprentices in approximately 30 different trades.

The State General Fund underwrites the full expense of the Fire Training program offered by Vocational Education. This service is available to local fire departments (most of which are volunteer staffed) for in-service training in the latest techniques of fire fighting, fire prevention and fire investigation. The budget requests for each of these units will be discussed separately below.

Vocational Education is also vested with responsibilities under the newly passed Manpower Development and Training Act of 1962 (Public Law 87-415), which was signed by the President on March 15, 1962. The act consists of three titles: a statement of findings and purpose; the training and skill development programs, assigning responsibilities to the Secretaries of Labor and Health, Education and Welfare; and miscellaneous provisions.

Title II, the core of the Act, provides for the training or retraining of unemployed persons for the acquisition of skills which will enable them to qualify for re-employment in an area better matched to the contemporary economy. The Department of Education, through its Vocational Education section, will co-operate with the Department of Employment in the implementation of the Act in California.

Before a state may participate in the Act there must be an executed agreement between its vocational education agency and the Secretary of Health, Education and Welfare under which the vocational education agency agrees to provide the training programs necessary to equip eligible trainees for the occupations specified by the state's representative of the Secretary of Labor in making the referrals. California's agreement was executed and went into effect in August, 1962. The State Department of Employment will handle many of the responsibilities of the Secretary of Labor, such as determining the need for training, referring trainees to training projects, and paying trainee benefits.

Under the provisions of the Act the expenses are to be borne 50 percent by the state and 50 percent by the federal government, except that

Vocational Education—Continued

through fiscal year 1963-64 the expense will fall fully to the federal government. So far in 1962-63 over \$1.7 million has been allocated to California for the reimbursement of training agencies for the conduct of training programs, and \$59,000 for state level administration. The state level administration will be accomplished primarily through the utilization of existing staff in the Vocational Education section.

The existing bureaus of Agriculture, Business, Homemaking and Industrial Education, in co-operation with the local schools, will develop programs designed to meet the needs of the particular groups to be trained, will assist the schools in preparing training proposals, and will provide overall supervision to the operating training program.

The local schools and educational institutions conducting programs will be reimbursed from federal funds, and subsequently from federal and General Fund moneys, in accordance with the act. Enrollment in 100 percent reimbursed programs will not be reported for school district average daily attendance purposes. Before a training project is undertaken a detailed proposal is required, complete with course outline, budget, schedule of classes and list of facilities and equipment available and required. This proposal must be approved both by the Department of Education and the Department of Employment. Final approval of both the U.S. Office of Education and the U.S. Department of Labor is given before funds are committed.

ANALYSIS

Total General Fund expenditure for state-level support of vocational education shows an increase of \$3,192 for fiscal 1963-64 or 0.5 percent over the estimated current figure. The total General Fund figure for 1963-64 is \$686,040; federal contributions will amount to \$943,093, for a grand total of \$1,629,133 for the support of vocational education at the statewide level. The federal expenditure shows an increase of \$39,775 over the 1962-63 amount. Subventions for vocational education, which may be found in the local assistance section of this analysis, show no increase in General Fund expenditure for the coming year; thus, the entire increment of \$3,192 is contained in the state-level operation of the program.

In addition to the overall administration of vocational education there are six distinct operations represented in the state-level activities budget. One of these is entirely supported from the General Fund (the Fire Training Program), two (administration and supervision and teacher training) are jointly financed, and three are solely supported from federal funds (the practical nurse training program, manpower development and training, and area vocational education). In addition, one program, Instructional Materials for Apprentices, is largely self-sufficient (although it receives some federal support).

Programs Supported Solely by the General Fund**Fire Training Program**

General Fund expenditures for this program during 1963-64 will amount to \$114,430, an increase of \$2,351. This is due to merit salary increases and a slight increase in the amount appropriated for in-state

Vocational Education—Continued

travel. Bulletin sales, as in the past, account for \$3,000 in reimbursements. In 1961-62, a total of 187 schools were held under the auspices of the program and 5,197 men were instructed in classes taught by the eight instructors on the staff. A total of 4,652 class hours of instruction were given. No new positions are requested for this program and no change in the level of service is proposed.

Jointly Financed Programs**Administration**

An appropriation of \$26,124 from the General Fund is asked for this activity during the coming year. This is a decrease in state expenditure of \$762; federal costs for administration will rise by \$1,848 to \$48,741. Total costs for administration, state and federal, are estimated at \$75,865 for the fiscal year under consideration. Here, as well, no new positions are requested and the level of service remains unchanged.

Supervision and Teacher Training

This area commands the principal amount of state support, and during 1963-64 a request of \$1,133,070 has been submitted for this program. The General Fund share of this is set at \$545,486, an increase of \$1,603, while federal support will amount to \$587,584, an increment of \$5,554. No additional positions are proposed for this program; however, 15 cadet teachers of agriculture education who formerly were included in the personal services category are now contracted for by the administrative unit. The cost, in both cases, remains the same: \$25,000. No change in the levels of service for this program is proposed.

Federally Financed Programs**Practical Nurse Training Program**

This program was inaugurated in 1956-57 by the federal government and was designed to develop curricula and programs in the field of nursing. In California this role is being performed under contract with the University of California. A total of \$30,350 is estimated to be spent on this program; this represents no change from the 1962-63 appropriation. Of the total, \$30,000 represents the amount of the contract with the University.

Area Vocational Education

This program is comprised entirely of funds made available through Title VIII of the National Defense Education Act (NDEA) (PL 85-864). Its purpose is to promote technical education at the below-college level. The Department of Education has been assigned the responsibility of reviewing, processing and approving local school district applications for federal support for technical education from Title VIII funds. Support for this program for 1963-64 amounts to \$166,750 of federal money. Should Congress fail to renew authorization for the NDEA this year, on June 30, 1964 federal funds will cease to support it and the State will have to determine the feasibility of continuing or dropping support of local technical education projects altogether.

For the coming fiscal year one new position is requested, that of research consultant in the education of women. *We recommend the dele-*

Vocational Education—Continued

tion of this position and related expenses from the budget for this program.

This position was added to the current area vocational education staff during 1962-63 as an administrative adjustment. The justification given at that time was that "workload had increased to the point where it became necessary" to create and fill the position. Closer examination of the matter has revealed that the position is desired for the purpose of making a three-year study aimed at determining the educational needs of women in semi-professional or highly specialized trades. The position will become a part of the staff of the Bureau of Homemaking Education.

It is our understanding that, in addition to the salary of the consultant, \$11,520, approximately \$5,600 is being requested as additional operating and travel expense coincident with this three-year project, a total request of \$17,120.

It appears to us that this project, together with the related position and expense, represents a needless fragmentation of the vocational education program in this state. While we recognize that this program is entirely supported by federal funds, the possibility exists that this may not be the case in the future. Should the State be forced into assuming the responsibilities and financing of area vocational education we believe that this project would represent an unnecessary expense which might well set a precedent for other specialized studies, each requiring a consultant, in equally specialized fields. The Bureau of Homemaking Education presently employs 16.9 individuals; seven are regional supervisors at the consultant level. We feel that, in view of the existing large staff in this bureau and the fact that the State may have to assume this expense in the future, a study on the needs of women in the areas of semi-technical or highly specialized employment appears to be based solely upon the present availability of federal funds. In our opinion, this is not sufficient justification for an appropriation of \$17,120 for a new position and related expenses.

Manpower Development and Training

The Department of Education is assigned the responsibility of administering the training aspects of the Manpower Development and Training Act (MDTA) (PL 87-415), enacted by the Congress last year. These duties include the appraising of manpower resources and requirements and developing and applying the methods needed to deal with the problem of unemployment resulting from automation, technical change and other types of persistent unemployment. In fulfilling these functions, the Department of Education works in close co-operation with the Department of Employment which has the responsibility of certifying the training needs in particular areas and of providing subsistence to unemployed persons while they take part in these retraining programs. The program is wholly supported by federal funds in the amount of \$87,000 for fiscal 1963-64. It must be noted, however, that in 1964-65 the existing 100 percent of federal financing for the MDTA will revert to 50 percent; the State will then be obliged, if it

Vocational Education—Continued

desires to continue in the program, to support 50 percent of its operating cost. Therefore, it is advisable to carefully examine the staff proposed for this program on the basis of workload and similar factors.

Administration and supervision of this program will be accomplished primarily through the utilization of the existing organization and staff within the Vocational Education Section. In addition, the following positions are proposed to develop training procedures and supervise training programs carried out within the State:

- 1 co-ordinator of education and training
- 1 assistant regional supervisor
- 1 editorial aide
- 2 intermediate stenographer
- 3 temporary help

All of these positions with the exception of 2.3 positions of temporary help have been created and filled as administrative adjustments during the current fiscal year due to the fact that the MDTA became operative in California in August, 1962.

We recommend approval of these positions. The co-ordinator of manpower development and training will have over-all supervisory responsibility, in conjunction with his counterpart in the Department of Employment, for the training aspects of the program. The assistant regional supervisor will be headquartered in Sacramento and will travel throughout the State, aiding those vocational education district offices with particular problems in the administration of the MDTA. It is felt, presently, that one such regional supervisor can handle the statewide workload; since this is a new and untried program, a firm forecast of workload is not possible. It is proposed that the editorial aide be located in the Department of Education Curriculum Laboratory for the purpose of developing training materials for the MDTA. It is admitted by the department that this position may become involved in curriculum work other than that connected with MDTA; the contention, which we feel is reasonable, is that eventually the task of preparing bulletins and pamphlets for this program will become a full-time responsibility. For the same reason the department proposes to locate one of the three new intermediate stenographers in the curriculum laboratory to assist in this work. The remaining stenographers are intended to provide general secretarial support to the program. Three positions of temporary help are requested for the purpose of assisting the assistant regional supervisor in any highly technical or specialized matters in which he may become involved in his work with the district offices. In the absence of any workload data on this function, understandable because of the recent enactment of the MDTA, we recommend approval of this request. Close scrutiny will be given to the actual need for specialists of this sort in the future.

Worth noting is the fact that the Department of Education has organized the administration of the MDTA within its own existing vocational education staff without creating a new level of staff. This, in our opinion, is the wisest and most economical policy to follow in the administration of new programs of this sort.

Vocational Education—Continued

Instructional Materials for Apprentices

This program, while practically self-sufficient due to the sale of instructional materials, receives a substantial amount of federal support, estimated for 1963-64 at \$21,668. This is a decrease of \$3,257 from the current figure of \$24,925. The decrease is due entirely to a smaller amount budgeted for employees' retirement and to an increase in reimbursements from sales of materials. Instructional materials are prepared through this program for 30 trades in which there is a minimum of 100 apprentices per trade. The material includes workbooks and test books, examinations, work progress charts and teachers manuals. The program formerly prepared instructional materials for journeymen and other workers who have lost their jobs due to technological change. This function has been absorbed and is presently carried out by the Manpower Development and Training Act. No new positions are proposed for this program and the level of service will remain unchanged.

With the exception of the deletion of the position of research consultant in the education of women, and related expenses, we recommend approval as budgeted.

Department of Education

VOCATIONAL REHABILITATION SECTION

ITEM 93 of the Budget Bill

Budget page 203

FOR SUPPORT OF THE VOCATIONAL REHABILITATION SECTION FROM THE GENERAL FUND

Amount requested	\$3,722,379
Estimated to be expended in 1962-63 fiscal year	3,319,456
Increase (12.1 percent)	\$402,923
TOTAL RECOMMENDED REDUCTION	\$2,650 *

Summary of Recommended Reductions

	Amount	Budget Page	Line
Increased Services to Industrially Injured Workers:			
Limits approval for this project to one year		206	49
Extension and Improvement Project; Mental Hospital Patients:			
0.3 Intermittent medical consultant	\$2,650 *	208	15
Limits approval of funds for this project to one year		208	41
Extension and Improvement Project; Rehabilitation Services to Recipients of Public Assistance:			
Limits approval of funds for this project to one year		209	43

* Composed of both General Fund and federal funds.

GENERAL SUMMARY

The Vocational Rehabilitation Section is part of the Division of Special Schools and Services of the Department of Education. As such, the provisions of Chapter 11, Division 6 (commencing with Section 7001) and of Article 4, Chapter 4, Division 14 (commencing with Section 18751) of the Education Code contain the legislative authorizations for its operation.

Three regular programs are maintained which are intended to assist the physically and mentally handicapped to achieve self-support. These

Vocational Rehabilitation Section—Continued

are in addition to program administration, which includes the sheltered workshops consultation service: (1) the Business Enterprise Program for the Blind, largely state supported; (2) Vocational Guidance and Placement, the main element of the service, jointly financed by General Fund and federal moneys; and (3) the Disability Certification Program, entirely federally financed. The budget also reflects support for three extension and improvement projects carried on in addition to the three regular programs.

The distribution of federal and General Fund support for the total 1963-64 Vocational Rehabilitation budget is as follows:

	<i>Estimated 1963-64 Support Expenditures</i>			
	<i>General Fund</i>	<i>Percent increase over 1962-63</i>	<i>Federal funds</i>	<i>Percent increase over 1962-63</i>
General support	\$3,722,379	(12.1)	\$4,066,278	(9.0)
Old age and survivors insurance, disability certification program support	-	-	2,121,192	(2.7)
Subtotal	\$3,722,379	-	\$6,187,470	-
Grand Total—\$9,909,849				

Under the provisions of Public Law 565 General Fund and federal support for regular vocational rehabilitation programs has undergone alignment in the past few years to a point where the support is approximately equal from both sources. However, this alignment for support of regular vocational rehabilitation programs does not include the support for all the activities included within the Vocational Rehabilitation budget item. Under other authorizations in PL 565 a different matching ratio is authorized for certain projects, most of which are limited to a duration of three years. There follows below a table reflecting the application of General Fund and federal moneys for regular programs (under the roughly equal matching ratio) and for special projects (financed under different ratios).

General Fund, regular programs	\$3,374,102
General Fund, special projects	348,277
General Fund, Total	\$3,722,379
Federal funds, regular programs	\$3,511,828
Federal funds, special projects	2,675,642
Federal Funds, Total	\$6,187,470
Grand Total, All Sources	\$9,909,849

The analyses of the 1963-64 Vocational Rehabilitation budget requests are presented as they relate to the various regular programs and special projects.

ANALYSIS

Administration

This unit provides direction and supervision to the various vocational rehabilitation activities. Included within administration is the support of the sheltered workshop consultation service, as authorized by Chapter

Vocational Rehabilitation Section—Continued

11.5 of Division 6 of the Education Code. This service assists community workshops in improving their operations, participates in the development of standards for fees for services purchased by the State, and encourages community participation in the rehabilitation of the handicapped who have sought the assistance of the Vocational Rehabilitation Service.

For the 1963-64 fiscal year \$556,713 is sought for administration of this program. This represents a decrease of \$4,208 from the estimated 1962-63 expenditure. However, General Fund support of this program will increase by \$1,930 to \$248,998, with federal funds enjoying the decrease in total expenditure. No new positions are sought for the administrative unit and no change in the level of service is contemplated.

Business Enterprise Program for the Blind

This program is intended to assist blind persons to become self-supporting by providing equipment for the establishment of vending stands, snack bars and cafeterias in public buildings and in industrial buildings. The service also counsels operators to insure proper operation of their establishments. At present there are 222 installations being served by the program; by July 1963 approximately 264 are anticipated.

The requested appropriation for this program is set at \$248,033, an increase of \$28,967 over the current figure. The General Fund provides all but half the expense of the vending stands and related sales equipment included in this item. This latter is borne in 1963-64 by \$57,197 of federal money; General Fund expenditures are proposed at \$190,836.

We recommend approval of the position of business officer I, proposed for 1963-64. It is planned that this individual will be employed to supplement the three such officers who presently handle all vending stands and sites for the blind in the northern half of the State. Workload figures submitted in justification of this new request state that a total of 115 locations, vending stands, snack bars and cafeterias, are covered in northern California by the present three business enterprise officers serving that area. One such officer handles 40 locations monthly, another administers 48, and the supervising officer has 27 locations. The situation in the southern half of the State is similar, with three officers covering 107 locations and the supervisor himself administering 24. The department contends, in addition, that there are slightly in excess of 100 blind applicants, trained in vending stand operation, waiting for an opportunity to open such an establishment.

It has been determined by the department that the nationwide ratio of business officers for the blind to locations supervised is approximately 1:30; this is true in states whose staffs do not face the problem of geographical distances which obtains in California. The number of business officers has remained at six for the past three years, while the blind population has steadily grown. The present ratio of staff to locations served is 1:37, significantly above the average of all states operating similar programs.

In view of the heavy workload on the existing six officers and the extreme distances which they are forced to travel in fulfilling their duties (one officer is responsible for the area from Visalia in the south

Vocational Rehabilitation Section—Continued

to Redding in the north), we believe that this position, together with its related operating expenses, is justified.

Vocational Guidance and Placement

This unit, comprising the main body of vocational rehabilitation activities, is divided into 10 districts and 17 branch offices located throughout the State. Its authorized staff represents approximately half of the total positions in the Vocational Rehabilitation budget. The services of this unit are directed towards the rehabilitation of the handicapped and disabled not already being served by other agencies or by special demonstration projects (see below) sponsored by Vocational Rehabilitation. Regular activities included in this segment of the budget include psychological and medical examination, work tolerance testing, medical care and treatment if necessary, and job training where applicable and feasible.

A total of \$6,329,217 is requested for this segment of the Vocational Rehabilitation budget, an increase of \$677,666 over the estimate for the current fiscal year. General Fund expenditures will rise by \$379,516 while federal moneys will account for the remainder of the increase. In the year under consideration federal support for this program, presently maintained at 51 percent of the total cost, will fall to approximately 50 percent, necessitating an increase of General Fund money in the amount of \$48,307 if existing levels of service are to be maintained. Case-service funds for the support of existing programs will rise by \$193,854, an increase of 6.6 percent over the previous year. Justification material submitted in defense of this request clearly shows that case-service costs have risen in the last three years by more than this percentage while state expenditures for this item have remained at or near the same level. This budget request is an attempt to keep pace with these rising costs.

Seventeen new positions are requested, as follows:

- 1 Supervising vocational rehabilitation counselor I
- 5 Vocational rehabilitation counselors
- 2 Vocational psychologists
- 7 Intermediate stenographers
- 2 Intermittent medical consultants

We recommend approval of these positions. The addition of the five counselor positions will maintain the present ratio of counselors to population between the ages of 16 and 64 at 1:80,830, a point at which it has remained since 1959-60. The additional clerical help will increase slightly the ratio of such employees to professional help; this is necessary due to an added caseload per counselor of 25, which concurrently increases clerical duties. Adequate justification exists, in our opinion, for the approval of the remaining new positions on the basis of increased workload and a larger number of backlog cases. The following table represents the movement of the active caseload from 1959-60 through 1961-62, the latest year for which complete data is available. The 1962-63 backlog of unclosed cases is expected to increase further over the 1961-62 level as follows:

Vocational Rehabilitation Section—Continued

Vocational Guidance and Placement Case Record			
	1959-60	1960-61	1961-62
On hand beginning of year-----	8,945	9,215	9,737
Accepted during year-----	6,166	6,900	7,715
Total active cases-----	15,111	16,115	17,452
Closed, rehabilitated-----	2,382	2,487	2,688
Closed, unemployed after plan developed---	827	1,050	1,192
Closed, other reasons-----	2,687	2,841	2,862
Total closed-----	5,896	6,378	6,742
On hand end of year (backlog cases)-----	9,215	9,737	10,710

With reference to the apparent low number of rehabilitations accomplished by the Vocational Rehabilitation Service in comparison with other states, evidence indicates that in many states the emphasis is placed upon serving only those disabled applicants who may be brought into active employment more quickly and cheaply. In the opinion of the department, this is accomplished often at the expense of the more severely handicapped cases having a greater need for service. California's present program gives priority to those cases whose need is greatest and who, without public assistance, might become permanently dependent upon the welfare rolls.

In 1954 the section instituted statistical recording, and records have been kept since that time on the nature and characteristics of the people served. In the eight-year period ending June 30, 1962, a total of 4,996 individuals and their families were rehabilitated who had been on public assistance. Since the average yearly welfare support for these families was more than \$1,500 (it increased to \$1,867 in 1960-61 and to \$1,900 in 1961-62) the savings for one year would be \$7,485,000 in relief payments.

In terms of demonstrated workload increases and the apparent success of this program in effecting rehabilitation with associated savings to the State and to local jurisdictions, we feel the above 17 positions are justified and recommend their approval.

Increased Services to Industrially Injured Workers

An amount of \$300,000, the General Fund portion of which is set at \$150,000, is proposed under operating expenses as increased rehabilitation services to industrially injured workers. The request is a result of Public Law 565 which authorizes federal funds to match state money to be used for this purpose. The Department of Industrial Relations will take part in the screening and referral of these industrially injured individuals, and the appropriation for that segment of this program is discussed in connection with Item 185 of the Budget Bill.

The Vocational Rehabilitation Service, in a study made of the rehabilitation possibilities of persons injured in industrial accidents in 1961, estimated that 6.2 of every 1,000 workers suffering such a disability will accept the services of vocational rehabilitation. In 1959-60 the number of workers thus qualifying was placed at 1,026; the Vocational Rehabilitation Service rehabilitated only 313 of these individuals. Under the present arrangement, the service is able to accept only one in

Vocational Rehabilitation Section—Continued

five cases who have been industrially disabled. The results of rehabilitation efforts with these persons has proven to be good, and the service estimates that under the proposed new program they could double the number of cases served. This would be accomplished through the screening and following up of cases by the Department of Industrial Relations, a task presently carried out by the Vocational Rehabilitation Service.

It is estimated that an additional six positions will be created if the Legislature grants approval of this appropriation, all counselors and supporting staff to be placed within existing district offices. Case service support will equal approximately \$195,000 or two-thirds of the total amount requested.

The prospects for this expanded program appear to be good; nevertheless, due to the opposition to such a program by many of the affected insurance carriers the service is unable to estimate exactly what results will be obtained. *Consequently, we recommend the approval of this project for one year only, to expire on June 30, 1964. We also recommend that the Vocational Rehabilitation Service evaluate the results of the program and report upon its findings to the 1964 Session of the Legislature.*

Old-age and Survivors Insurance—Disability Certification Program

This activity is performed by Vocational Rehabilitation under contract with the federal government, and the expenses are fully borne by the Federal Security Trust Fund. Its principal function is the certification of a disability and eligibility to receive benefits under the old-age and survivors insurance program.

The budget for this program in 1963-64 is \$2,121,192 of federal expenditure, an increase over the current fiscal year of \$55,880. This increase is due to additional operating expenses, employee retirement and health and welfare contributions, and merit salary increases.

One new position is requested, an intermittent medical consultant. This request results from demands for more complete medical evidence on certain types of cases applying for cash benefits under social security amendments enacted by the 1960 Congress. The addition of this position will place the California ratio of medical consultants to eligible population at 1:8, somewhat below the nationwide average. No increase is expected in the level of benefits provided by this program unless Congress, during the present session, authorizes a further liberalization of social security benefits. *We recommend approval of this position.*

Extension and Improvement Projects

In addition to the three elements of the regular Vocational Rehabilitation budget, there are three extension and improvement projects included in the budget for 1963-64. Each of these projects has been undertaken under authorizations from previous sessions of the Legislature.

Vocational Rehabilitation Section—Continued

A. Extension and Improvement Project—Mental Hospital Patients

We recommend approval of 14 of the requested 14.3 positions for this project but for one additional year only. We also recommend the deletion of 0.3 of a position of psychiatric consultant from the project budget.

This project, given its authorization by the 1961 General Session, has stationed Vocational Rehabilitation counselors at selected state hospitals for the mentally ill. Their purpose has been to aid in the vocational rehabilitation of patients about to return to private life. This three-year project, which will see its third year in 1963-64, is eligible under P.L. 565 for three-to-one federal support.

This program during 1963-64 requests \$56,593 in General Fund support; federal funds will supply \$171,579, for a total of \$228,172. The General Fund appropriation represents no change from the current year's appropriation since federal funds will account for merit salary and operating expense increases. No new positions are sought and no change in the level of service is proposed.

Although this project was originally initiated at the beginning of fiscal 1961-62, the first vocational rehabilitation counselor was not placed in a mental hospital until November 1961. Counselors are presently serving in the following state mental hospitals: Stockton, Agnews, Napa, Patton, Metropolitan and Camarillo. In addition, two psychiatric consultants are presently employed to make available experienced psychiatric evaluation to the hospital project staff and the field staff.

The Vocational Rehabilitation Service reports that initial problems were encountered in organizing this program with the Department of Mental Hygiene. Because the latter agency employs 224 counselors, including 46 occupational therapists and 20 industrial therapists, in the state hospitals, some duplication of effort was noted and confusion existed as to whether the vocational rehabilitation personnel were under the supervision of the hospital staff, or vice versa. We anticipated this situation when, in the 1962-63 Analysis of the Budget Bill, we recommended the deletion of this program on the basis that it duplicated many of the efforts of the Department of Mental Hygiene.

In rebuttal to our contention, the Vocational Rehabilitation Service has stated that unless it has personnel placed in the hospitals to counsel mental patients before they are released, a lag of several months takes place between the release of the patient and the initiation of work on his case by the service. The service has provided the following table on the progress of the program for the 11 months from January 1, 1962, when the program became operational, to November 30, 1962:

Eleven-month Progress Report—Mental Hospital Program

- 890—Cases were referred and evaluated by Vocational Rehabilitation counselors in the hospitals.
- 516—Cases were found too ill or unwilling to consider the services which vocational rehabilitation might provide them. Action deferred.
- 374—Cases were found to be potential cases for rehabilitation leading to employment.

Vocational Rehabilitation Section—Continued

- 326—Of the above number are presently receiving vocational evaluation or rehabilitation services.
175—Of this number are still being provided vocational counseling in the hospitals.
141—Are receiving active services in outside vocational rehabilitation districts.
10—Cases are actually rehabilitated in employment.
48—Of the 374 potential cases were closed because of aggravated disability, return to the hospital, etc.

In our opinion the 10 individuals listed as rehabilitated and returned to employment does not present an impressive record of the accomplishments of this program over the year and one-half of its operation. This seems especially true when it is noted that \$228,172 of state and federal money and a total of 14.3 state employees are engaged in this work. Further, the section has no information as to the permanence of employment of the 10 rehabilitated cases. In this regard, we take note of the fact that this is an experimental project; federal financing will expire on June 30, 1964, at which time a decision will be made by federal authorities as to whether they should continue to provide funds for the program. If the federal government should decide against further participation, the Legislature must then determine whether it is prepared to assume the entire cost or drop the program altogether. It has been our impression that the main impetus for placing this program within Vocational Rehabilitation has been the availability of three-to-one federal financing. While we would agree that the short operational experience of the Mental Hospitals Project does not provide enough data on which to judge the effectiveness of this program, we feel that the results to date indicate that the State should not commit itself to the project for any longer than the federal government is willing to contribute support. *For these reasons we recommend approval of 14 of the requested 14.3 positions for this project for one additional year only.* Under this recommendation, expiration of legislative authorization for this program on June 30, 1964 will coincide with the federal re-evaluation of it, and will permit the Vocational Rehabilitation Service to submit a complete progress report on the effectiveness and results of this program at the 1964 Session of the Legislature.

As indicated above, the service has felt it necessary to add to its staff for this project the services of intermittent psychiatric consultants equivalent to 0.3 of a position. In our opinion, the addition of psychiatric personnel to this program is an outright duplication of services available from Department of Mental Hygiene staff within the state hospitals, and appears to imply that personnel of the latter agency are not qualified to do the work for which they are employed. *Consequently, we recommend the deletion from the project budget of 0.3 of a position of psychiatric consultant.*

**B. Extension and Improvement Project—Rehabilitation Services to
Recipients of Old Age and Survivors Insurance**

This project was first authorized by the Legislature in the 1962 Budget Session. Under PL 565 this particular project is eligible for a four-to-one matching of federal and General Fund support. The project is intended to demonstrate what vocational rehabilitation can accom-

Vocational Rehabilitation Section—Continued

plish for persons eligible to receive or receiving cash benefits under social security because of old age or disability. Persons in these categories who have been considered capable of rehabilitation have always been assigned a high priority in the regular vocational and guidance program. This project is intended to demonstrate what an intensive rehabilitation effort of this type can accomplish, and it offers a possible method for returning many social security recipients to a self-supporting status.

The budget requests \$18,490 of General Fund money for this project, the same amount as in the current year. Federal expenditures, too, will remain at the same level: \$75,000. The total figure, \$93,490, represents no increases in positions or levels of service.

Cases selected for inclusion in this project are first studied by the rehabilitation counselor and the medical consultant to determine if there exists a reasonable possibility of vocational rehabilitation potential. Before the referral may be rejected, however, one of the project staff must personally interview the applicant. At this point, a determination will be made as to the rehabilitation potential of the case. If such a potential exists, rehabilitation counseling, planning, and other services as may be needed are put into effect.

The project already appears to have demonstrated that a higher percentage of recipients of disability benefits under social security can be rehabilitated than are presently being rehabilitated in the general program, provided that it is recognized that individual case costs will be much higher. Only recipients of disability benefits are served by this program; because of the orientation of the program toward the more severely disabled, a greater percentage of those served are in the upper age brackets. Of the 88 cases now being served by the project, the ages of the clients are as follows:

Under 30 years	2
30-34 years	4
35-39 years	10
40-44 years	7
45-49 years	7
50-54 years	20
55-59 years	27
60 up years	11
Total	88

Of the 502 cases originally referred to the Vocational Rehabilitation Service from November 1961 through November 1962, 91 were found to be potentially employable. Eighty-eight of these individuals are still in the process of evaluation or rehabilitation, two have been rehabilitated and placed in employment, and only one was closed without employment.

Of this record it can be said that it appears to be too early to make a judgment upon the program's efficiency and effectiveness. Since most of these cases are the severely handicapped, a great deal more time is required for complete rehabilitation and employment. *We recommend*

Vocational Rehabilitation Section—Continued

that the funds for this project be approved pending a more complete evaluation of it before the 1964 session of the Legislature.

C. Extension and Improvement Project—Rehabilitation Services to Recipients of Public Assistance

The third of these projects, given its first authorization by the 1962 Legislature, proposes to demonstrate that public assistance expenditures can be reduced through more effective identification and evaluation at the county level of public assistance applications. The Vocational Rehabilitation Service under this project has stationed vocational guidance counselors at selected county welfare offices to participate in the identification and evaluation process during the 1962-63 fiscal year. This project is eligible, under the terms of PL 565, for three-to-one federal financial support.

General Fund appropriations for this item for 1963-64 amount to \$82,358, nearly one-fourth of the total federal-state expenditure of \$333,032. The General Fund portion shows no increase over the previous year, with the federal government supplying the whole increase of \$11,293. No new positions are requested; this project is entering the second year of the proposed three-year trial period. *We recommend approval of funds for this pilot project for one additional year only.*

Because of initial organizational difficulties, the first vocational rehabilitation counselors were not placed in the seven selected county welfare offices until late October 1962. The Vocational Rehabilitation Service reports that their original intent to interview each new applicant for public assistance at the point of intake proved to be cumbersome because of the large volume of cases. Hence, it was determined that a method of screening cases prior to initiating a personal interview would be required.

Originally it had been anticipated that the project counselors would work with all categorical aid cases. Due to the large number of cases, referral has been limited to aid to needy children recipients, aid to needy disabled, and general assistance recipients who are not applying for further categorical public assistance. Old-age assistance and medical aid to the aged were not included because of the volume of cases and because of the lower probability of rehabilitating these cases into employment. The case activity report, which follows, indicates that this project has not been operational long enough for a thorough study of its results to be made.

Public Assistance Project—Case Activity Report

- 916—Cases reviewed in county welfare offices by Vocational Rehabilitation counselors.
- 259—Of this number found to be potentially employable.
- 217—Still undergoing evaluation and counseling.
- 42—Actively receiving vocational rehabilitation services in district offices.

Because of the short operation of the project, no cases are listed as closed.

Our opposition to this project in the 1962-63 Analysis of the Budget Bill was based upon the fact that we did not then feel it had been

Vocational Rehabilitation Section—Continued

adequately demonstrated that the stationing of vocational rehabilitation counselors in county welfare department offices was an appropriate method for referring public assistance recipients to the Vocational Rehabilitation Service. We continue to feel that a duplication of services could develop with both county welfare and vocational rehabilitation personnel reviewing and evaluating these cases. Our fears that the vocational rehabilitation counselors might eventually assume the full responsibility for rehabilitation case identification, expressed in last year's Analysis, appear to have been well grounded. This trend has already necessitated a narrowing down of the cases which vocational rehabilitation counselors can handle. As we pointed out above, only aid to needy children, aid to needy disabled, and general assistance recipients are presently serviced by the vocational rehabilitation counselors; other categories of public assistance recipients have been eliminated.

As pointed out in our discussion of the Department of Social Welfare budget request, doubt exists as to whether many of the categories of public assistance recipients can be rehabilitated into stable employment. Our belief, in the past, has been that every effort should be made at the local welfare agency level to rehabilitate as many of these individuals as possible so as to remove them from the public welfare rolls. At the same time, we have felt that this task belongs more properly to the staffs of the county welfare agencies than to state vocational rehabilitation personnel.

We believe that the experimental nature of this project should be emphasized, with the main effort directed toward gathering as much data as possible on the feasibility of rehabilitating these individuals. At the same time the duplication we have noted above should be eliminated, and renewed emphasis should be put upon the joint evaluation of applicants by both the county social worker and the vocational rehabilitation counselor for the purpose of acquainting the former with the techniques of vocational rehabilitation. To the degree that the local social welfare worker becomes oriented in the methods and procedures used by vocational rehabilitation personnel in rehabilitating clients, and to the extent that the evaluation process is a joint one, the duplication of effort and function which we have pointed out will be reduced.

Therefore, our recommendation for the approval of funds for this experiment for one additional year only includes the requirement of a complete report to the 1964 Legislature by the Vocational Rehabilitation Service on the results of the program for recipients of public assistance.

Department of Education
STATE TEACHERS' RETIREMENT SYSTEM

ITEM 94 of the Budget Bill

Budget page 211

**FOR SUPPORT OF THE STATE TEACHERS' RETIREMENT
 SYSTEM FROM THE GENERAL FUND**

Amount requested	\$593,886
Estimated to be expended in 1962-63 fiscal year	531,555

Increase (11.7 percent)	\$62,331
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TOTAL RECOMMENDED REDUCTION	\$4,140
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Summary of Recommended Reductions

	<i>Amount</i>	<i>Page</i>	<i>Budget Line</i>
Temporary help	\$4,140	211	4

GENERAL SUMMARY

The State Teachers' Retirement System provides monthly allowances to public educational personnel who are qualified to retire for service or disability in accordance with the provisions of the Teachers' Retirement Act and policies established by the State Teachers' Retirement Board. The board consists of the State Board of Education and two additional members who represent teachers in the system.

The Retirement Investment Board of the Teachers' Retirement System has exclusive control of the investment of the Teachers' Retirement Fund. The board consists of the State Superintendent of Public Instruction, the State Director of Finance, the Controller, and two teachers appointed by the State Board of Education for four-year terms.

ANALYSIS

The 1963-64 budget request of \$593,886 for the administration of the system is \$62,331, or 11.7 percent, more than is estimated to be expended during the current year. The increase is due to the following reasons:

8.5 proposed new positions	\$39,896
Merit salary increases	8,142
Increased operating expenses	18,719
Increased equipment cost	6,334
Decreased retirement and health and welfare costs	—974
Increased salary savings	—9,786
	\$62,331

The two areas that have caused the major increase for the 1963-64 fiscal year are the 8.5 proposed new positions at a cost of \$39,896 and increased operating expenses of \$18,719. The increased operating expenses are mainly caused by the anticipated move to the new retirement building during the spring of 1964. The rental and moving costs are anticipated to be \$16,719.

Five of the 8.5 proposed new positions are requested on a workload basis and do not reflect any increase in level of service.

One of the five positions, an intermediate typist-clerk, is to carry on a function in the membership section that had previously been financed from temporary help money. *We recommend approval of this*

State Teachers' Retirement System—Continued

position and the other workload positions. However, we recommend the deletion of \$4,140 in temporary help money since the function supported by the temporary help funds will now be financed by the establishment of the proposed new position.

The remaining 3.5 proposed new positions, the intermediate clerk positions, are requested to perform computations of retirement allowances and options for members anticipating retirement. The addition of these positions will provide an increased level of service in this area.

We recommend approval of the 3.5 intermediate clerk positions.

The level of service in the unit of the system that computes the allowances for those persons applying for retirement has declined over a period of years. The decline has been such that many annuitants do not receive their first check until six months after they retire.

HIGHER EDUCATION

DEFINITION AND SCOPE

California's system of public higher education now includes 7 campuses of the University of California, 15 state colleges, 68 public junior colleges, and the California Maritime Academy. Of these, one University campus, five state colleges and nine junior colleges were added in the past decade. Two additional state colleges, authorized in 1960, and two new campuses of the University are scheduled to open in the fall of 1965. In the next five years as many as ten or more junior colleges will be added to this vast system.

The University of California is governed by the Regents of the University of California who, under provisions of Section 9, Article IX of the Constitution of California have full powers of organization and government for the University. The state colleges are governed by the Trustees of the California State Colleges, a statutory body established in accordance with the 1960 Master Plan for Higher Education. The Trustees, with a centralized administrative office under the Chancellor of the California State Colleges, assumed responsibility for the state college system on July 1, 1961. The junior colleges are primarily local institutions, created, operated and, in large part, supported locally. Within a very broad area defined by statewide standards established by statute and by rule of the State Board of Education, organization, operation and policy direction for the junior colleges are vested in local school boards accountable to local voters.

The Coordinating Council for Higher Education was created in 1960 in accordance with the master plan as an advisory body to counsel the governing boards of the three segments and appropriate state officials with respect to state financial support, differentiation of function and development of plans for the orderly growth of public higher education.

The functions of each segment were established under the Donahoe Higher Education Act of 1960 in the following general terms:

"Public junior colleges shall offer instruction through but not beyond the 14th grade level, which instruction may include, but

Higher Education—Continued

shall not be limited to, programs in one or more of the following categories: (1) standard collegiate courses for transfer to higher institutions; (2) vocational and technical fields leading to employment; and (3) general or liberal arts courses. Studies in these fields may lead to the associate in arts or associate in science degree.

"The primary function of the state colleges is the provision of instruction for undergraduate students and graduate students, through the master's degree, in the liberal arts and sciences, in applied fields and in the professions, including the teaching profession. Presently established two-year programs in agriculture are authorized, but other two-year programs shall be authorized only when mutually agreed upon by the Trustees of the State College System and the State Board of Education. The doctoral degree may be awarded jointly with the University of California, as provided in Section 22552. Faculty research is authorized to the extent that it is consistent with the primary function of the state colleges and the facilities provided for that function.

"... The University of California is the primary state-supported academic agency for research.

"The university may provide instruction in the liberal arts and sciences and in the professions, including the teaching profession. The university has exclusive jurisdiction in public higher education over instruction in the profession of law, and over graduate instruction in the professions of medicine, dentistry, veterinary medicine, and architecture.

"The university has the sole authority in public higher education to award the doctoral degree in all fields of learning, except that it may agree with the state colleges to award joint doctoral degrees in selected fields."

Notwithstanding the importance of this statement, the problem of maintaining functional differences and orderly development will require constant attention as each segment continues its rapid growth. Although broad powers and responsibility have been delegated to the governing bodies of each segment and the Coordinating Council in this respect, the Legislature retains substantial authority and responsibility for guidance through general legislation and, particularly, through annual appropriations.

The three areas which we believe to be of critical importance in this respect at present are (1) the development of a more effective system of state support and guidance for the junior colleges, (2) maintenance of a meaningful differentiation between the functions and objectives of the state colleges and those of the University, and (3) an improved program of capital outlay with the objective of maximum utilization of limited resources within the context of a sound but dynamic educational program.

The first matter is discussed at length in a recent report issued by this office on state support for the junior colleges. The recommendations advanced in that report are summarized in a later part of this

General Summary

Education

Higher Education—Continued

section. The second issue is treated in this section in connection with our budget recommendations. The third issue is discussed in the section of this analysis which deals with University and state college capital outlay requests for 1963-64.

EXPENDITURE SUMMARY

In Table I we have summarized all actual and estimated state expenditures for higher education for the years 1959-60 through 1963-64 under the three budget categories of support, capital outlay and subventions. As indicated in this table, the total state cost for higher education is expected to grow from \$236 million to nearly \$431 million over this five-year period for an increase of \$195 million or 82.6 percent.

The largest percentage increase is found under capital outlay which is expected to increase by more than \$76 million or 147 percent by 1963-64. In comparison, total support costs are expected to grow by approximately \$106 million or 68 percent for a lesser percentage increase but a larger absolute growth.

Table I. State Expenditures for Higher Education
(In thousands)

	1959-60	Actual 1960-61	1961-62	Estimated 1962-63	Proposed 1963-64
SUPPORT:					
Co-ordinating Council for Higher Education	—	\$32	\$157	\$304	\$319
University of California	\$99,408	121,306	134,434	149,939	158,022
Hastings College of Law	286	347	359	374	459
California State Colleges	55,974	68,515	77,892	92,095	101,096
Maritime Academy	366	391	415	463	474
State Scholarship Commission	1,168	1,220	1,825	2,417	3,041
Totals	\$157,202	\$191,811	\$215,082	\$245,592	\$263,411
CAPITAL OUTLAY:¹					
University of California	\$20,618	\$50,693	\$48,000	\$55,890	\$69,460
California State Colleges	30,802	31,117	32,368	69,378	58,710
Maritime Academy	628	65	5	18	148
Totals	\$52,048	\$81,875	\$80,373	\$125,286	\$128,318
SUBVENTIONS:					
Junior colleges ²	\$26,751	\$28,413	\$40,785	\$41,807	\$39,000
TOTALS, HIGHER EDUCATION	\$236,001	\$302,099	\$336,240	\$412,685	\$430,729

¹ Includes bond fund expenditures.

² Includes apportionments to newly formed junior college districts and tax relief grants (1961-62, 1962-63); 1962-63 and 1963-64 projected on basis of previous years.

Sources: State of California Budgets, 1961-62, 1962-63, 1963-64; Department of Education, Apportionment of the State School Fund.

ENROLLMENT

Enrollment statistics are the principal factor in determining the amount of support and capital outlay funds which the Legislature is called upon to appropriate each year for higher education. Estimated enrollment figures for the budget year are the basic element in calculat-

Education

General Summary

Higher Education—Continued

ing workload for each college or campus in such areas as administrative staff, teaching staff, instructional expense, library books and personnel, and student services. Projected enrollment data determine the need for new and enlarged facilities and the development of new colleges and campuses and indicate the magnitude of support funds which will be required in the future.

In Tables II and III we have summarized actual and estimated enrollment for the University of California and the California State Colleges for the five-year period 1959-60 through 1963-64 and have compared this with recent projections for 1970-71. Similar data for the junior colleges are still unavailable because of the different unit (average daily attendance) employed in calculating apportionments and the absence of uniform estimates.

The figures for the University indicate an average annual increase of 7.8 percent, or 3,810 students, for the five-year period. Those for the state colleges indicate an average annual increase of approximately 10.9 percent or 7,642 students. The combined figures for both segments indicate an average annual growth of 11,452 students of 9.6 percent. In each case enrollment is expected to nearly double in the decade 1961-62 through 1970-71.

Recent population estimates indicate an average annual growth rate of approximately 3.5 percent for 1959-60 through 1963-64 and 3.1 percent for the decade 1961-62 through 1970-71. Thus the rate of growth for public higher education enrollment, assuming that the junior colleges will keep pace with the University and state colleges, has been and is expected to continue to be approximately three times the rate of state population growth.

Table II. Annual Average Full-time Enrollment, University of California

	1959-60	1960-61	1961-62	<i>Estimated</i>		
				1962-63	1963-64	1970-71
Berkeley -----	19,332	21,324	23,006	24,289	25,256	27,500
Davis -----	2,422	2,876	3,459	4,060	4,800	10,050
Los Angeles -----	15,600	16,377	17,661	18,829	20,150	27,500
Los Angeles (M.C.) -----	710	897	901	1,028	1,122	
Irvine -----	---	---	---	---	---	3,250
Riverside -----	1,221	1,573	1,909	2,111	2,246	7,300
San Francisco -----	1,618	1,806	1,893	1,958	2,009	2,500
Santa Barbara -----	2,803	3,397	3,981	4,693	5,424	11,800
Santa Cruz -----	---	---	---	---	---	2,500
San Diego -----	42	104	151	200	270	4,000
Totals -----	43,748	48,354	52,961	57,168	61,277	96,400

General Summary

Education

Higher Education—Continued

Table III. Annual Full-time Equivalent Enrollment, Regular and Limited Students, California State Colleges

	1959-60	1960-61	1961-62	<i>Estimated</i>		
				1962-63	1963-64	1970-71 ³
Alameda -----	133	457	687	1,000	1,580	6,925
Cal Poly-KV ¹ -----	1,628	2,051	2,539	3,173	3,650	10,025
Cal Poly-SLO ¹ -----	4,390	4,718	5,174	5,712	6,110	8,050
Chico -----	2,845	2,873	3,049	3,290	3,500	3,825
Fresno ² -----	4,717	4,770	5,016	5,500	5,910	5,950
Humboldt -----	1,540	1,700	1,727	1,950	2,060	2,650
Long Beach -----	6,234	6,795	7,592	8,440	9,250	13,950
Los Angeles -----	7,737	8,742	9,894	10,740	11,720	18,450
Orange -----	187	606	968	1,380	2,020	8,625
Sacramento -----	3,880	4,009	4,251	4,780	5,090	7,225
San Bernardino-Riverside -----	---	---	---	---	---	3,100
San Diego ² -----	7,210	8,166	9,127	10,140	11,000	15,000
San Fernando -----	2,560	3,875	4,828	5,860	6,840	17,325
San Francisco -----	7,806	8,648	9,467	10,170	10,750	11,550
San Jose -----	10,739	11,592	12,587	13,670	14,610	17,000
Sonoma -----	---	---	127	300	450	2,925
South Bay -----	---	---	---	---	---	6,450
Stanislaus -----	---	322	310	300	300	2,725
Totals -----	61,606	69,324	77,343	86,405	94,840	161,750

¹ Includes summer quarter.

² Includes offcampus center.

³ Regular students only.

SELECTION AND RETENTION OF STUDENTS

The primary objective of the 1960 *Master Plan for Higher Education in California* was to assure the orderly and sound development of the State's tripartite system of public higher education in order to avoid unnecessary duplication in future growth. Fundamental to the achievement of this objective were the survey team's recommendations with respect to the selection and retention of students for each segment. These recommendations were intended not only to minimize competition for enrollment, but also, through a tightening of admission standards and the consequent diversion of enrollment to the junior colleges, to provide the necessary foundation for accompanying recommendations as to functional differentiation, academic achievement and financial support.

It is appropriate therefor to review the action which has been taken up to this time to implement the master plan recommendations as to student selection and retention. In Table V, on page 217, we have set forth in summary form the action taken by the University of California and the California State Colleges with regard to each master plan recommendation on admission policy and procedures and the distribution of lower division enrollment. This material is drawn from the November Report on the Level of Support for Higher Education—1963-64 issued by the Coordinating Council.

As indicated in Table V, the University of California has fully implemented recommendations one through six with respect to admission policy and procedure and has succeeded in adjusting admission standards to the top one-eighth of high school graduates for the fall of 1962

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as recommended. The state colleges have implemented or have begun to implement several of the recommendations and have indicated their intention to comply with the remainder. However, a number of important steps remain to be taken, particularly with respect to the state colleges as indicated in the summary below.

Admissions ¹	Progress by the State Colleges
Recommendations 1 and 2 _____	Partial implementation planned for the fall of 1963; full implementation planned for the fall of 1965.
Recommendation 3 _____	Full implementation for limited students. Partial implementation with respect to exceptions.
Recommendation 4 _____	Full implementation expected one year in advance of the July 1, 1964, deadline.
Recommendation 5 _____	Partial implementation, further action required.
Recommendation 6 _____	No action taken.

¹ These recommendations on admissions from the 1960 Master Plan for Higher Education in California are shown in detail on page 217 of this Analysis.

There are several important reasons for the slower rate of progress reported by the state colleges as compared with that achieved by the University. Among these are the fact that the Trustees did not assume full responsibility for governing the state colleges until July 1, 1961, and that it took nearly a year for the Trustees to establish an effective administrative staff in the chancellor's office. The Trustees also have been faced with a somewhat greater program diversity among the many colleges, and a much greater dispersion of administrative authority and diversity in policy execution, while required to make more extensive changes in policy and procedures than the University.

Nevertheless, it is very important that compliance with the Master Plan recommendations be achieved as quickly as possible. Action taken by the University will be of little value in the absence of similar action by the state colleges if enrollment is to be diverted to the junior colleges rather than merely from the University to the state colleges. To be effective the admissions recommendations must be implemented by both segments.

We believe that the steps underway or planned by the state colleges can and should be accelerated. Although it is impossible at this time to measure accurately the effect of further delay, there is little question but that such delay is very costly to the State for both support and capital outlay expenditures. We therefore believe that the state colleges should be directed to move up their target dates where feasible. The second step in tightening admission standards for freshmen, which is now planned for the fall of 1965, should be advanced one year to the fall of 1964. This is particularly important in view of the evidence that

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the first step changes may in fact have little or no effect on the number of high school graduates now eligible for admission.

Definite action also should be taken by the state colleges to reduce all exceptions to regular freshman standards to the recommended 2-per-cent level by whatever means are necessary and data developed to demonstrate that this has been accomplished for 1963-64. In addition, the exceptions with respect to transfer requirements for curricula which necessitate early transfer should similarly be kept to no more than 2 percent and the general exception for those with a 3.0 grade point average should be eliminated.

The Master Plan recommendation with respect to the distribution of lower division students also merits further attention. According to the Master Plan it is in this area that the bulk of enrollment diversion is to be achieved. The master plan survey team estimated that the recommendations to select state college students from the upper 33½ percent of high school graduates and University students from the upper 12½ percent, together with regular admission standards for limited students, would result in the diversion of some 10,000 students by 1975, whereas the recommendation with respect to lower division enrollment was to divert some 40,000 students. As indicated in Table IV, however, neither the University nor the state colleges have made substantial progress toward implementing this recommendation. In each case lower division enrollment remains higher relative to total undergraduate enrollment than in 1960-61.

Table IV

Undergraduate Enrollment Distribution, 1960-61 through 1963-64
Compared with the Master Plan Recommendation for 1975

University of California ¹

	Actual		Estimated		Recommended
	1960-61	1961-62	1962-63	1963-64	1957
Lower division -----	48%	50%	49%	49%	41%
Upper division -----	52	50	51	51	59
California State Colleges ²					
Lower division -----	49	50	51	52	41
Upper division -----	51	50	49	48	59

¹ Average annual regular enrollment.

² FTE enrollment.

SOURCE: Coordinating Council for Higher Education, November Report, 1962; University Budget for current operations, 1963-64.

Inasmuch as the recommended reduction in lower division enrollment at the University and state colleges was to accomplish four-fifths of the 50,000 student enrollment diversion which was proposed in the Master Plan, we believe that the recommendation itself should be subject to careful review by the Coordinating Council. This review should answer the following questions:

1. Is the reduction of lower division enrollment relative to total undergraduate enrollment at the University and state colleges, beyond that which may result from other admission policy changes, in itself a desirable objective?

2. If it is a desirable objective, what specific actions may be taken to achieve that reduction?

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3. If it is not, what adjustment should be made in the diversion figure of 50,000 students as proposed in the Master Plan?

The Master Plan is notably silent as to how the proposed enrollment reduction is to be implemented except in referring to "quotas" or other "methods of selection in addition to basic admission requirements". It would appear that to achieve the recommended reduction of University and state college lower division enrollment it would be necessary to refuse to admit many high school graduates otherwise eligible for admission. If this was what the Master Plan intended, it should be made clear at this time and plans developed to carry it out. If not, there would appear to be little justification for continuing to speak of a diversion of 50,000 students to the junior colleges.

Further attention should also be directed to the matter of student retention standards. With respect to this the Master Plan recommended that:

"... each segment strive for greater uniformity in policy and practices on probation and dismissal; that among segments where the programs are comparable, an effort be made to secure uniformity in policy and practices on probation and dismissal; and that each segment report annually full retention statistics to the coordinating agency."

Retention standards are very closely related to admission policy and procedures and equally important to the orderly development of all three segments. The state colleges have indicated their intention to work toward more uniform application of existing standards, but none of the segments has reported positive action toward the implementation of this recommendation.

We believe that both the review of the Master Plan recommendation with respect to the distribution of lower division students and implementation of the recommendation with respect to retention standards might best be undertaken through implementation of another Master Plan recommendation. This is that a continuing committee on selection, admission and retention should be established as part of the Coordinating Council to conduct necessary studies and report annually as to progress in these areas. The establishment of such a committee would focus attention on these issues and encourage direct and continuous communication between the University and the state colleges as to proposed methods of carrying out the Master Plan recommendations in these areas.

In summary, although substantial progress has been achieved, it is apparent that much remains to be done in carrying out the recommendations of the Master Plan in the areas of student selection and retention, particularly with respect to the state colleges. As long as those recommendations remain unchanged all segments are committed to their implementation. The Legislature has every reason, therefore, to expect full compliance at the earliest possible date.

We therefore recommend that the California State Colleges be directed to take action to fully implement the master plan recommenda-

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tions with respect to admission policies and procedures by the fall of 1964 by:

- (1) Advancing the second step in the revision of freshman admission standards from the fall of 1965 to the fall of 1964;
- (2) Reducing all exceptions to the new freshman admission standards to not more than 2 percent;
- (3) Reducing exceptions to regular transfer requirements to the point that they do not exceed 2 percent and eliminating the exception for students with a 3.0 or better grade point average.

We further recommend that the Coordinating Council for Higher Education be directed to establish a continuing committee on selection, admission and retention of students in accordance with the Master Plan and that the Coordinating Council be directed to report prior to the 1964 session as to its recommendations with respect to the distribution of lower division enrollment and progress in achieving greater uniformity in retention policies and practices.

Table V
Summary of Action Taken to Implement Master Plan
Admission Recommendations

Master Plan Recommendations	Action Taken by the University	Action Taken by the State Colleges
Admission Policies and Procedures <ol style="list-style-type: none"> 1. "In order to raise materially standards for admission to the lower division, the state colleges select first-time freshmen from the top one-third (33 1/3 percent) and the University from the top one-eighth (12 1/2 percent) of all graduates of California public high schools with: <ol style="list-style-type: none"> a. "Continuation of existing special programs and curricula involving exceptions to this rule subject to approval by the respective boards, and these kept to a minimum, and those that are continued to be reported annually to the co-ordinating agency. Any new special programs and curricula involving such exceptions to be approved by the co-ordinating agency. b. "Graduates of private and out-of-state secondary schools to be held to equivalent levels. 2. "Implementation of recommendation number one to be left to the two systems with the following provisions: <ol style="list-style-type: none"> a. "Each to have the new requirements in force for students admitted for fall 1962. b. "Inasmuch as the survey team favors acceptance in both systems of a requirement that all, or almost all, of the recommending units for admission shall be in college preparatory courses, that such a requirement be carefully studied during 1960, and this principle be applied as fully as possible throughout both systems. 3. "For both the state colleges and the university, freshman admissions through special procedures outside the basic requirements of recommending units of high 	<p>Fully implemented. Effective the fall term of 1962, the University eliminated "alternate" admission standards thereby reducing the proportion of annual high school graduates eligible for admission from 14.8 percent to 12.6 percent on the basis of 1961 data. Some further reduction was achieved also by the stipulation that no grade of less than C in the ninth grade would be accepted for subject requirements.</p> <p>The university has no special curricula or programs which involve exceptions, and graduates of private and out-of-state secondary schools are held to equivalent or higher standards.</p> <p>Full implementation was achieved for the fall semester of 1962. All recommending units for admission are in a specific pattern of college preparatory courses.</p> <p>Fully implemented. Admission by "special action" has been limited to not more than two percent of freshman admissions for each campus. For the fall semester</p>	<p>Partial implementation for the fall of 1963 with full implementation planned for the fall of 1965. First step is expected to reduce eligibility to top 39-41 percent of high school graduates by requiring that: (1) 6 of 7 qualifying units be in college preparatory courses, or (2) with 5 units, that the 30th rather than the 20th percentile be attained on a standard college aptitude test, or (3) that exceptions be limited to those with equivalent preparation.</p> <p>No specific action has been taken as to programs and curricula involving exceptions.</p> <p>No specific action has been taken with respect to graduates of private and out-of-state schools but it is the intent of the state colleges to apply any new standards to them, also.</p> <p>As indicated above, partial implementation has been approved for the fall semester of 1963 and full implementation is planned for the fall term of 1965 upon completion of further studies. (In accordance with a recommendation of the Coordinating Council, however, full implementation is planned for the new lower division program at Orange State College to be initiated in the fall of 1963.)</p> <p>Six of seven recommending units must be in college preparatory courses for students admitted solely on the basis of their high school records.</p> <p>No action taken to limit exceptions. Exceptions amounted to 2.1 percent of total freshman admissions in the fall of 1961. Limited students have been re-</p>

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Table V—Continued

Summary of Action Taken to Implement Master Plan Admission Recommendations

Master Plan Recommendations	Action Taken by the University	Action Taken by the State Colleges
<p>school work and/or aptitude tests (such as specials and exceptions to the rules) be limited to two percent of all freshman admissions in each system for a given year. Furthermore, that all 'limited' students be required to meet regular admission standards.</p>	<p>of 1962 "special action" admissions amounted to approximately 1.6 percent for all campuses. All limited students are required to meet regular admission standards.</p>	<p>quired to meet regular admission standards since the fall of 1960.</p>
<p>4. "Junior college function now carried by the state colleges and nondegree lower division programs at any state college or university campus (other than extension) be subject to the following rule:</p> <p>"The equivalent of junior college out-of-district tuition be charged beginning in fall, 1960, against the counties of residence of all lower division students who are ineligible to admission by regular standards and the funds collected paid to the General Fund of the State.</p> <p>"Furthermore, that such junior college functions now carried by state colleges at state expense be terminated not later than July 1, 1964, all admittees thereafter being required to meet standard admission requirements.</p>	<p>No lower division, nondegree programs other than extension are now being carried on by the university. The last two-year agricultural program (at Davis) was terminated in 1960.</p>	<p>The two-year programs at Chico and Humboldt State Colleges are being closed out rapidly. It is now expected that these programs will be terminated by the fall of 1963, one year earlier than the final date recommended in the Master Plan. In view of the intention to eliminate these programs, no action has been taken to establish tuition charges.</p>
<p>5. "The state colleges and the university require a minimum of at least 56 units of acceptable advanced standing credit before considering the admission of applicants ineligible to admission as freshman because of inadequate grades in high school, except for curricula that require earlier transfer, and except also that each state college and campus of the university, through special procedures developed by each, be permitted to accept for earlier transfer not more than two percent of all students who make application for advanced standing in any year.</p>	<p>Fully implemented. The university has adopted a 56 unit standard for all students admitted for advanced standing who were ineligible upon graduation from high school because of inadequate grades. Exceptions are made for students in curricula requiring earlier transfer but are limited to not more than two percent of all students who make application in any year.</p> <p>(The 56-unit rule does not apply to students with course, rather than grade, deficiencies.)</p>	<p>The state colleges require a minimum of 60 semester units of advanced standing credit for students previously ineligible on account of inadequate grades, except that students may be admitted with a 3.0 grade point average or better for 24 units, or they may be admitted as exceptions for particular curricula. The latter are believed to be less than two percent as recommended. Those admitted on the basis of 24 units with a 3.0 average are believed to account for another one to two percent.</p>
<p>6. "Undergraduate applicants to the state colleges and the university who are legally resident in other states be required to meet higher entrance requirements than are required of residents of California, such out-of-state applicants to stand in the upper half of those ordinarily eligible. Furthermore that there be developed and applied a common definition of legal residence for those public segments.</p>	<p>Fully implemented with respect to entrance requirements. In conformity with the master plan recommendation, the university requires out-of-state students to present a high school record or achieve an entrance examination score which would place them in the upper 6.25 percent of the graduates of California public high schools.</p>	<p>No action with respect to entrance requirements pending further study.</p> <p>Representatives of the state colleges and the university have met to discuss the development of a common definition of legal residence but no such definition has been achieved as yet.</p>
<p>Distribution of Lower Division Students</p> <p>"In order to implement more fully the action of the Regents of the University of California and the State Board of Education in 1955, the University of California emphasized policies leading to the reduction of lower division enrollments in graduate divisions, and the state colleges pursue policies which will have a similar effect, the percentage of undergraduates in the lower division of both the state colleges and the university be gradually decreased 10 percentage points below that existing in 1960 (estimated to be 51 percent in both segments) by 1975. It is further recommended that the determination of the means by which this recommendation can best be carried out, be the responsibility of the governing boards."</p>	<p>The university reports the following actions with respect to this recommendation: (1) termination of certain lower division curricula including industrial arts and home economics, (2) implementation of new transfer requirements in accordance with recommendation 5 above, (3) encouragement for high school graduates to attend junior colleges for lower division work, (4) declaration of intent to postpone initiation of lower division instruction at new campuses pending adequate development of junior college facilities in the area.</p> <p>Each of these steps may be expected to contribute to a reduction in lower division enrollment, but much more must be done if this recommendation is to be fully implemented and a substantial diversion of enrollment achieved.</p>	<p>The state colleges have also taken steps to increase transfer requirements and postpone the establishment of lower division programs at the new state colleges. But, as is the case for the university, further study and action will be required if substantial implementation of this recommendation is to be achieved.</p>

Higher Education—Continued**COORDINATING COUNCIL STUDIES**

In the 1961 Analysis of the Budget Bill we recommended that the Coordinating Council for Higher Education be requested to undertake several studies with respect to student fees, space utilization and adult education and submit proposals for co-ordination and orderly development in these areas during the 1963 session. This recommendation subsequently was adopted by the Senate Finance Committee in approving the Coordinating Council budget for 1961-62. The committee's resolution directed the Coordinating Council to:

1. Study the student fee problems at the University and state colleges, define the noninstructional activities to be covered and recommend an appropriate level of fees to provide complete self-financing;
2. Study the feasibility of increasing nonresident tuition at the University and state colleges and of instituting an appropriate tuition charge for resident students;
3. Conduct or cause to be conducted a thorough study leading to the establishment of comprehensive methods of measuring and establishing standards for instructional space utilization, including scheduling procedures; and
4. Initiate a study of the various extension and adult programs offered by the University, state colleges and junior colleges and propose methods to assure a greater degree of co-ordination at all levels among the participating institutions.

A resolution directing the Council to study adult and extension programs was also adopted by the Assembly during the 1961 session. This resolution, Assembly Resolution 125, called on the Council to "investigate the degree and amount of competition now existing between the University of California Extension Service, the state colleges and the junior colleges" and to report at the start of the 1963 session as to recommended means for eliminating such competition.

The two studies which deal with student fees and extension and adult education have been completed and placed before the Council for approval. Although the Council's findings and recommendations are to be reported in full to the Legislature at a later date during the session, we believe that the recommendations which have been approved thus far merit discussion at this time in relation to statewide educational policy and the 1963-64 budgets.

Student Fees

Upon review of the report on student fees prepared by its staff, the Coordinating Council has adopted the following major recommendations with respect to incidental and materials and services fees, resident tuition, nonresident tuition, and professional school fees:

Incidental and Materials and Services Fees

1. "The University of California and the California State Colleges [should] work toward the establishment of a comparable system

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of accounts to cover income derived from incidental, materials and services fees charged students. . . ."

2. "When materials and services, other than teaching services, or incidental fees are charged, they should include average laboratory costs per student."
3. "Local governing boards of the public junior colleges should be allowed to charge fees for student services should the local boards so desire."

Resident Tuition

4. "The Coordinating Council for Higher Education reaffirms the long established California principle that junior colleges, state colleges and the University of California should be tuition-free to all residents of the State."

Nonresident Tuition

5. "It is recommended that, pending a determination of the average teaching costs per student on an equivalent basis, the Regents of the University of California set their nonresident tuition fee at \$600 per year beginning with the academic year 1963-64 and that the Trustees of the California State Colleges set their nonresident tuition fee at \$500 per year for the academic year 1963-64 and \$600 per year for the academic year 1964-65, with the understanding that this \$600 figure will be reviewed prior to the 1964-65 academic year."
6. "The assessment of out-of-state tuition fees in the public junior colleges should be made mandatory and statutes now permitting the optional assessment of such fees should be amended accordingly. The State Board of Education should develop . . . a strict definition for out-of-state students."
7. "The State Board of Education should adopt a single tuition fee for out-of-state students attending California junior colleges on a full-time basis. This fee should be based upon the statewide average cost of instruction for a full-time junior college student."
8. "The State Board of Education should adopt a per unit tuition fee for out-of-state students attending junior colleges on less than a full-time basis. This per unit tuition fee should be derived from the statewide average cost of instruction for a full-time student."
9. "The State Board of Education should request the legislation necessary to implement the foregoing recommendations."

Professional School Tuition Fees at the University of California

10. "The Regents of the University of California [should] increase the total nonresident fees in the schools of medicine and dentistry to a rate approximate to the national average of total nonresident fees charged at other public universities."
11. "With the increase of the nonresident fee to \$600 per year, no other increase in fees for out-of-state students in the schools of pharmacy and law should be made."

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The recommendations dealing with nonresident fees for the University and the state colleges have been implemented and are reflected in the 1963-64 budget proposals. This action does not, however, dispose of the need for further review of average teaching costs to develop accurate and comparable data for the two segments so as to assure any necessary adjustments in subsequent years.

The problem of equity between the two segments in this matter has become increasingly important. According to University figures, average teaching cost per student for all University general campuses will be \$595 for 1962-63. Data reported by the chancellor's office indicated an average state college teaching cost per student of \$660. The Coordinating Council recommendation, therefore, represented a compromise that will require careful review when better data are available for the state colleges. If average teaching cost for the state colleges remains higher than that for the University, nonresident fees may have to be readjusted accordingly, despite the understandable reluctance on the part of the state colleges to charge as much or more than the University. We believe, however, that it is questionable that the University should be permitted to deduct faculty time (as much as 30 percent) for departmental research in its computation of teaching costs if such research is of direct importance to the quality of instruction and a necessary cost in the employment of additional faculty to instruct nonresident students. It would appear more reasonable to assume that the cost of employing a research faculty should be considered as part of the University's full teaching cost.

The Council's recommendation dealing with professional school tuition fees at the University has been partially implemented in the University budget for 1963-64. Nonresident tuition in the schools of medicine and dentistry are to increase from \$700 to \$725 for 1963-64. This will bring the University's total fee up to \$900 as compared with the average nonresident charge of \$940 per year for eight selected public medical schools in other states as calculated by the Coordinating Council staff. This action is in accord with our recommendation in last year's Analysis. We also recommended an increase in resident tuition for these schools and for the schools of law, but inasmuch as the Council made no recommendation in this respect, no action has been taken.

We are in full agreement with the Coordinating Council's recommendations with respect to junior college tuition for out-of-state students. The permissive legislation enacted in 1959 has proven inadequate inasmuch as no district has established and maintained such a fee. Mandatory legislation is clearly required. With respect to the amount of tuition which should be charged junior college students from out of state, we have recommended a minimum charge of \$250 pending the development of uniform and comparable data as to average teaching costs for the junior colleges. An adequate fee level together with a firm definition of residence should, we believe, minimize the problem of administrative cost which has led some junior college districts with relatively small out-of-state enrollment to oppose a mandatory fee.

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We are also in agreement with the Coordinating Council's recommendations with regard to incidental or materials and services fees. It should be observed, however, that these recommendations are largely a restatement of similar recommendations which were included in the Master Plan and which were reiterated in our 1961 and 1962 Analysis and adopted by the Senate Finance Committee in the 1961 budget hearings. One reason for this is the difficulty which the council staff has experienced in reconciling the different accounting methods employed by the University and the state colleges. This problem should be minimized, however, with completion of the planned changeover by the state colleges on July 1, 1963, to the accounting system used by the University. It is reasonable to assume, therefore, that action will be taken to implement these recommendations prior to submission of budgets for 1964-65.

Extension and Adult Education

The Coordinating Council study with respect to extension and adult education, or, as it is now to be called, continuing education, was undertaken with the assistance of a survey team representing each of the segments concerned and a technical committee of the State Advisory Committee on Adult Education. At the time this Analysis is being written, the Council has reviewed and adopted recommendations based upon the first part of the report dealing with differentiation of function and co-ordination but has postponed action on the second part dealing with state financial support.

The principal recommendations which have been adopted by the Coordinating Council may be summarized as follows:

Allocation of Functions

Two general principles should guide all continuing education programs in the State:

1. Every offering of an institution of higher education designed to meet the needs of adults should reflect the strengths and capabilities of that particular institution.
2. Every continuing education program should be thoroughly integrated with the appropriate instructional department of the campus involved.

Junior Colleges

1. The junior colleges shall be responsible for offering all extension or adult education lower division credit courses within their districts. Any ungraded junior college classes shall be exclusively of a post high school caliber unless the local high school district specifically requests otherwise.
2. The junior colleges shall implement a matriculation policy for all students who enroll in graded classes which will, as a minimum, require a part-time student to enroll in the same manner as a full-time student and to have a planned and stated degree or certificate objective.

Higher Education—Continued**State Colleges**

1. The state college extension services shall offer, as needed, lower division, upper division, graduate, and noncredit courses on their own campuses or existing extension centers.
2. State college extension services shall offer as needed off their campuses credit and noncredit upper division courses and graduate courses intended for the education, improvement and training of teachers. They shall not offer lower division off-campus courses except in unusual situations and with the approval of the State Committee on Continuing Education.
3. Off-campus extension courses offered by a state college shall be limited to the geographic area ordinarily served by that state college. The state colleges shall immediately develop a delineation of such geographic service areas to be submitted for approval by the State Committee on Continuing Education.

University of California

1. The University shall offer, as needed, lower division, upper division, graduate, postgraduate, and noncredit courses on University campuses or existing extension centers.
2. The University shall offer, as needed, off-campus credit and noncredit courses at the upper division, graduate and postgraduate levels, except that the University shall not offer graduate courses in teacher education without approval by the State Committee on Continuing Education. The University shall not offer off-campus lower division courses except in areas not served by a junior college or with the approval of the State Committee on Continuing Education.
3. University Extension shall continue to have exclusive responsibility for correspondence courses and the sale and rental of educational films.

Co-ordination of Continuing Education

1. A State Committee on Continuing Education should be appointed to be responsible to the Coordinating Council for co-ordination of all continuing education programs in the State. This committee shall be made up of two representatives each for the University, state colleges, junior colleges and high schools and one public member.
2. The functions of the State Committee on Continuing Education shall be to establish local or regional committees wherever deemed necessary and to hear and act on jurisdictional disputes brought before it by such committees, by any segment or by its staff and to report its decisions to the governing boards of the segments and to the Coordinating Council. It shall also direct the collection of comprehensive and comparable data on all aspects of continuing education in California, continually review the needs for adult education and assess current programs in relation to such needs, and review and make recommendations to the governing boards

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and the Council on any policy matters affecting continuing education.

3. In order to co-ordinate continuing education credit courses, the University and state colleges shall submit in advance to the state committee all credit courses to be offered off-campus.

The two principal elements to be found in these recommendations are: first, an attempt to assign specific functions to the different segments and, second, the creation of a new state committee responsible for continuing review and co-ordination of extension and adult programs.

According to the Council's recommendations with respect to the assignment of specific responsibility, however, only three lines are to be drawn: (1) off-campus lower division courses are to be reserved primarily to the junior colleges, (2) off-campus graduate courses in teacher education are to be reserved primarily to the state colleges, and (3) the University is to continue to exercise exclusive responsibility for correspondence courses at all levels. Otherwise each segment is to be free to offer such off-campus courses as appear to be needed within the levels of instruction covered under its regular program, and no special differentiation is proposed for on-campus programs. The reservation of lower division instruction to the junior colleges within their districts, as well as the delineation of state college geographical service areas, should eliminate much unnecessary competition, but this limited differentiation will leave the burden of responsibility for effective co-ordination in the hands of the statewide committee. Thus the value of the Council's recommendations will depend in large part upon the effectiveness of the proposed State Committee on Continuing Education.

This committee is to replace the existing State Advisory Committee in Adult Education which was established for much the same purpose but which has been unable to perform its duties in this area in an effective manner. Among the reasons for this are its lack of clearly defined responsibilities and loose organization. More important, however, has been the unwillingness of the segments to give up their individual autonomy in this respect in the interests of closer co-operation and the conservation of the State's educational resources. As we suggested in our 1961 Analysis, the present State Advisory Committee could have assumed greater responsibility for establishing proper relationships at the statewide level and encouraged more effective action on the part of local committees if the agencies represented had wished it to do so. Apparently they did not, and as a result local disputes, with a few notable exceptions, and important statewide policy problems have gone unresolved.

It is questionable, therefore, whether a new statewide committee with essentially the same objectives, representing the same agencies and with a similar reliance upon the voluntary establishment of local committees, can be expected to do much to bring about more effective co-operation and co-ordination. Nevertheless, we believe that the creation of a new statewide committee with a more carefully defined structure and responsibility should be tried at this time. We would strongly recommend that the proposed new State Committee on Continuing

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Education be organized in a manner which will make it directly accountable to the Co-ordinating Council for Higher Education itself. Such accountability would be strengthened under the proposed organization by having the Council appoint representatives from the segments and by having the committee report solely to the Council, rather than to the governing boards of each segment as well. Although the Co-ordinating Council itself is a representative body, it has both continuity and statutory responsibility which should be reflected in the proposed new committee.

Finally, it should be noted that the Council's recommendations contain no reference to extended day programs or to matriculation requirements for part-time students attending state college or University courses. Inasmuch as part-time students still amount to nearly 30 percent of total state college individual enrollment, as compared with 5 percent for the University, we believe that this was an important omission. The proper enforcement of Master Plan standards with respect to the matriculation of part-time students, should, we believe, be a matter of continuing concern in relation to the development of standards for extension and adult education.

FULL YEAR USE OF FACILITIES

The 1962-63 budget of the University of California as appropriated by the 1962 Budget Act contained \$600,000 to finance the start of a year-round, or third term, operation during 1963 at three campuses. At that time it was estimated that \$3,000,000 in additional funds would be needed during the 1963-64 fiscal year for the change. At the time the original proposal was made to the Legislature in the spring of 1962 the University contemplated a program that appeared to be little more than an expanded summer session for undergraduate students with the State paying for the cost of the program rather than student fees covering the cost, which is the case now with the summer program at the University.

After the approval of the budget last year the Board of Regents of the University made a decision to not go ahead with the year-round operation as it was then planned. In June 1962, the regents directed the president to prepare studies on a full-year school calendar beginning in 1964-65. Thus the \$600,000 that was budgeted for the start of the program during the current fiscal year has been applied to the State's portion of the 1963-64 University budget.

In regard to the present planning of year-round operation the budget states on page 224 that "It is now contemplated that it may be desirable to operate on one campus only in 1964-65 and to provide the same program on other campuses in succeeding years. Thus the additional operating and capital outlay funds required might first be used on the campus facing the most severe enrollment pressures."

We have seen no further studies or proposals from the Board of Regents concerning a year-round operation. We understand that continued study is being given to the matter and that the president has stated publicly that a program will be adopted by the board in a short

Higher Education—Continued

period of time. One of the major problems is the determination as to what type of year-round operation is most desirable for the University, that is, the quarter system, trimester system, or some other system.

The potential long-run advantages of a year-round operation are substantial. A program of this nature holds promise of eventual cost reductions through more complete use of instructional and physical facilities. Such a program will also accelerate progress toward degrees for students who wish to take advantage of this possibility.

A conversion to year-round operation has the potential for increasing the use of existing and future instructional facilities to a far greater extent than they are being used now. Some instructional facilities are currently being used in the summer by students who are matriculating and who will receive their bachelor's degree in less than 45 months.

Under the present calendar schedule of the public higher education institutions in California the average student attains his bachelor's degree in 36 months of instruction over a 45-month period. For the three months during the summer the facilities are only used at a fraction of their capacity. In the case of the University of California, the 1961 summer enrollment at all campuses was 16,065 whereas the average 1961-62 regular session enrollment was 52,962. The summer enrollment was only 30.3 percent of the regular enrollment. However, the summer enrollment figures are misleading since approximately 9,900 of the summer students attended school for six-week sessions, whereas the summer session can be, and often is, a 12-week session. Thinking in terms of credit hours produced by the facilities, referred to as student credit hours, approximately one-half of student credit hours are produced for 9,900 of the summer session students as compared to 9,900 students enrolled in a regular fall or spring semester. A review of the state college enrollment statistics for their regular and summer sessions will show an experience comparable to that of the University.

A full scale year-round operation will entail a considerable increase in the operating budget for the University when the program is proposed. Of additional significance is the effect that the adoption of such a program will have upon higher education in general in California. If the University makes changes in its calendar that do not coincide with the calendars of the junior colleges and state colleges such action carried out unilaterally by the University could have an undesirable effect upon the transferring of students from one segment to another.

With the present and anticipated scarcity of funds for capital construction of educational facilities we would recommend that the Trustees of the State Colleges and the State Board of Education representing the junior colleges give serious consideration to the study of year-round operation and its advantages.

In order to fully explore the potential savings possibilities of year-round operation we recommend that during the 1963 General Session of the Legislature the educational policy committee of each house hold a joint meeting with the fiscal committee of its own house at which time representatives of the University of California, the California

Higher Education—Continued

State Colleges, the California Junior Colleges, and the Coordinating Council for Higher Education be present to discuss the potential of such a program for all of California higher education.

STATE FINANCIAL SUPPORT FOR THE JUNIOR COLLEGES

The development of an expanded and strengthened junior college program is essential to the orderly development of the entire state system of higher education. The strength of the junior college program, in turn, depends to a large extent upon the development of a sound system of state financial support based upon appropriate statewide fiscal and educational standards. Although the junior colleges are primarily local institutions, the State must be concerned with the adequacy and effectiveness of the junior college system as a whole; that is, with the continued ability of the junior colleges to meet increasing enrollment demand and the achievement of statewide educational objectives, particularly those outlined in the Donahoe Act of 1960.

At the request of the Senate Fact Finding Committee on Education, we prepared a report on state support for the junior colleges as a basis for legislative action during 1963 session. This report was presented at a joint hearing of the Subcommittees on Higher Education and School Finance at a public hearing held December 13, 1962.

The recommendations which we presented at that time may be summarized as follows:

1. Junior college basic aid should be reduced from the present statutory rate of \$125 to the constitutional requirement of \$120 per unit of average daily attendance.
2. Adjustments in state expenditures for lower division instruction at the university and state colleges should serve as an index for the proper level of junior college support as expressed by the foundation program.
3. A further guideline for maintaining equity between future state and local educational expenditures should be the ratio of state to local expenditures for all levels of public education.
4. No additional tax burden should be imposed at the state and district levels while substantial property tax sources in nondistrict areas remain unutilized.
5. A thorough study should be made as to the feasibility of broadening the junior college tax base by partially shifting from individual district taxes to a statewide property tax base.
6. No extensive new state capital outlay aid program should be established for the junior colleges to replace local responsibility. The existing tax relief program should be modified to permit apportionments based upon growth and uniform utilization standards. Attention should also be given to the desirability of liberalizing provisions of the State School Building Aid Program with respect to the junior colleges.
7. Every district which maintains a junior college should be required to initiate planning toward the establishment of a full-year pro-

Higher Education—Continued

- gram of instruction for the purpose of achieving maximum utilization of junior college plant and equipment.
8. A minimum fee of at least \$10 per full-time student should be established to cover the cost of those auxiliary services for which a fee is charged students at the University and state colleges.
 9. Nonresident tuition should be made mandatory at the level of \$250 per full-time nonresident student pending further study of instructional costs.
 10. A minimum fee of at least \$5 per credit unit should be established for any junior college student who has previously earned an associate degree or any higher degree. Fees for ungraded special adult occupational and recreational courses should be increased uniformly toward the level of full tuition.
 11. The junior college open-door policy of admission should be reviewed in terms of its effect on the quality and cost of junior college instruction.
 12. Junior college retention standards should be tightened to protect the quality of the instructional program and alleviate excessive enrollment burdens. Scholarship standards for recent high school graduates and all students wishing to pursue a transfer curriculum should be increased on a uniform statewide basis.
 13. Remedial instruction in basic skills should be limited to no more than two percent of ADA. Admission to a junior college should be made conditional upon demonstration of achievement of a uniform standard of preparation as determined by the State Board of Education.
 14. Master articulation agreements should be drawn up between the junior colleges and the University and state colleges to replace existing agreements between individual institutions as a means of maintaining academic standards for junior college transfer courses.
 15. A state occupational education standards commission should be created to approve all junior college terminal occupational programs in terms of academic standards and state manpower requirements.
 16. Uniform minimum standards should be adopted for all junior college courses in terms of content, attendance, objectives and admission to serve as a basis for state approval for apportionment.
 17. Graded classes for grades 13 and 14 should include only those courses which have been approved by the State Board of Education and are: (a) recognized for transfer credit by the University of California, a California state college or an accredited independent college or university in California as part of the required preparation toward a major, as part of the general education requirement, or as an elective; or are (b) normally considered to be of collegiate level and provide credit toward an associate degree as a component of or prerequisite to an occupational course of study which leads to an associate degree.

Higher Education—Continued

18. Responsibility for the administration of junior college and high school adult education programs should be shifted to the county superintendent of education or separate divisions of unified districts to gain better utilization of facilities, avoid unnecessary duplication and enlarge service areas.

JUNIOR COLLEGE ATTENDANCE ACCOUNTING

In several areas of administration, the junior colleges, although they have become an increasingly important element in the State's system of higher education, have been required to retain procedures which are more appropriate for elementary and high schools than for college level institutions. Among these is the procedure for attendance accounting. Unlike the University and state colleges which count enrollment once each term on the basis of course enrollment, the junior colleges, like the elementary and high schools, are required by law to count attendance daily, collect attendance reports each week and compute for each month the hours of attendance and absence for each student. The monthly data are used to compute average daily attendance (ADA) for the full school year which is then reported to the State Department of Education.

While this process may be fully justified for the elementary and high schools, it appears to be unnecessarily cumbersome for the junior colleges. As a result, it has become subject to manipulation and abuses which not only weaken its effectiveness but also create serious inequities between districts. For this reason and because of the administrative cost associated with it, there has been an increasing interest in recent years among junior college administrators in replacing this procedure with a simplified system similar to that used by the state colleges. As one consequence, Senate Resolution No. 122 was adopted in the 1961 session declaring that:

"... the Department of Education, the Department of Finance and the Legislative Analyst, jointly, are directed to undertake a study to devise a suitable method for determining the number of units of average daily attendance for a fiscal year in grades 13 and 14 of a junior college, based on actual attendance figures for a specified period near the beginning and near the end of each semester or quarter, and to report thereon to the Senate with recommendations not later than the 30th calendar day of the 1963 Regular Session;"

In addition, legislation was enacted (Chapter 1833, Statutes of 1961) amending Section 11451 of the Education Code to provide that if such a method were devised which would yield approximately the same total number of units of ADA as are obtained by the present method, it could, upon approval of the State Board of Education, be substituted for the present method. This provision is in effect until June 30, 1963.

In response to this legislation and S.R. 122, a study was begun in 1961 by representatives of the Departments of Education and Finance and the Legislative Analyst, in co-operation with the California Junior College Association, to develop a simplified system of junior college

Higher Education—Continued

attendance accounting. Several different attendance and enrollment report forms were sent out to each district which maintains a junior college to obtain data for the academic year 1961-62 for analysis. The data subsequently reported were then studied to determine monthly patterns of attendance and the relationship between several possible units of accounting.

Due to substantial variations in attendance practice and some inconsistencies in the figures reported, however, it has proven more difficult to devise a single simplified method of attendance accounting than was expected. Variations in course hours and credits, absence ratios, treatment of short courses, and other factors have complicated the problem of converting attendance or enrollment for selected periods to a form of average daily attendance on a uniform basis.

Any new system of attendance accounting for the junior colleges must meet these criteria: (1) it must provide real savings in administrative cost to the junior colleges; (2) it must not in itself increase state support costs; (3) it must be based upon units readily convertible to an ADA equivalent to satisfy constitutional provisions; and (4) it must be accompanied by strong safeguards against manipulation or abuse. We do not believe that those assigned to this study are prepared at this time to recommend a new method which will meet these four criteria. Any method based upon the data now available would very likely result in serious inequities among the many districts which operate junior colleges. Further, we believe that it is vital to the work of the Coordinating Council on uniform cost accounting and reporting that the information to be provided from this study be the best obtainable. For these reasons we believe that the study should be continued for another year to permit the collection of better data and allow more careful analysis.

Therefore, we recommend at this time that the study be continued for an additional year with a final report to be submitted to the 1964 Session of the Legislature.

COORDINATING COUNCIL FOR HIGHER EDUCATION

ITEM 95 of the Budget Bill

Budget page 212

**FOR SUPPORT OF COORDINATING COUNCIL FOR HIGHER
EDUCATION FROM THE GENERAL FUND**

Amount requested	\$304,025
Estimated to be expended in 1962-63 fiscal year	275,852
Increase (10.2 percent)	\$28,173
TOTAL RECOMMENDED REDUCTION	\$22,560

Summary of Recommended Reductions

	Budget		
	Amount	Page	Line
Authorized positions	10,560	212	65
Contract services	12,000	213	3

Coordinating Council for Higher Education—Continued

GENERAL SUMMARY

The Coordinating Council for Higher Education is an advisory body created by the Donahoe Act of 1960 in accordance with the Master Plan for Higher Education in California. Its purpose is to assist the governing boards of institutions of higher education, appropriate state officials and the Legislature in assuring the orderly and effective development of the several segments of higher education in California. The Council consists of 15 members. Each segment, including the University of California, the California State Colleges, the public junior colleges, and the private colleges and universities, chose and are represented by three members, and three representatives of the general public are appointed by the Governor.

Under the provisions of the Donahoe Act, the Coordinating Council is directed to:

- (1) Review the annual support and capital outlay budgets of the University of California and the California State Colleges and comment on the general level of support sought by all three segments;

- (2) Interpret the meaning of functional differentiation among the publicly supported institutions and, in accordance with the primary function of each segment as set forth in the Donahoe Act, advise the governing boards as to the programs appropriate to each segment; and

- (3) Develop plans for the orderly growth of higher education and make recommendations as to the need for and location of new facilities and programs.

In order to carry out these responsibilities the Coordinating Council is authorized to require the public institutions of higher education to submit data on costs, selection and retention of students, enrollment, plant capacity and other matters pertinent to effective planning and coordination.

Although its policies and procedures will be dictated in part by the nature of the specific problems brought before it and the willingness of each segment to cooperate, the Council has set forth several guidelines to be followed in carrying out these duties. The Council believes that the scope of its responsibilities coincides with the full range of programs and policies of the three public segments of higher education including educational and research programs, budgeting and finance, academic and administrative standards and facility planning and development. One of its primary activities will be to anticipate the needs of the governing boards, Legislature and state officials by developing useful data essential to policy decisions in each of these areas.

The Coordinating Council has indicated its intention to submit two annual reports on the level of support for public higher education, one in the fall to the Governor and other state officials and the second to the Legislature in the early part of the session. The Council also intends to submit reports on special studies as such reports are completed and approved. Reports on the following studies, undertaken at the Legislature's direction, are to be submitted during the 1963 session:

Coordinating Council for Higher Education—Continued

1. A study leading to the development of a program for medical education in California for the next 10 years;
2. A study of ways for improving faculty salaries, working conditions and fringe benefits for the university and state colleges;
3. A study of means to improve coordination and functional differentiation of extension programs and adult education;
4. A study of student fees, including resident and nonresident tuition; and
5. A study, in cooperation with the Trustees of the California State Colleges, of the need for establishing a new state college in San Mateo.

Two of these studies which deal with fees and extension and adult education programs are discussed on page 219 of this Analysis. The Council was also directed by the Senate Finance Committee in 1961 to report to the 1963 session on a study leading to the establishment of comprehensive methods of measuring and establishing standards for instructional space utilization, including scheduling procedures. This study may not, however, be completed in time for a final report this year.

In addition, the Council has undertaken or intends to undertake on its own initiative a number of studies which relate to library needs, junior college finance, dental education, workload standards used in budgeting, calendar articulation, and cost accounting and reporting.

To direct its special and continuing studies the Coordinating Council has a staff of 19 positions, including 11 professional positions, with its headquarters in San Francisco. Although recruitment has proceeded slowly and there has been some reorganization of positions originally authorized, it is expected that all positions will have been filled by the end of the current fiscal year. For several of its studies, however, the Council has found it necessary to employ specialists on a contractual basis to organize and direct the work.

ANALYSIS

A total of \$304,025 has been requested for 1963-64 from the General Fund for support of the Coordinating Council. This amount represents an increase of \$28,173, or 10.2 percent, over estimated expenditures for 1962-63. This increase is divided between \$10,440 for personal services and \$17,733 for operating expenses.

We recommend, in the absence of further justification, a reduction of \$10,560 in personal services, which is the equivalent of salary for two senior stenographer positions at the second step.

The 1963-64 Budget shows no proposed new positions, although a comparison of the budget supplements for 1962-63 and 1963-64 indicates that there has been a thorough reorganization of positions since the 1962-63 Budget was approved. In addition to many changes in classification and salary range, it appears that two clerical positions have been eliminated and replaced by two additional professional positions. The 1962-63 Budget shows 11 professional and 8 clerical positions, whereas

Coordinating Council for Higher Education—Continued

the 1963-64 Budget shows 13 professional positions and just 6 clerical positions.

It has been understood that the Council staff would undergo some reorganization as it assumed its functions, but this cannot be taken as justification for making important staffing changes without seeking specific budgetary approval by the Legislature. Such approval is clearly required when, as in this case, such changes include the replacement of clerical positions with professional positions. Our recommendation for a reduction of \$10,560 in the absence of further justification is based upon the amount which was made available for other salaries by the elimination of two senior stenographer positions.

We also recommend, pending further justification, a reduction of \$12,000 in operating expense for contract services.

A total of \$36,000 is requested by the Coordinating Council for contract services in connection with the special studies to be undertaken in 1963-64. This represents an increase of \$12,000 over the amount estimated to be expended in 1962-63 for this purpose. This increase is requested in connection with proposed special studies pertaining to dental education, paramedical education, higher education library needs, adult education and physical plant utilization standards.

While we agree in general to the need for such studies, we are unable to determine that they will require an increased level of expenditure. As indicated above, the Council is to complete at least five important special studies during the current year for reports to the Legislature. It would appear that the completion of these five studies would free sufficient funds for contract services for the five proposed new studies. We believe that no increase in expenditure should be provided in the absence of further explanation of the nature of the studies proposed and the contract services they will entail.

Coordinating Council for Higher Education**WESTERN REGIONAL HIGHER EDUCATION COMPACT**

ITEM 96 of the Budget Bill

Budget page 213

**FOR SUPPORT OF THE WESTERN REGIONAL HIGHER
EDUCATION COMPACT, FROM THE GENERAL FUND**

Amount requested	\$15,000
Estimated to be expended in 1962-63 fiscal year	10,000
Increase (50 percent)	\$5,000

TOTAL RECOMMENDED REDUCTION	None
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GENERAL SUMMARY

The Western Regional Higher Education Compact was created in 1953 as a means of promoting better co-operation among the western states in higher education in medicine, dentistry, veterinary medicine, and public health. California became a member in 1955 under Chapter 1694, Statutes of 1955. The compact now includes all 13 western states. It is administered by the Western Interstate Commission for Higher Education (WICHE) which consists of 39 members, three from each

Western Regional Higher Education Compact—Continued

state, who are appointed by the governors. Programs are carried out by a central staff in Boulder, Colorado.

Since its formation, WICHE has taken on additional objectives. Its major objectives now are: to provide more effective use of medical and health instruction facilities, staff and funds; to increase educational opportunities; to expand specialized manpower supplies; to improve programs and administration of higher education; and to further public understanding of the role and needs of higher education. To achieve these objectives it carries on programs for training and research in mental health, nursing, juvenile delinquency, and education for handicapped children. It also operates a student exchange program and a co-operative educational television program, conducts surveys of educational and manpower needs, advises state officials on educational matters, counsels colleges and universities on administration and carries on a public information program.

ANALYSIS

For 1963-64 each member state has been requested to contribute \$15,000 as its share of the cost of these programs. The increase from \$10,000 to \$15,000 appears to be justified primarily as a means of attracting additional grants for the expanding program. The 1961 annual report indicates that WICHE has undergone substantial growth in recent years and that this growth has been financed largely from outside public and private grants. For 1962 approximately three-fourths of its income, excluding student exchange payments, was to come from such grants. *We recommend approval.*

UNIVERSITY OF CALIFORNIA

ITEMS 97 and 98 of the Budget Bill

Budget page 214

**FOR SUPPORT OF THE UNIVERSITY OF CALIFORNIA
FROM THE GENERAL FUND**

Amount requested	\$157,401,730
Estimated to be expended in 1962-63 fiscal year	149,264,594
Increase (5.4 percent)	\$8,137,136
TOTAL RECOMMENDED REDUCTION	\$2,153,167

Summary of Recommended Reductions

	<i>Amount</i>	<i>Budget Page Line</i>	
Reduce General Fund support for University of California on the basis of applying a portion of federal research grant overhead money toward university funds	\$1,803,167	214	60
Delete \$100,000 requested for a Department of Applied Sciences at the Davis Campus	100,000	214	45
Delete \$250,000 requested to continue new academic salary schedule adopted effective July 1, 1962 through the 1963-64 budget year	250,000	214	48

ANALYSIS

Items 97 and 98 of the Budget Bill propose a total of \$157,401,730 from the General Fund for support of the University of California for

University of California—Continued

the 1963-64 fiscal year. The proposed items are for the following purposes:

Item 97, program augmentations	\$788,000
Item 98, continuing operations	156,613,730
Total	\$157,401,730

The General Fund amount is an increase of \$8,137,136, or 5.4 percent, above that which is anticipated to be expended during the current year.

The total proposed budget of the University for 1963-64 is \$227,509,123, which is an increase of \$14,177,897, or 6.6 percent, above that which is expected to be expended during the current year. The difference between the General Fund appropriations and the total University budget is composed of University funds such as student fees, endowment income, hospital fees, and grant income.

A total of 24,474.1 positions is requested for 1963-64 which is an increase of 1,129.1, or 4.8 percent, over the previous year. Of this total, 7,063.6 academic positions are budgeted based on existing student-teacher staffing ratios, an increase of 346, or 5.2 percent, over the estimated 1962-63 level.

The anticipated enrollment of the university for the 1963-64 fiscal year is shown in the following table. A breakdown by level of instruction is also shown.

Table I. University of California Enrollment
(All Campuses)*

	1961-62 Number	(actual) Percent	1962-63 (estimated) Number	Percent	1963-64 (projected) Number	Percent
Lower division	18,414	34.8	19,907	34.8	20,802	34.0
Upper division	18,072	34.1	19,277	33.7	20,973	34.2
Graduate	16,475	31.1	17,984	31.5	19,502	31.8
Total	52,961		57,168		61,277	

* Average of fall and spring semesters—revised as of October 10, 1962.

As can be seen by the above table the enrollment for the University at all campuses is expected to increase during the 1963-64 academic year by 4,109 students, or 7.2 percent over 1962-63.

The budget for the University is divided into two sections this year. The first part is referred to as continuing operations and the second part is called program augmentations. We have chosen to discuss the budget as a total proposal since many of the items listed in the continuing operations are not what we would refer to as continuing operations but are instead an increased level of service, or program augmentation.

APPLICATION OF OVERHEAD FUNDS

Federal Research Contracts

On page 214 of the Governor's Budget, line 35, under the category of university funds there is an item "other funds used as income" which shows an amount of \$3,700,000 for the 1963-64 fiscal year. This

University of California—Continued

money received by the University is the overhead allowance money for federal research contracts. At the time research contracts are entered into between the federal government and the University an overhead allowance percentage for administrative expenses is negotiated.

The funds derived from the administrative allowance for contracts are used for two purposes. Under an agreement reached between the Regents and the Legislature 10 years ago approximately one-half of the money is applied to capital outlay projects selected by the Regents and the other half to the support budget. Although \$3,700,000 is shown for the 1963-64 year, actually \$2,000,000 is estimated to be one-half of the contract overhead for 1963-64. The difference, \$1,700,000, is money that was accumulated from previous years. For 1961-62 the University received \$4,590,313 from the federal government as the administrative overhead allowance for research contracts.

In the capital outlay section of the budget on page 769, line 40 there is shown the amount of the overhead allowance money used for capital outlay purposes for the 1961-62 fiscal year. The total amount expended that year was \$5,320,100. The money was budgeted for construction of the following items:

Berkeley Campus

Alterations to Richmond service and storage building to house space sciences laboratory	\$50,000
Construct quarantine research facilities at Gill Tract	152,000
Construct E. O. Lawrence Memorial Hall of Science	3,000,000
Develop property in Santa Cruz Mountains	65,000

Los Angeles Campus

Construct recreational facility	675,000
Preliminary plans for parking structure B	29,100

Los Angeles Medical Center

Construct parking structure	605,000
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San Diego Campus

Reconvert and outfit an additional oceanographic research ship	170,000
Development of the campus entry and parking area	19,000
Construct married student housing	50,000

San Francisco Campus

Acquisition of property	65,000
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Santa Barbara Campus

Construct university center	375,000
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Santa Cruz Campus

Acquisition of temporary chancellor's residence	65,000
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Total	\$5,320,100
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There is no indication in the budget as to what projects are being, or will be, financed by the overhead funds during the 1962-63 or 1963-64 fiscal years.

Federal Research Grants

In the case of the overhead allowance for federal grants one-half of the money also goes toward financing capital outlay projects, however, the other half does not show in the budget as being applied to income, as does the overhead from federal contracts. It is our understanding the revenue derived from the overhead allowance for research grants

University of California—Continued

including the academic personnel of the University of California and the California State Colleges. The legislation authorizing the funds for the April 1 salary adjustments provided that no person receiving more than \$15,000 annually was to receive an increase. The Budget Act of 1962 continued the 6 percent salary increase and provided that no person earning more than \$19,800, rather than \$15,000, was to receive an increase.

It appears that the University of California increased the salaries of its academic personnel by a percentage in excess of the 6 percent appropriated by the Legislature. It would appear that the individual academic rank salary adjustments do not average out to 6 percent as provided by the salary increase fund.

The \$250,000 is proposed to finance the salary increases for 1963-64 that were granted last year in excess of the funds available. In past years the Legislature has directed state salary fixing authorities to not make changes in salary ranges that would cost more on an annual basis than the amount appropriated by the Legislature. The 1962-63 salary range adjustments made by the Board of Regents did cost more on an annual basis than the amount of money appropriated by the 1962 Legislature, thus the request for an additional \$250,000.

Research

Research at the University of California is extensive and varied. Table IV shows the extent of organized research plus instruction and departmental research at the University for the 1961-62 fiscal year.

The master plan provides that "the University shall be the primary state supported academic agency for research." Research at the University is of three primary types:

1. Basic research, where the principal aim of the investigator is a fuller knowledge or understanding of the subject matter rather than a practical application thereof.
2. Applied research directed toward practical application.
3. Developmental research, which is the systematic use of scientific knowledge directed toward the production of useful materials, devices, systems, methods, or processes.

The types of research described above are pursued at the University in two ways:

1. Departmental research is specifically assigned or understood to be a faculty member's total activity. In the University's budget, departmental research is categorized as part of the expense of departments of instruction and research.
2. Organized research is conducted in separately organized bureaus, institutes, laboratories, and in separately financed research projects.

In our last year's *Analysis of the Budget Bill* we recommended that the university continue its efforts to define and segregate the various costs of research and instructional activities and inform the Legislature of such costs.

Table IV. Source of Funds for Instruction and Research Expenditures for Fiscal Year Ended June 30, 1962

	<i>Instruction and Departmental Research</i>			<i>Organized Research</i>		
	<i>Total</i>	<i>Agriculture</i>	<i>Other</i>	<i>Total</i>	<i>Agriculture</i>	<i>Other</i>
UNRESTRICTED						
General funds ¹ -----	\$59,535,384	\$2,528,037	\$57,007,327	\$22,725,886	\$13,964,779	\$8,761,107
RESTRICTED						
Farm labor study -----	--	--	--	24,993	24,993	--
Gnat control -----	--	--	--	677	677	--
Pear decline -----	--	--	--	9,759	9,759	--
Public accounting -----	--	--	--	11,306	--	11,306
Real estate research -----	--	--	--	112,298	--	112,298
San Francisco bay water pollution -----	--	--	--	22,804	--	22,804
Sea water conversion -----	--	--	--	336,045	--	336,045
Special state appropriations -----	--	--	--	517,882	35,429	482,453
State service agreements -----	14,387	12,717	1,670	908,432	397,010	511,422
State funds -----	14,387	12,717	1,670	1,426,314	432,439	993,875
Appropriations -----	453,112	356,533	96,579	1,020,466	1,020,466	--
Grants -----	2,311,088	95,888	2,215,200	21,800,941	2,293,252	19,507,689
Contracts -----	156,721	--	156,721	15,435,004	1,239,386	14,195,618
Federal funds ² -----	2,920,021	452,421	2,468,500	38,256,411	4,553,104	33,703,307
Private gifts and grants -----	896,799	504	896,295	4,605,416	773,596	3,831,820
Endowments -----	723,168	18,160	705,008	1,689,644	272,937	1,416,707
Sales and services -----	22,279	--	22,279	669,619	86,843	582,776
Organized activities -----	32,433	--	32,433	31,098	--	31,098
Other ³ -----	1,442,792	35,928	1,406,864	186,047	13,160	172,887
Total restricted -----	\$6,052,779	\$519,730	\$5,533,049	\$46,864,549	\$6,132,079	\$40,732,470
TOTALS -----	\$65,588,143	\$3,047,767	\$62,540,376	\$69,590,435	\$20,096,858	\$49,493,577

¹ Includes state support.² Excludes three major AEC projects of \$227,120,623.³ Includes Summer Session and miscellaneous income.

Source: University of California

University of California—Continued

The University has continued its studies and has progressed considerably. The analytical studies unit of the office of the vice president-finance is conducting studies of the nature requested. With further refinements in the compilation of the data the University will be able to better inform the Legislature as to the costs for teaching, research, public service, and the other activities carried out by academic personnel.

On the basis of data supplied to us by the University we have estimated that for the budget year, 1963-64, the state General Fund is supporting research at the University in the amount of \$49,300,543. The total research amount is comprised of state support of organized research in the amount of \$30,182,000, and state support of research in the instruction and departmental research category in the amount of \$19,118,543.

In addition to the General Fund expenditures for research at the University of California, considerable research funds are budgeted by many state agencies. We have been told by the University that it feels there is no substantial duplication of effort, however, it also feels there is still room for progress in the co-ordination of research effort which would benefit the welfare of the State.

We believe there is not only some duplication, but there is research being conducted by many of the state agencies that should be conducted by the University instead. There is a necessity to define more closely the areas of research responsibility between state agencies and the University. There is often a need for the state agencies to conduct applied research, however, it is difficult to avoid advancing into fundamental research which might better be done by the University, unless the line has been clearly drawn.

There are many advantages to the State in having the University conduct research in behalf of other state agencies. In many cases a researcher who has limited state funds is able to attract additional funds from the federal government, foundations, or private donors. The University is better able to attract outside funds since it has broader contracts with the wide variety of fund-granting organizations. The conducting of research at the University is a necessity for the attraction and development of an outstanding faculty and will continue to be a major cost factor in University budgets. Research is also a necessary adjunct for the graduate student in his academic endeavor. Thus it is to the State's benefit to apply as much of the faculty research time to problems of mutual concern, rather than duplicating such research in other agencies. Correspondingly, the University should go as far as it appropriately can, consistent with the University's educational mission, to accommodate effectively the State's needs.

We recommend that basic, or fundamental, research that is being conducted by state agencies be transferred as fully as practicable to the University of California and that the Legislature adopt a resolution to this effect.

To accomplish this objective we suggest that research conferences be conducted which will bring University staff members and agency tech-

University of California—Continued

nical personnel together with representatives of the Department of Finance in order to differentiate areas of basic and applied research. Potential areas where research might be transferred to the University include medical problems of air pollution, investigations on insects and vectors which are of veterinary and public health significance, further study of the best utilization of remaining wild lands, and research into water pollution and contamination.

Schedule of New Schools and Campuses of the University of California

At the beginning of the fall semester, 1962, the University of California enrolled 58,616 students in its six general campuses and two medical centers. Included on the campuses are numerous undergraduate and graduate schools and colleges, two law schools, a dental school, two medical schools and 18 other professional schools.

Since enrollments generally drop slightly in the spring semester, it is estimated that the University will have an average 1962-63 enrollment of 57,168. In the section on "Higher Education in California" of this analysis we have shown the student enrollment projections for both the state colleges and the university.

In order to meet the existing and projected need, the Board of Regents of the University decided that some of the University's "specialty" campuses should be expanded to general campuses for the admission of students in many and varied fields; thus the Riverside and Davis campuses were expanded in scope. These were in addition to the older established general campuses at Berkeley, Los Angeles, and Santa Barbara.

In addition to the expansion of the above campuses the board has established three new campuses. The new campuses are the Irvine campus in Orange County, the Santa Cruz campus and the San Diego campus.

Table V shows the projected enrollment for each of the campuses of the University with the planned maximum capacity for each campus also shown.

Table V. Campus by Campus Enrollments, Actual and Projected in University of California to 2000 A.D., According to "Growth Plan"

	Fall	Total	Berk- eley	UCLA	Davis	River- side	Santa Barbara	SF	San Diego	Irvine	Santa Cruz
Actual	1958	43,101	19,198	16,274	2,431	991	2,710	1,534	53	--	--
	1960	49,169	21,860	17,331	2,833	1,635	3,511	1,842	107	--	--
	1962	58,616	25,092	20,189	4,116	2,173	4,865	1,976	205	--	--
	1965	70,900	27,500	26,450	4,950	3,050	5,450	2,000	1,000 ^a	500 ^b	500 ^c
Projected	1970	96,300	27,500	27,500	10,000	7,250	10,500	3,800 ^d	4,000	3,250	2,500
	1975	118,900	27,500	27,500	13,000	9,500	13,900	5,000	8,500	7,500	6,500
	1980	137,000	27,500	27,500	15,000	10,000	15,000	6,000	11,000	13,000	12,000
	1985	157,000	27,500	27,500	15,000	10,000	15,000	7,000	14,500	21,000	19,500
	1990	177,000	27,500	27,500	15,000	10,000	15,000	7,500	20,000	27,500	27,500
	1995	196,000 ^e	27,500	27,500	15,000	10,000	15,000	7,500	27,500	27,500	27,500
	2000	214,000 ^f	27,500	27,500	15,000	10,000	15,000	7,500	27,500	27,500	27,500

^a San Diego, already accepting graduate students in School of Science, starts in 1964 to admit students into a general campus program.

^b Irvine begins to admit students in 1965.

^c Santa Cruz accepts first students in 1965.

^d San Francisco receives nonmedical students in 1967 (subject to policy review).

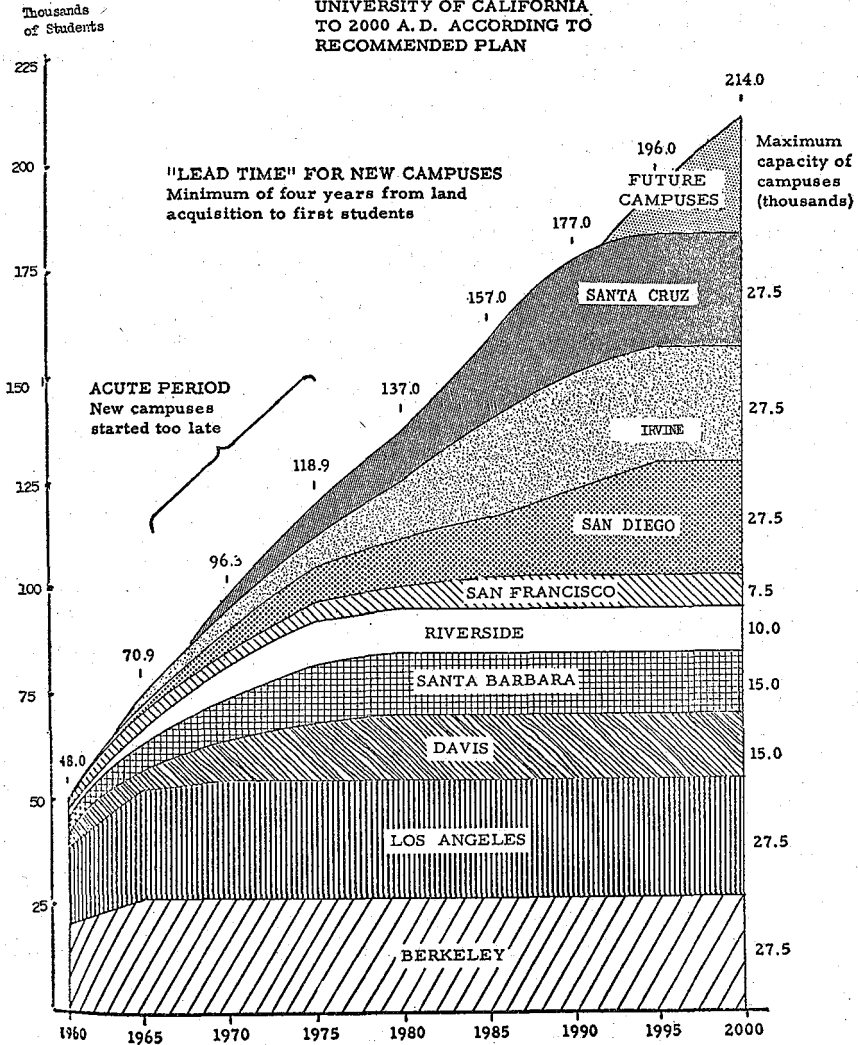
^e Includes 11,000 students beyond capacity of all campuses.

^f Includes 29,000 students beyond capacity on all campuses.

The above reflects controlled rates of growth, which in many instances are less than the demand projected for the particular campuses by the State Department of Finance in its "status quo" series for the master plan.

University of California—Continued

CAMPUS BY CAMPUS PROJECTIONS
OF ENROLLMENTS IN THE
UNIVERSITY OF CALIFORNIA
TO 2000 A.D. ACCORDING TO
RECOMMENDED PLAN



The budget provides the following funds for new campuses, new schools, and expansion of schools:

1. Irvine Campus

A total of \$611,986 is budgeted for the Irvine campus in Orange County for 1963-64. It is anticipated that the first 500 students will be admitted in the fall of 1965. Irvine is planned as a general campus to be built near Newport Bay on land comprising 1,000 acres which was

University of California—Continued

a gift by the Irvine Company to the Board of Regents. The present buildings planned in the budget will provide capacity for 2,000 students to be reached prior to 1970.

The ultimate capacity of Irvine is planned at 27,500 students. The campus will be built in the conventional university manner along the lines of the Los Angeles and Berkeley campuses.

2. Santa Cruz Campus

A total of \$493,728 is budgeted for the Santa Cruz campus for 1963-64. The campus is located within and adjacent to the western boundary of the City of Santa Cruz and consists of 1,994 acres acquired in 1962. It is anticipated that the first students will be admitted in the fall of 1965. Like the Irvine campus, Santa Cruz will admit approximately 500 students the first semester. Present construction plans will provide for 5,000 students by 1972 with an eventual planning size of 27,500.

The Santa Cruz campus is proposed to be developed on a residential college plan basis. Academic life will be centered in the many residential colleges of varying size averaging 600-800 students.

An undergraduate will live and receive a major part of his education in his college. The colleges will be grouped around the central campus which will include such universitywide facilities as the central library, major academic departments, science and research facilities. Professional schools will be grouped around special facilities or close to certain colleges in accordance with their function or departmental emphasis.

The Santa Cruz campus differs from other campuses of the University by virtue of the stress placed on its residential character. Living and teaching will be integrated and most of the students and faculty will live on or in close proximity to the campus.

In adopting the physical and academic plan for the Santa Cruz campus the Board of Regents placed one condition upon its development. The condition is that since the campus is being planned in a somewhat different manner from the conventional layout the state-funded capital and operating costs shall not exceed the comparable cost per student on other campuses.

Careful review of future budgetary requests for construction and support will be required to assure that this fundamental condition is adhered to.

3. San Diego Campus**a. San Diego Medical School**

A total of \$548,000 is budgeted for the 1963-64 fiscal year for the proposed San Diego medical school. It is planned to accommodate an entering class of 32 medical students in the fall of 1965. Ultimately plans call for 400 undergraduate medical students and 400 graduate, postdoctoral, interns and residents.

b. An amount of \$144,800 is budgeted for the initial step in establishing an undergraduate school of humanities and social sciences. Eight professor III positions are proposed to develop a staff nucleus in Eng-

University of California—Continued

lish, history, anthropology, linguistics, economics, etc. As an essential step in preparing for undergraduate enrollments in September 1964.

The San Diego campus of the university is planned to eventually accommodate 27,500 students.

4. Los Angeles Medical School—School of Dentistry

An amount of \$52,410 is budgeted for three associate professor II positions for the school of dentistry as the second staffing increment to develop the instructional curricula of the school which plans to admit its first class in the fall of 1965.

UNIVERSITY OF CALIFORNIA

ITEM 99 of the Budget Bill

Budget page 231

FOR SUPPORT OF RESEARCH IN SEA WATER CONVERSION
FROM THE GENERAL FUND

Amount requested	\$334,900
Estimated to be expended in 1962-63 fiscal year	334,900
Increase	None

TOTAL RECOMMENDED REDUCTION

None

ANALYSIS

This research program in sea water conversion has been active in the University of California continuously since 1951-52. Funds for support of this program have been provided by the Legislature, in some cases by special bill and in others by augmentation of the item of appropriation for the University budget. In 1958-59 the annual budgetary appropriation of \$86,500 was augmented by a special appropriation of \$334,900 from the Investment Fund in order to accelerate the research program. This special appropriation was repeated in 1959-60. The funds appropriated for 1960-61 were all derived from the Investment Fund and were contained in a special earmarked allocation of \$421,400 to the University of California Water Resources Center. The 1961-62 and 1962-63 funds were all derived from the General Fund.

For 1963-64 the university is again requesting \$334,900 from the General Fund.

This work relates largely to research in the various methods of converting sea water to fresh water.

We recommend approval as budgeted.

UNIVERSITY OF CALIFORNIA

ITEM 100 of the Budget Bill

Budget page 231

FOR SUPPORT OF THE UNIVERSITY OF CALIFORNIA
FROM THE GENERAL FUND

Amount requested	\$25,000
Estimated to be expended in 1962-63 fiscal year	25,000
Increase	None

TOTAL RECOMMENDED REDUCTION

None

Education

Item 101

University of California—Continued ANALYSIS

The budget proposes a sum of \$25,000 to be appropriated to the University of California for a study of the productivity of agricultural workers throughout the State. This is the same amount that is estimated to be expended for this purpose during the current year. The University's activity is concerned with a time and motion study, wage incentives and the study of the placement of workers in areas of greatest employment.

We recommend approval as budgeted.

HASTINGS COLLEGE OF LAW

ITEM 101 of the Budget Bill

Budget page 234

FOR SUPPORT OF HASTINGS COLLEGE OF LAW

FROM THE GENERAL FUND

Amount requested	\$459,255
Estimated to be expended in 1962-63 fiscal year	373,553
Increase (22.9 percent)	\$85,702

TOTAL RECOMMENDED REDUCTION None

GENERAL SUMMARY

The Hastings College of Law was founded in 1878 by S. C. Hastings with a grant of \$100,000 to the State of California through the Regents of the University of California. The original agreement provided that the State of California was to pay the sum of 7 percent interest on the grant or repay the \$100,000 in full to the Hastings' heirs. The college was able to finance its operations through student fees and through surpluses built up during the immediate postwar period because veteran students on educational benefits programs were required to pay on the basis of nonresident students. However, in the last few years, the surplus decreased and the State General Fund has appropriated additional moneys for the maintenance and operation of the plant.

From 1954 to 1957 the Legislature appropriated \$49,000 annually to the support of Hastings College of Law. An amount of \$42,000 was appropriated to cover the cost of operating and maintaining the college building and \$7,000 was appropriated to meet the original agreement with the founder to pay the 7 percent on the grant of \$100,000. In 1958-59 and subsequent years, the entire support of the college has been assumed by the State. Since that time total expenditures have been:

1958-59	\$257,189
1959-60	286,167
1960-61	373,597
1961-62	359,376
1962-63	373,553
1963-64 (proposed)	459,255

ANALYSIS

The 1963-64 budget request of \$459,255 is \$85,702, or 22 percent, more than is estimated to be expended during the current year.

Hastings College of Law—Continued

Hastings College was authorized 48.9 positions for the current fiscal year, of which 19.9 were teacher positions. The budget shows that 2.5 teacher positions are being eliminated during the current year for a savings of \$37,788. The budget also shows the addition of \$7,140 in the current year's budget for 0.4 of a substitute teacher position. Thus for the current year the college has reduced the existing authorized positions to 46.8 and reduced salaries and wages by \$30,648.

The reduction of the 2.5 positions in the current year budget is a result of the postponement of the originally planned extra section of the first-year class, the need for which has been met by temporarily overloading first-year classes and scheduling of classes on a double-session basis.

The enrollment of the college has increased considerably during the past several years. The following table shows the growth from 1958-59 to the anticipated enrollment in 1963-64. Also shown is the number of teaching personnel for each year and the student-faculty ratios:

	<i>Actual</i>				<i>Estimated Proposed</i>	
	<i>1958-59</i>	<i>1959-60</i>	<i>1960-61</i>	<i>1961-62</i>	<i>1962-63</i>	<i>1963-64</i>
Enrollment -----	505	568	623	685	810	825
Teachers -----	14.4	15.3	17.0	18.6	17.8	22.0
Student-faculty ratio -----	35.1	37.1	36.6	36.8	45.5	37.5

During the six-year period the enrollment is estimated to increase by 305 students, or 60.4 percent, and the teaching staff is estimated to increase by 7.6 positions, or 53.8 percent.

For the budget year, 1963-64, the college is requesting to continue the funds for the 0.4 substitute teacher position and is also requesting 4.2 permanent teacher positions and one student assistant-janitor at a total cost of \$88,786.

The fall, 1962, enrollment at the college totaled 858 students. Of that total 460 students were in the first year, 232 in the second year, and 166 in the third year. The first and second year classes are divided into two sections with one section receiving instruction in the morning and the other section receiving instruction in the afternoon. The fall 1963 enrollment of the college's third year class will be of such size that it will be necessary to have two sections for the class. The establishment of the new section necessitates the 4.2 new teaching positions.

We recommend approval of the budget as submitted.

CALIFORNIA STATE COLLEGES

A total of \$101,095,771 is requested for support of the California State Colleges from the General Fund for 1963-64. This amount includes \$1,190,461 for the Chancellor's Office, \$200,000 for the student loan program and \$99,705,310 for operation of the 15 existing colleges and the two new colleges which are in the planning stage. Of this last amount, \$97,879,024 is for continuing operations and \$1,826,286 is proposed for major program augmentations.

Education

General Summary

California State Colleges—Continued

The total state college support request would provide for an increase of \$9,000,975 or 8.9 percent over estimated expenditures for the current year. This may be compared with an estimated growth in state college full-time equivalent (FTE) enrollment from 86,405 for 1962-63 to 94,840 for 1963-64, an increase of 8,435 or 9.8 percent. Based on this enrollment estimate, college support expenditures, net of reimbursements, are expected to remain at approximately \$1,050 per FTE unit of enrollment.

Proposed program augmentations which are combined in a single item in the Budget Bill, include \$500,000 for faculty research, \$898,000 for improvement of the state college libraries, \$300,320 for processing costs in connection with library books provided under capital outlay, \$55,000 for increasing out-of-state travel, and \$72,966 for staffing for admissions and records. Under continuing operations a total of 1,212.3 new positions are requested, including 650.1 new teachers at a cost of \$4,098,176, 31.7 administrative positions, 193.6 supervisory, technical and clerical positions in instruction, 75.5 library positions, 50.5 positions for student services, 178 positions for plant operation and 32.9 reimbursed positions for summer sessions, extension and special projects.

In the following pages we recommend reductions as summarized in the following table.

Recommended Support Reductions—California State Colleges

	<i>Amount</i>
Program augmentations	
Research program	\$500,000
Out-of-state travel	12,388
Library support augmentation	161,845
Capital outlay book processing	30,100
Total	\$704,333
Continuing operations	
Chico	\$8,867
Fresno	9,202
Humboldt	1,030
Long Beach	4,060
San Francisco	3,760
Sonoma	30,340
Stanislaus	21,534
Total	\$78,793
Total recommended reductions	\$783,126

STUDENT FEES

Two changes in student fees are reflected in the 1963-64 state college budgets which together account for a total estimated increase in reimbursements of \$561,688. The first of these is an increase in nonresident tuition from \$360 per year to \$500 per year. This increase is in accordance with the recommendation of the Coordinating Council for Higher Education as discussed on page 220 of this Analysis. The new level does not apply to foreign students for whom nonresident tuition will remain at \$255 per year. The state colleges may also grant full exemption for

California State Colleges—Continued

children of faculty recruited from out-of-state and for up to 25 percent of nonresident students at the graduate level (Chapter 6, Statutes of 1962).

The second change is the initiation of a \$5 nonrefundable application fee to be charged against the cost of processing admission applications. This new fee, which is similar to that charged by the University, will be required of every new applicant for admission to a state college and will be payable at the time a written application is filed. It is estimated that income from this fee will be approximately \$308,100 on the basis of 61,620 applications.

The purpose of this fee is to assist in covering the cost of processing admission applications and at the same time to minimize the effect on state college budgets of the widespread practice of "shopping," or application to many institutions by a single student. It is not unusual for a high school graduate or a transfer student to submit applications for admission to as many as a half-dozen or more colleges and universities in the process of deciding which to attend. This practice has added to the cost of the admissions offices of the state colleges out of proportion to the number of students who subsequently matriculate.

No adjustment has been made in the materials and service fee for 1963-64, although fee income is estimated at \$8,353,512 as compared with proposed expenditures for related purposes of \$8,789,520, for a deficit of \$436,008. We are not recommending an increase in the materials and service fee for 1963-64 in view of the expressed intention of the Coordinating Council to study the materials and services fee during 1963-64 and in recognition of the fact that a surplus of \$639,000 was budgeted for the current year. If a similar deficit appears in the budget proposals for 1964-65, however, an appropriate adjustment in fees will be necessary at that time.

STATE COLLEGE HEALTH SERVICES

During the 1962 budget hearings, this office was requested by the Senate Finance Committee to review the student health services provided by the California State Colleges for possible savings through the use of alternative methods of providing for such service and revision of staffing ratios in accordance with current needs. Two points were to be given particular attention: the effect of the recent growth of group health insurance plans and the ratio of physicians to students as compared with private practice. Our findings based on this review are summarized in the following paragraphs.

The state college health service in its present form dates back only to the academic year 1954-55 when a pilot program to expand existing services was initiated at San Diego State College. Following a review of that program by the Departments of Education and Finance and this office and approval by the Legislature, programs similar to that at San Diego were established at other state colleges, and health service facilities were adopted as part of the building program for every college. At present all but the newest colleges have or are rapidly developing full student health services according to established standards.

California State Colleges—Continued

The principal services provided under a fully developed program include the following: health examinations, particularly for new students, credential candidates and food service employees; emergency care and first aid; immunization and vaccination; outpatient treatment for conditions such as respiratory infections, lacerations and sprains; health counseling for individuals and classes; chest X-rays; physiotherapy; and psychotherapy in the form of screening and counseling. These services are intended primarily for regular (full-time) students, and according to accepted standards services for limited students, faculty and other employees are limited to emergency care, general advice and referral, and any required physical examinations. In practice, however, several if not most of the colleges treat regular and limited students alike and extend some outpatient services to college staff.

To carry out these services, each state college health service, within the limits of its physical facilities, is authorized to employ a staff according to the following standards:

Physicians—One per 1,000 regular students with the first two positions on a 12-month basis.

Nurses—Same as physicians.

Laboratory, physiotherapy and X-ray technicians—One per 2,000 regular students.

Medical administrative assistant—One per college with an enrollment of 10,000 regular students or more.

Supervising clerk II—One per college with 5,000 or more regular students.

Clerical positions—One for the first 1,500 regular students, one for the next 1,500 and one for every 2,000 additional regular students.

Student assistance—Up to \$50 per regular student for peak workload periods.

The published staffing standard also includes one pharmacist position for each college with an enrollment of 4,000 or more regular students, but this position has never been implemented in the budgets inasmuch as most of the larger colleges have referred students to local pharmacies for the filling of prescriptions whenever it is practical to do so. If this practice is abandoned, it will be necessary to provide for the pharmacist position wherever warranted. This can be accomplished, we believe, by establishing a minimum flat charge for filling prescriptions which will cover the related costs. This is the practice now at San Jose State College.

Operating expense is normally budgeted at the equivalent of \$3 per regular student, although some exceptions have been allowed in the past. Physical facilities and equipment provided under the capital outlay and support budgets include: a reception room, a nurses' station, rooms for records, drugs, a laboratory, and X-ray equipment, one consultation room and two treatment rooms for each doctor, an emergency treatment room, necessary storage areas, and basic examination and diagnostic equipment. Although several colleges have operated in restricted temporary facilities until recently, all but the newest have or will very soon have facilities and equipment equal to the requirements of a private outpatient clinic. The foundation for California

California State Colleges—Continued

State Polytechnic College also provides an infirmary for residence hall students, but no state funds have been provided for this purpose.

In conjunction with the health service and in recognition of its necessary limitations, the individual state colleges have encouraged the development of student health insurance plans through their student associations. The cost of these plans generally runs between \$15 and \$25 for the academic year or \$20 to \$27 for a full year. The plans cover major, severe or complicated illness and injury beyond the scope of the health services and can be offered at relatively low cost on the basis that students will be screened and referred to private physicians by the health service staff.

According to representatives of the college health services, the development of these plans has been of great benefit to the students themselves but has not reduced the workload of the health services inasmuch as the college physicians have always referred students with major illness or injury to private physicians. These plans have, however, eliminated the need for establishing infirmaries at each college. Thus they have served to maintain the established standards and scope of the state college programs and have precluded the development of the comprehensive care which is provided at some other institutions and which was contemplated at one time for the state colleges. Although several colleges have experienced some resistance in attempting to encourage student enrollment in the available health plan, we believe this is primarily a sales problem which will be overcome in time.

In Table I we have summarized estimated 1962-63 expenditures for student health services among those colleges with established programs. As indicated in the table, the cost per regular student for salaries and operating expense ranges between \$24.11 for Chico State College and \$33.27 for the San Luis Obispo campus of California State Polytechnic College.

Table I. State College Student Health Service Expenditures for Personal Services and Operating Expense, 1962-63

	<i>Personal services</i>	<i>Operating expense</i>	<i>Total</i>	<i>Cost per regular student</i>
Chico -----	\$70,108	\$9,210	\$79,318	\$24.11
Fresno -----	118,134	17,000	135,134	25.59
Humboldt -----	47,591	6,350	53,941	27.52
Long Beach -----	193,560	24,330	217,890	26.70
Los Angeles -----	218,058	17,000	235,058	24.98
Sacramento -----	103,448	11,250	114,698	26.37
San Diego -----	249,334	29,190	278,524	28.59
San Fernando -----	121,311	14,770	136,081	24.26
San Francisco -----	223,811	35,210	258,021	25.85
San Jose -----	306,452	33,645	345,097	25.21
Cal-Poly—KV -----	78,086	9,244	87,330	27.90
Cal-Poly—SLO -----	159,231	16,440	175,671	33.27

In order to compare these costs with those reported by the University of California, it is necessary to take into consideration the much more comprehensive service offered by the University, including hospitaliza-

California State Colleges—Continued

tion and major medical treatment as well as dental care. A rough comparison may be made, however, if the charges for state college health insurance are added to student health service expenditures. On this basis costs for the state colleges range between \$50 and \$55 per student as compared with University costs ranging between \$55 and \$70, excluding supplementary insurance.

It is difficult to make useful comparisons with respect to the staffing formula for physicians because of the wide variety of services rendered by different organizations. The recent Coordinating Council report on medical education reports that the statewide ratio is 1 physician for every 600 persons. Staffing for large industrial facilities ranges from well under 1 physician per 1,000 employees up to 1 physician per 1,500 to 2,000 employees, depending on the type of treatment provided and the availability of low-cost comprehensive insurance plans. Normally, however, when the ratio exceeds 1 per 1,000 employees, services are limited to physical examinations, referral, counseling, and maintenance of public health standards.

The American College Health Association, a nationwide association representing a very broad range of college and university health services, has recently adopted minimum standards almost identical to those of the California State Colleges. Although this is due in part to the efforts of state college representatives, it is significant in that such standards were adopted voluntarily by representatives of a great many institutions some of which have staffing ratios well above these standards.

It must be observed, however, that whereas these standards refer somewhat vaguely to staff positions "per student," the state college formula refers specifically to regular students, although in practice at most of the state colleges regular and limited (part-time) students are offered the same services. Statewide, part-time students in the state colleges amount to approximately 30 percent of total individual enrollment. Therefore if it is assumed that a part-time student represents up to half the workload of a full-time student, then the effective ratio may range between 1 physician per 1,000 students and 1 per 1,150 students. Where service is also extended to faculty members beyond the emergency care specified in the standards, this ratio may be even greater.

Inasmuch as the service to part-time students and faculty is extended voluntarily and in exception to stated policy, it cannot be said that this additional workload represents an excessive burden on staff. It is apparent, on the contrary, that it falls within the tolerance built into the formula and can be absorbed without necessitating an adjustment in staffing. It does, however, present a problem with respect to fee support which must be given further attention when better data is available for all student services as to the distribution of fee income and its relation to expenditures. At one time part-time students were entirely exempt from separate health service charges. Now, however, fees for part-time students are maintained at one-half the combined fee for regular students which suggests that part-time students may in fact be paying for a proportionate share of the health service costs.

California State Colleges—Continued

Several measures may be adopted on a statewide basis to minimize the effect of workload arising from necessary treatment for part-time students and faculty members. Many of the state colleges, for example, have reduced routine workload by requiring new students to provide health histories and either be examined by their own physicians or sign a waiver with respect to college liability in connection with conditions which would have been discovered in such examinations. Such a policy has the merit of eliminating cursory but very time-consuming examination of all new students and of permitting better followup examination when indicated. We believe that this should become standard practice and be incorporated in the health service standards.

We also believe that closer compliance should be obtained as to the existing standards for services in connection with intercollegiate athletics, particularly with respect to the use of technicians and expenditures for supplies. While it is reasonable to permit one-tenth of a physician position to be used for the team physician as is now done to retain control over this aspect of the health program, it is not reasonable that other staff positions should be required to devote disproportionately large portions of their time to the care of participants in intercollegiate athletics without proper billing as occurs at several colleges. Nor is it appropriate that the health service should heavily subsidize athletics by providing supplies at little or no cost to the student association. This situation can and should be remedied by means of improved accounting techniques which will permit proper billing for services and expenses related directly to intercollegiate athletics.

The improvement in accounting procedures should be accompanied by adoption of uniform workload and cost reporting standards for all of the state college health services. Adequate reporting in a uniform manner is required for full and objective analysis of the various health services on a comparative basis. Every health service now collects and reports such data for its own purposes so that such reporting would not constitute an unwarranted increase in clerical duties. At present, because of the wide variations in reporting practices, it is extremely difficult to make any but the roughest comparisons among the colleges as to workload.

In summary, we believe that the state college health service continues to be an effective program operated at a reasonable cost and that there is little potential for savings at present through the use of alternative programs or revision of the budgetary allowances. At the same time, however, we have seen no evidence to support an expansion of the health services beyond existing standards with respect to services provided, staffing standards and expense allowances.

We also support the current allocation of costs between the students served and the State. As long as the State meets the major expense of providing the health centers, janitorial service, utilities and equipment, it is not unreasonable that student fees support the costs associated with campus public health programs and other activities which were at one time assumed to be a state responsibility.

**California State Colleges
PROGRAM AUGMENTATIONS**

ITEM 102 of the Budget Bill

Budget page 243

**FOR SUPPORT OF PROGRAM AUGMENTATIONS
FROM THE GENERAL FUND**

Amount requested ----- \$1,826,286

TOTAL RECOMMENDED REDUCTION ----- **\$704,333**

Summary of Recommended Reductions

	<i>Amount</i>	<i>Page</i>	<i>Line</i>
Research program -----	\$500,000	236	36
Out-of-state travel -----	12,388	236	37
Improvement of college libraries -----	161,845	236	38
Capital outlay book processing cost -----	30,100	236	39
	<hr/>		
	\$704,333		

ANALYSIS

For 1963-64 all proposed major program augmentations for the California State Colleges are included in a separate item. These augmentations, which amount to a total of \$1,826,286, are proposed as follows:

1. Faculty research -----	\$500,000
2. Increase in out-of-state travel -----	55,000
3. Library book augmentation -----	898,000
4. Processing cost for capital outlay book program -----	300,320
5. Increased staffing for admissions and records -----	72,966

Total ----- \$1,826,286

This amount is to be distributed among the individual colleges by program as indicated in the following table.

**Table II. Allocation of Proposed Program Augmentations
by College and Program**

<i>State college</i>	<i>Faculty research</i>	<i>Out-of- state travel</i>	<i>Library books and expense</i>	<i>Capital Outlay book processing and records</i>	<i>Admissions</i>	<i>Total</i>
Alameda -----	\$7,700	\$1,245	\$10,000	-	\$4,356	\$23,301
Chico -----	21,300	1,968	-	-	6,524	29,792
Fresno -----	29,700	2,799	-	-	6,524	39,023
Humboldt -----	15,200	2,146	-	-	-	17,346
Long Beach -----	45,700	4,328	148,898	-	-	212,435
Los Angeles -----	58,000	5,395	352,810	-	15,160	431,365
Orange -----	8,500	2,134	88,000	-	-	98,634
Sacramento -----	25,900	2,881	-	-	2,173	30,954
San Diego -----	50,700	4,936	85,189	-	13,840	154,665
San Bernardino- Riverside -----	3,000	1,186	-	\$100,000	-	104,186
San Fernando -----	33,200	3,756	18,538	-	4,358	59,850
San Francisco -----	60,700	6,827	14,289	-	-	81,816
San Jose -----	76,500	6,403	86,828	-	-	169,731
Sonoma -----	5,400	1,186	-	91,200	6,524	104,310
South Bay -----	3,000	1,186	-	100,000	-	104,186
Stanislaus -----	5,400	1,186	-	9,120	-	15,706
Cal Poly-KV -----	18,300	2,248	60,372	-	-	80,920
Cal Poly-SLO -----	31,800	3,190	33,076	-	-	68,066
Totals -----	\$500,000	\$55,000	\$898,000	\$300,320	\$72,966	\$1,826,286

Program Augmentations—Continued

Although each of these proposed program augmentations involves new positions and expenses for individual state colleges, as indicated in our analysis of the state college items, they are best dealt with as programs which cut across the separate college budgets. Our analysis and recommendations, therefore, will follow under this item according to program.

Summary of Recommended Changes in Proposed Program
Augmentations for 1963-64

	<i>Amount proposed</i>	<i>Recommended change</i>	<i>Reduced amount</i>
1. Research program -----	\$500,000	—\$500,000	—
2. Out-of-state travel -----	55,000	—12,388	\$42,612
3. Improvement of college libraries -----	898,000	—161,845	736,155
4. Capital outlay book processing	300,320	—30,100	270,220
5. Admissions and records -----	72,966	—	72,966
	<u>\$1,826,286</u>	<u>\$704,333</u>	<u>\$1,121,953</u>

I. Research Program

We recommend deletion of the amount of \$500,000 requested to initiate a state-supported program of departmental research.

The Trustees of the California State Colleges are requesting an amount of \$500,000 for state support of faculty research for 1963-64. This represents an entirely new program inasmuch as no General Fund support has previously been provided for this purpose at the state colleges. A similar request in the amount of \$645,000 was deleted from the 1962-63 support appropriation.

The \$500,000 requested for 1963-64 is to be used to initiate a program of state supported departmental research at each of the state colleges. It is estimated that approximately half of the 5,100 full-time faculty members of the state colleges will be prepared to engage in such research in 1963-64, and the amount requested will provide an average of about \$200 for each participating faculty member. The allowance to each faculty member is to be used to cover the costs of technical and clerical assistance, student assistants, related travel, equipment and supplies not otherwise available, and other necessary materials. None of the amount for 1963-64 is to be expended for faculty salaries to provide released time from regular teaching duties.

These funds have been allocated among the individual state colleges, including the new South Bay and San Bernardino-Riverside State Colleges which will not open before the fall of 1965, as indicated in Table II. The amount allocated to each college has been distributed tentatively by object category on the basis of 50 percent for salaries and wages, 40 percent for operating expense, and 10 percent for equipment. Of the total \$500,000 requested, \$250,000 is to provide for 59 temporary help positions, \$200,000 is for operating expense and \$50,000 is for equipment.

This proposal must be considered not only in relation to the \$500,000 requested for 1963-64, but also as the beginning of a program which, if approved, may be expected to expand substantially in subsequent

Program Augmentations—Continued

years and have very important implications for the development of functional differentiation among the three public segments of higher education. It may be, therefore, the single most important item in the state college budget for 1963-64.

The chancellor's office has advanced the following principal points in requesting this new program and in response to questions which we have raised:

1. Faculty research is a recognized function of all major colleges and universities. It is essential to excellence in instruction at all levels and provision for research opportunities is necessary to the recruitment and retention of good faculties.

2. In accordance with the Master Plan, the Donahoe Act of 1960 provides that "faculty research is authorized to the extent that it is consistent with the primary function of the state colleges and the facilities provided for that function." The Donahoe Act states that the primary function of the state colleges is "the provision of instruction for undergraduate students, through the master's degree, in the liberal arts and sciences, in applied fields and in the professions, including the teaching professions."

3. The funds requested under the proposed new program are for support of departmental research as opposed to organized and sponsored research. Such research will have two major objectives: the "facilitation and upgrading of instruction" and "contribution to knowledge." The selection of research projects for support will be done by a faculty committee at each college on the basis of these objectives.

4. Departmental research at the state college will differ from that at the University of California in that it will be "primarily research related directly to the improvement of classroom instruction, rather than theoretical research aimed at increasing the general fund of knowledge." It will also differ insofar as subject fields differ among the two segments and in that at the university "time for research is not calculated as part of the faculty member's total workload."

5. Inasmuch as this research is intended to improve instruction through the master's degree, "expansion of such instruction in response to the needs of the State and pressures of increasing enrollments will result in expansion of the research program and rise in its level of expenditure in proportion to the increase of the faculty."

All of these points merit careful consideration. With respect to the first, it must be observed that the state colleges now carry on a sizeable research program supported from funds outside of the state budget. In 1960-61 the state colleges spent a total of \$945,082 from outside sources for faculty research. Although we have requested more recent data, the Trustees have not been able to provide it. It is evident, however, that these funds, which are primarily from federal agencies, have been increasing rapidly in recent years and now undoubtedly are well in excess of \$1 million. Therefore it is evident that while the proposed expenditure would constitute a new program with respect to budget support, it would also represent an expansion of an existing program if all sources of funds are considered.

Program Augmentations—Continued

Thus it cannot be said that opportunities for faculty research do not now exist. The immediate question is whether state funds should be appropriated for this purpose and, if so, with what objectives and with what restrictions. The Master Plan identified the University of California as the "primary state-supported academic agency for research." Accordingly, the 1963-64 budget for the University includes approximately \$30.2 million in state support for organized research and approximately \$19.1 million in state support for departmental research, largely for faculty salaries.¹ The Master Plan also states that faculty research is "authorized" for the state colleges as an adjunct to their primary function of instruction, but it is silent as to sources and objectives.

We believe that the question of state support cannot be decided until the question of objectives has been resolved. According to the chancellor's office, the two major objectives under the proposed new program are to be the "facilitation and upgrading of instruction" and "contribution to knowledge." At the same time, however, it is held that one difference between University and state college research is to be that state college research will be "primarily research related directly to the improvement of classroom instruction, rather than theoretical research aimed at increasing the general fund of knowledge." Whatever explanation may be offered for this contradiction, it is clear that at the university and at the state colleges departmental research is expected both to improve instruction and to "contribute to knowledge" and that the state colleges are here proposing the beginning of a program very similar to that of the University.

Just as the objectives are to be similar, so will be the effect on the faculties. The University now employs a research faculty, each member of which is expected to be heavily engaged in research in his field. Accordingly, promotion is based largely on research productivity. If, as under the proposed new state college program, half of the state college faculty members will be expected to engage in research and new faculty are to be recruited with the promise of such opportunity, then it is clear that the state colleges will also develop research faculties.

The chancellor's office has stated that there will be two important differences: first, with respect to subject fields and, second, in that the state colleges are not asking for released time. Upon careful examination, however, these two points appear to have little significance. There are some areas of instruction such as industrial arts and home economics which have been reserved to the state colleges. There are also some areas such as law, dentistry and medicine which have been reserved to the university. But for the great bulk of subjects in the social sciences, fine arts, physical sciences, humanities and professions, both segments can and must cover the same ground. If this is true of instruction, it will also be true of research related to that instruction.

As to the second point, it is true that the state colleges are not asking for funds for released time or a reduced workload similar to that enjoyed by University faculty. All of the amount requested for 1963-64

¹ Computed according to data furnished by the University of California.

Program Augmentations—Continued

is to go for "incidental expenses" rather than faculty salaries or capital outlay. It must be noted, however, that the 1962-63 request for research funds included the stipulation that "no more than 10 percent of the amount allocated to each college" would have been used for such incidental costs. Whatever the reason for this abrupt reversal, it is not clear that the state colleges have abandoned for all time the objective of reduced faculty workload for research.

In deleting the amount requested for faculty research in the 1962-63 state college budget request, the Legislature indicated its intention that the California State Colleges should maintain and strengthen their primary emphasis upon instruction. We do not believe that there is anything in the 1963-64 proposal which would justify a reversal of the earlier action.

Because the state colleges have been unable to suggest a program for research which differs substantially from that now supported at the University of California and because we believe that the state colleges should be encouraged to retain their strong emphasis upon instruction, we recommend deletion of the entire amount of \$500,000 requested for support of faculty research for 1963-64.

In lieu of the proposed research program we believe that the amount requested might be employed to better effect in direct support of outstanding instructional needs.

There is, we believe, a commonly expressed need for an augmentation of student assistance and instructional equipment among the state college faculties. An augmentation in this area would have just the opposite effect of the proposed research program. While the research funds would tend to encourage faculty members to devote less of their time to instruction, an augmented allowance for routine assistance and instructional equipment would permit them to devote a greater portion of their energies to teaching. It is assumed that, consistent with the basis for this proposal, the funds would be distributed in relation to instructional workload, rather than on a project basis to research oriented faculty members. We believe that if the Trustees of the California State Colleges can develop a plan for the allocation of this \$500,000 for such purposes, this item would merit further consideration.

We therefore recommend that the Trustees be requested to prepare a plan for the augmentation of student assistance and equipment, based on instructional needs and up to a maximum of \$500,000, for submission prior to final approval of the budget by the fiscal committees.

II. Out-of-State Travel

We recommend a reduction of \$12,388 in the proposed \$55,000 augmentation for out-of-state travel.

An additional amount of \$55,000 is proposed to provide for an increase in out-of-state travel allowances for the state college faculty and administrative personnel. This amount is intended to increase the allowance per eligible position from \$10 to \$17 per year based upon a total of 7,857 faculty and administrative positions.

Program Augmentations—Continued

The budgetary allowance for out-of-state travel has been strongly criticized by state college personnel for a number of years. They have maintained that travel to professional meetings and conferences by faculty members is a necessity if they are to keep abreast of developments in their various academic fields and achieve recognition for their work. This view was supported at least in part in the Master Plan recommendation that increased travel funds to attend professional meetings be included among expanded fringe benefits for faculty members.

In 1958 a committee of state college presidents recommended that the state college out-of-state travel allowance be increased in three steps from the 1956-57 average allowance of \$3.76 per position to \$24 per position. This last figure was based upon a survey of 10 western and midwestern institutions which indicated that they were then spending an average of approximately that amount per professional staff member. This recommendation subsequently received partial approval in the 1960-61 Budget which provided for an allowance of \$10 per position plus a minimum of \$700 per college for travel related to faculty and staff recruitment.

The 1963-64 request would in effect provide for a second step increase to \$17 per position. The increase would apply to all positions which qualify for the out-of-state travel allowance, including professional staff in the executive, student personnel, business management, instruction, laboratory school, library, and plant operation functions.

We recommend approval of this augmentation in the reduced amount of \$42,612. This amount will provide for an increase in the out-of-state travel allowance to \$17 for all professional positions under instruction based upon the budget estimate of 6,087.4 such positions for 1963-64. We believe that the proposed allowance of \$17 for travel related to professional development is not excessive and will contribute to the strength of the state college faculties.

Inasmuch as the increased allowance has been justified on the basis of faculty travel, however, we see no need to extend it to all eligible administrative positions as well. An increased allowance for executive staff, counsellors, test officers, doctors, business managers, accounting officers, librarians, and chiefs of maintenance would not appear to be of any direct benefit to the professional development of the teaching staff.

III. Improvement of College Libraries

We recommend approval of the proposed augmentation for improvement of the state college libraries in the reduced amount of \$736,155.

A total of \$898,000 is requested for supplemental support for the state college libraries. This amount includes \$510,641 for books, \$255,317 for 53 new library positions and \$132,042 for operating expenses to be distributed by college as indicated in Table II on page 256. In addition to this special allowance, the 1963-64 state college budgets include \$6,357,597, as a regular library support allowance, \$421,500 in capital outlay for books and \$300,320 for processing the capital outlay books. The total library expenditure program for 1963-64 amounts to \$7,977,417 or 7.1 percent of gross expenditures.

Program Augmentations—Continued

	<i>Support</i>			<i>Capital outlay.</i>	<i>Total</i>
	<i>Regular allowance</i>	<i>Special allowance</i>	<i>Capital outlay book processing</i>		
Personal services ----	\$4,663,197	\$255,317	\$103,500	---	\$5,022,014
Books -----	979,492	510,641	---	\$421,500	1,911,633
Operating expense ----	651,908	132,042	185,820	---	959,770
Equipment -----	63,000	---	11,000	---	74,000
Totals -----	\$6,357,597	\$898,000	\$300,320	\$421,500	\$7,977,417

This is the fourth consecutive year for which a special library allowance has been requested to supplement the regular library support allowance. In the past, the purpose generally has been to accelerate the regular book acquisition rate for the new and rapidly growing colleges, to augment the collections of the larger colleges in connection with expanding graduate programs and to enlarge those library collections which rank low in the number of volumes per student. For 1963-64 the special allowance is intended to enlarge somewhat those collections which are below the level of 30 volumes per student.

As we indicated in last year's Analysis, it has been necessary for the state colleges to request this special library support allowance each year in steadily increasing amounts for the reason that the regular book acquisition formula bears little relation to the actual needs of the majority of the state colleges. In recommending approval of a special allowance of \$791,814 for 1962-63, however, we pointed out that it was unjustifiable to continue to ask the Legislature to come to the rescue of a formula which has so little merit and which has proven to be inadequate under present conditions. For this reason we also recommended in the 1962 Analysis that the Trustees of the California State Colleges be directed to conduct a thorough study of this matter with particular attention to the development of a more effective book acquisition allowance and a careful analysis of library staffing requirements and to report their findings prior to the 1963 session.

This recommendation was adopted by the Assembly Ways and Means Committee and the Senate Finance Committee. Accordingly, the chancellor's staff, with the assistance of a committee of state college librarians, undertook a study of the state college library support program and submitted a report to the Trustees in connection with the 1963-64 budget proposals. This report, as it was subsequently approved by the Trustees, deals primarily with book acquisition and leaves the matter of staffing to further study.

The increased cost of implementing the proposed new library development program approved by the Trustees has been estimated at \$37.3 million over a 10-year period or approximately twice the projected rate of expenditure under the present formula. The increased cost for 1963-64 would have been approximately \$2.3 million excluding salaries and wages. Because such an expenditure would have jeopardized other existing and proposed new programs, the proposed library development program is to be implemented for 1963-64 only with respect to initial collections for new colleges as discussed on page 265.

Program Augmentations—Continued

In lieu of implementing that part of the proposed new program which deals with the continuing acquisition of books, the Trustees have chosen to rely on the existing formula plus a special allowance, just as for the past three years. Although we believe that the colleges have had ample time to devise and at least partially implement a new program and that further delay may prove unnecessarily costly, we recognize the importance of developing a sound and effective program in this area and therefore recommend approval of the special allowance for 1963-64.

We recommend, however, that this special allowance be reduced by the amount of \$161,845, based on a reduction of \$10,000 for Alameda State College and \$88,000 for Orange State College and a reduction of \$63,845 in processing expense for the other colleges.

The recommended reductions for Alameda and Orange State Colleges are based on the fact that the special allowance is intended to enlarge those libraries which are below the level of 30 volumes per student, and both of these colleges will remain well above that level under the regular allowance alone. Both colleges have benefited from special capital outlay book allotments for the past several years and are now in a relatively favorable position as compared with the older and larger colleges. We do not believe that the justification which has been presented for the special allowance for 1963-64 can be extended to these two colleges.

The recommended reduction of \$63,845 in processing expenses for the other colleges included in this special allowance is based on a reduction of such expense from approximately 26 percent of book costs to 15 percent of book costs. The special allowance appropriated for 1962-63 was computed to include expense at 15 percent of the book allowance, and no justification has been presented for an increase in this figure.

Under the regular formula, this expense is calculated at the level of 65 percent of book costs in order to cover the expenditures of such items as microfilm, periodical subscriptions and binding, art reproductions, and equipment repair as well as the library cards and miscellaneous supplies required to process new books. The special allowance, however, is intended to cover only the minimum expense necessary for processing additional books and therefore should remain at the 15 percent level approved in the 1962-63 budgets.

The Proposed New Library Development Program

Although the proposed new library development program is to be implemented for 1963-64 only with respect to initial collections for the newer colleges, we believe that it merits discussion at this time in anticipation of further implementation for 1964-65. The primary features of the proposed new library development plan are:

1. An initial collection of 50,000 volumes is to be assembled and organized for use prior to the opening of each new state college;
2. Upon completion of the initial collection each new state college is to be provided an annual allowance of at least 4,000 volumes until enrollment reaches 1,000 FTE;

Program Augmentations—Continued

3. All colleges with an enrollment in excess of 1,000 FTE are to receive a book acquisition allowance sufficient to bring the collection of each library up to a minimum of 40 books per FTE by 1972-73 according to the following formula:

- (a) A basic annual allowance of five volumes per FTE graduate student, four volumes each for the first 1,000 FTE undergraduates, three volumes each for the next 4,000 FTE undergraduates, and two volumes per FTE undergraduate over 5,000; and
- (b) A supplementary allowance based upon special acceleration factors for each state college library which would not achieve a collection of 40 volumes per FTE by 1972-73 under the basic allowance; and

4. Library operating expense funds for the purchase of periodicals, microfilm, music scores, art prints and other resources as well as for periodical binding and book processing supplies are to be provided at the rate of 65 percent of the basic book allowance and 24 percent of the supplementary allowance.

The principal goal under the proposed new program, which is to be achieved over a 10-year period, is to provide a minimum collection of 40 books per full-time equivalent student for each of the California State Colleges. The proposed ratio of 40 books per FTE may be compared with the estimated 1962-63 ratio of 25.5 books per FTE. In addition, the new program would require the establishment of a full complement of 50,000 library books, equivalent to the minimum standard for a four-year liberal arts college as established by the majority of regional accrediting associations, prior to the opening of a new college.

We agree to the principal objective of the proposed new library development program to build collections for each of the state college libraries equivalent to 40 volumes per FTE unit of enrollment. The data presented in the library study report based on a national survey by the federal Office of Education indicated that this figure was approximately the median for some 572 colleges and universities throughout the country for 1960-61. All but the very newest of the California State Colleges stand well below this median figure and below the level reported for a roughly comparable range of institutions elsewhere.

We also believe that the proposed new program should include standards as to maximum desirable collections for colleges which reach their full planned capacity. While it may be impossible and undesirable to establish ceilings on library collections for research institutions, maximum objectives can be established for liberal arts colleges, such as the California State Colleges, which are devoted primarily to instruction. Such standards are desirable to encourage the maintenance of an active collection and to avoid an unwarranted drain on the limited resources available for support of other elements of the instructional program.

Furthermore, we cannot subscribe to the circuitous route by which it is proposed to arrive at the objective of 40 volumes per student. The proposed 5-4-3-2 basic formula for book acquisition appears to be no more than an augmentation of the old formula which has proven so unsatisfactory. Evidence of this is to be found in the fact that a supple-

Program Augmentations—Continued

mentary allowance for the fastest growing colleges would be required as a prop for the basic formula to enable the larger colleges to reach the objective of 40 volumes per FTE and to keep pace with the less rapidly growing colleges. Moreover, the continuation of the old formula and special allowance for the 1963-64 budget suggests that it has proven impossible to scale down the new program in relation to available funds.

A more direct method of achieving a 40 to 1 ratio can and should be devised. It is our opinion that the most effective and simple approach would be to establish a formula with the following elements: (1) a regular annual allowance of 40 volumes per FTE for each FTE unit of enrollment growth, with a minimum allowance of 2,000 volumes per college; and (2) an allowance equal to 40 volumes per FTE for each FTE unit of existing enrollment less the current number of volumes, spread over a 10-year period. Such a formula would clearly express the objective to be achieved and at the same time permit partial implementation based upon the availability of support funds.

Finally, we believe that a new library support program must take into consideration staffing patterns, potential methods of extending machine processing to reduce salary costs for routine clerical tasks, and proposals for minimizing book acquisition cost by means of consolidated purchasing or other methods. These matters received only passing mention in the report adopted by the Trustees despite their effect on other aspects of the program. Several of the new colleges have initiated experiments aimed at reducing acquisition costs. The results of these experiments should be taken into consideration in the development of a comprehensive new library support program.

In summary, we recommend that the Trustees of the California State Colleges be requested to continue their study of support for the state college libraries with the purpose of preparing a comprehensive library development plan which will include:

- 1. A book acquisition formula which expresses clearly the proposed objectives of the plan;*
- 2. Standards with respect to maximum desirable library collections;*
- 3. Proposed methods of minimizing book acquisition cost through consolidated purchasing or other means;*
- 4. Minimum library staffing requirements;*
- 5. Proposed programs for increasing the use of machine processing to replace clerical staff.*

IV. Capital Outlay Book Processing

We recommend a reduction of \$30,100 in the amount of \$300,320 requested for capital outlay book processing.

The fourth item under proposed program augmentations is an amount of \$300,320 for processing library books which are to be purchased with capital outlay funds. In accordance with the policy recently adopted by the Trustees to provide each new college with an initial complement of 50,000 books, the 1963-64 capital outlay budgets include a total of \$421,500 for books for Sonoma, Stanislaus, San Bernardino-Riverside and South Bay State Colleges.

Education

Item 102

Program Augmentations—Continued

	<i>Personal services</i>	<i>Operating expense</i>	<i>Equipment</i>	<i>Capital outlay</i>	<i>Total</i>
Sonoma -----	\$60,000	\$31,200	--	\$110,000	\$201,200
Stanislaus -----	6,000	3,120	--	11,500	20,620
San Bernardino- Riverside -----	18,750	75,750	\$5,500	150,000	250,000
South Bay -----	18,750	75,750	5,500	150,000	250,000
Totals -----	\$103,500	\$185,820	\$11,000	\$421,500	\$721,820

The \$421,500 in capital outlay funds will provide 70,250 library books, enough to bring the libraries at Sonoma and Stanislaus State Colleges up to 50,000 volumes each and to provide 25,000 volumes each for the two new state colleges.

We recommend a reduction of \$9,600 in personal services for capital outlay book processing for Sonoma State College.

The capital outlay budget will provide approximately 19,000 books for Sonoma State College. Under the current formula of one temporary position for each 1,600 volumes and a salary cost of \$4,200 per position, the amount for personal services should be \$50,400 rather than the \$60,000 proposed.

We also recommend, pending further justification, a reduction of \$10,250 each in personal services for processing for San Bernardino-Riverside and South Bay State Colleges.

The capital outlay budget will provide 25,000 volumes each for San Bernardino-Riverside and South Bay State Colleges or half their initial complement. These books are to be acquired under a joint program which will utilize a plan developed by the University of California to purchase initial collections through a private firm. It is our understanding that this firm will be responsible for the purchase, preliminary processing and delivery of the new books at an estimated cost of \$50,000 for each of the new state colleges. The new books are then to be stored in a temporary facility until library space is constructed on the new sites.

We have been unable to secure information from the Trustees as to exactly what processing services the private firm will provide, but it would appear that at a total cost of \$100,000 for 50,000 books, excluding the purchasing price, little should remain to be done by the colleges prior to moving to their new sites. While we believe that the use of commercial firms for initial book acquisition in co-operation with the University may prove to be a significant step in minimizing library support costs, it will serve little purpose if it becomes as costly as previous practice.

The reduced amount of \$8,500 for each college will provide for two positions each in addition to the two present college librarians. The combined staff of six positions should be sufficient for the final processing of the new books. In this connection it should be noted that the University budget includes only 6.5 positions for processing initial collections of 75,000 volumes each for the new Irvine and Santa Cruz campuses.

Program Augmentations—Continued

V. Admissions and Records

We recommend approval of the proposed \$72,966 augmentation for staffing in admissions and records.

The amount of \$72,966 is requested to augment technical and clerical positions in the area of admissions and records. This amount will provide for a total of 16.5 additional positions distributed among 9 of the 15 existing state colleges. These positions are requested on the basis of a relative increase in freshman and limited student admission applications and in connection with administration of the new teacher credential requirements which are to be adopted by the State Board of Education. The proposed augmentation is also requested to enable the state colleges to carry out revision of admission standards in accordance with the Master Plan.

Except for the fact that staffing in this area has been held below formula level at these colleges for several years, this would be considered more appropriately as a regular workload item. The formula for technical and clerical positions in admissions and records provides for one clerical position for each professional position plus two technical and clerical positions for each 800 individual enrollments and one per 1,000 limited student enrollments. Although this formula was fully implemented at one time, recent budgets have not included the allowance of one clerical for each professional position as such professional positions have been added.

We believe that the full formula as applied to this budget is justified at this time to enable the state colleges to accelerate implementation of the Master Plan admission recommendation as discussed on page 213 of this Analysis. It should also be noted that the cost of bringing this staff up to the full formula allowance is offset by the introduction of the \$5 application fee. The new fee is expected to increase reimbursements by as much as \$308,100. Although administration of this fee will entail some increase in workload, this should be balanced, if the fee is effective, by a reduction of the number of admission applications processed.

TRUSTEES OF THE CALIFORNIA STATE COLLEGES

ITEM 103 of the Budget Bill

Budget page 247

FOR SUPPORT OF THE TRUSTEES OF THE CALIFORNIA
STATE COLLEGES FROM THE GENERAL FUND

Amount requested	\$1,190,461
Estimated to be expended in 1962-63 fiscal year	1,136,143

Increase (4.8 percent)	\$54,318
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TOTAL RECOMMENDED REDUCTION	None
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GENERAL SUMMARY

The Trustees of the California State Colleges are responsible for the management and administration of the California State Colleges under the provisions of the Donahoe Higher Education Act of 1960. The principal powers and duties of the trustees are set forth in the Donahoe Act and legislation enacted in 1961 (Chapters 1796, 1797, 1828, 2081 and 2082, Statutes of 1961).

Trustees of the California State Colleges—Continued

The Board of Trustees is composed of 20 members, including the Governor, Lieutenant Governor, Superintendent of Public Instruction and the Chancellor of the California State Colleges as *ex officio* members and 16 other members appointed by the Governor for terms of eight years. The Trustees appoint the chancellor who, with his staff, assists them in the development of governing policies and performs central administrative duties in the areas of academic planning, personnel services, budgeting, facilities planning, institutional research, legal counseling, student affairs, and general administrative services.

The Trustees assumed full responsibility for administration of the state colleges on July 1, 1961. The first year was devoted chiefly to organization and preparation, including the relocation of the chancellor's offices in the Los Angeles area. Staff recruitment and full operation were delayed until this move was accomplished and a new chancellor appointed, but the organizational process is now largely completed. The 1963-64 Budget should represent a stabilized organizational structure based upon established workload.

ANALYSIS

Proposed expenditures for 1963-64 for the Trustees of the California State Colleges total \$1,190,461 for an increase of \$54,318, or 4.8 percent, over estimated expenditures for 1962-63. A substantial reorganization and reclassification of positions has been effected for 1962-63, but no new positions are proposed for 1963-64. A total of 4.6 positions are to be eliminated for both 1962-63 and 1963-64, but are offset by an allowance for personnel services to permit use of persons from outside the chancellor's office, primarily from the state colleges, with specialized skills for short-term assignments.

The increase in expenditures is largely attributable to annual salary adjustments and a reduction in salary savings. Operating expenses and equipment are proposed at approximately the same level as for the current year, continuing the increases for 1962-63 attained through budget revisions approved by the Department of Finance.

We recommend approval of this item in the amount budgeted.

During the 1962 budget hearings the Assembly Ways and Means Committee and the Senate Finance Committee directed the Trustees to prepare the following material for submission at the 1963 Session:

1. A report on preliminary findings with respect to the means and possibilities for expanding faculty productivity.
2. A report on state college library support including book acquisition and library staffing requirements.
3. A plan for compliance with Master Plan admissions recommendations.
4. A report of state college research expenditures from funds outside the state college budgets.

The reports which have been prepared in connection with library support and admission policy are discussed in this section under those subjects. The report on faculty productivity had not been submitted at the time this Analysis was being written, nor has any new data been submitted as to current state college research expenditures.

**California State Colleges
STUDENT LOAN PROGRAM**

ITEM 104 of the Budget Bill

Budget page 249

**FOR SUPPORT OF STUDENT LOAN PROGRAM, TITLE II, NATIONAL
DEFENSE EDUCATION ACT, FROM THE GENERAL FUND**

Amount requested	\$200,000
Estimated to be expended in 1962-63 fiscal year	200,000
 Increase	 None
TOTAL RECOMMENDED REDUCTION	None

GENERAL SUMMARY

Title II of the National Defense Education Act provides for a student loan program for higher education which is financed jointly by the federal government and the State in the ratio of \$9 of federal funds to \$1 of state funds. The program emphasizes aid to students who intend to become teachers by providing for forgiveness of a portion of the loans to those who enter teaching upon graduation.

Loans for students who attend the California State Colleges are administered by the Trustees. 1963-64 will be California's fifth year of participation in this program under Chapter 952, Statutes of 1959, and the third year of administration of the state college portion by the Trustees under Section 24001 of the Education Code. A total of approximately \$7 million in state and federal funds will have been disbursed by the end of the current fiscal year.

ANALYSIS

The program is to be continued for 1963-64 at the same level as for the preceding three years. For this purpose an appropriation of \$200,000 is again requested, to be matched by \$1.8 million in federal funds. *We recommend approval of this item as budgeted.*

It should be noted, however, that there is an additional cost to this program which is not shown under this item. The State also supports, through the individual state college budgets, the entire administrative cost of disbursing these funds and collecting repayments. Much of this work, including the maintenance of necessary records, is handled through fractional allotment of time or in addition to regular workload. The total salary costs for 1961-62 was estimated at approximately \$127,000 and may be expected to increase substantially as repayment of past loans becomes more important.

**California State Colleges
STATE COLLEGE FOR ALAMEDA COUNTY**

ITEM 105 of the Budget Bill

Budget page 250

**FOR SUPPORT OF STATE COLLEGE FOR ALAMEDA COUNTY
FROM THE GENERAL FUND**

Amount requested	\$2,277,891
Program augmentation (included in item 102)	23,301
 Total	 \$2,301,192
Estimated to be expended in 1963-64 fiscal year	1,642,156
 Increase (40.1 percent)	 \$659,036
TOTAL RECOMMENDED REDUCTION	None

**State College for Alameda County—Continued
GENERAL SUMMARY**

The State College for Alameda County was authorized in 1957 and offered its first classes in the fall of 1959 in rented high school facilities in the City of Hayward. Construction is underway on a 370-acre permanent site in southeast Hayward and the college is expected to move to its first new buildings, which include a science and a fine arts building, in the fall of 1963. The new site is planned to serve an ultimate FTE enrollment of 15,000.

At present the instructional program is limited to upper-division and graduate courses, but it will expand to include a lower division with admission of the first freshman class in the fall of 1963. The college now offers courses in 16 major fields of study in the liberal arts, business and teacher training. With further enrollment growth the curriculum is expected to expand along the lines of the other state colleges and to develop special emphasis in engineering and the physical and biological sciences.

ANALYSIS

The amount of \$2,277,891 is requested for support of continuing operations for Alameda in 1963-64. Total proposed expenditures, including \$23,301 for program augmentations, amount to \$2,301,192. This is an increase of \$659,036 or 40.1 percent over estimated expenditures for 1962-63. Net cost per FTE unit of enrollment is budgeted to decrease from \$1,642 to \$1,456, a reduction of \$186 or 11.3 percent.

A total of 121.5 new positions are included in the budget for continuing operations for 1963-64. Of these 31.9 are new teaching positions based upon the faculty staffing formula and 58.3 are for plant operation in connection with the scheduled move to permanent buildings on the new site in the fall of 1963.

We recommend approval of this item in the amount budgeted.

**California State Colleges
CHICO STATE COLLEGE**

ITEM 106 of the Budget Bill

Budget page 252

**FOR SUPPORT OF CHICO STATE COLLEGE
FROM THE GENERAL FUND**

Amount requested	\$4,289,621
Program augmentation (included in item 102)	29,792
Total	\$4,319,413
Estimated to be expended in 1962-63 fiscal year	4,131,302
Increase (4.4 percent)	\$188,111
TOTAL RECOMMENDED REDUCTION	\$8,867

Summary of Recommended Reductions

	<i>Amount</i>	<i>Page</i>	<i>Line</i>
1.4 Teacher (agriculture)	\$8,867	253	45

**Chico State College—Continued
GENERAL SUMMARY**

Chico State College is the second oldest of the California State Colleges having been founded in 1887. It has been operated as a four-year college serving the northeastern counties with emphasis upon teacher education, occupational training and the liberal arts since 1924. Located in the City of Chico, it has a general campus of 90 acres plus a college farm of 645 acres. This campus is expected to serve an ultimate FTE enrollment of 12,000.

Although close to 50 percent of its students are enrolled in various teacher education programs, the college is developing an increasingly broad program of liberal arts and occupational instruction. Among its other principal curricula are industrial arts, foreign languages, business, and physical education. In addition, its agricultural curriculum has been expanded recently from a two-year lower division program to a four-year program centered about the college farm.

Total enrollment for 1963-64 is expected to rise from 3,290 FTE to 3,500 FTE for an increase of 210 or 6.4 percent. Enrollment in agriculture is expected to increase by 10 FTE or 8.3 percent. Other workload increases are related to curriculum expansion and the opening of a new education-psychology building.

ANALYSIS

The 1963-64 budget for Chico State College for continuing operations is \$4,289,621. Total proposed expenditures, including program augmentations of \$29,792, amount to \$4,319,413. This is an increase of \$188,111 or 4.4 percent over estimated expenditures for 1962-63. With an estimated enrollment gain of 210, net cost per student for the general and professional divisions is expected to decline from \$1,290 to \$1,261, while net cost per student in agriculture is expected to increase from \$3,632 to \$5,321, a rise of 46.5 percent.

We recommend deletion of 1.4 proposed new teaching positions for agriculture for a reduction in personal services of \$8,867.

The 1963-64 budget includes 2.4 proposed new positions for the agricultural curriculum although enrollment in agriculture is expected to increase by only 10 FTE. This amounts to an increase of one teacher per 4.2 FTE as compared with a systemwide ratio of one teaching position for every 16.3 FTE students. It should also be observed that total expenditures for agriculture at Chico are expected to rise to the level of \$5,321 per FTE as compared with \$3,305 per FTE for agriculture at Fresno State College.

One new position should be sufficient for the projected enrollment increase. Any planned expansion of the agricultural curriculum should either await further enrollment growth or be offset by a reduction of existing courses.

We recommend approval of this item in the reduced amount of \$4,280,754.

**California State Colleges
FRESNO STATE COLLEGE**

ITEM 107 of the Budget Bill

Budget page 255

**FOR SUPPORT OF FRESNO STATE COLLEGE
FROM THE GENERAL FUND**

Amount requested	\$6,674,021
Program augmentation (included in item 102)	39,023
Total	\$6,713,044
Estimated to be expended in 1962-63 fiscal year	6,568,846
Increase (2.2 percent)	\$144,198
TOTAL RECOMMENDED REDUCTION	\$9,202

Summary of Recommended Reductions

	<i>Amount</i>	<i>Page</i>	<i>Line</i>
1.3 Teachers—agriculture	\$8,242	256	56
Health service expense	960	257	15

GENERAL SUMMARY

Fresno State College, established in 1911 to serve the southern San Joaquin Valley, is a fully accredited five-year college for undergraduate and graduate instruction through the master's degree. The college is located on a 1,410-acre site which includes a 220-acre academic campus and a 1,190-acre college farm. Ultimate FTE enrollment on this site is expected to reach 20,000. The most important areas of instruction in terms of enrollment are teacher training, business, engineering and agriculture. Fresno State College also operates an offcampus center in Bakersfield for courses in elementary education.

Increased workload for the budget year is attributable chiefly to increased enrollment. FTE enrollment for 1963-64 is expected to reach a total of 5,910 for an increase of 410, or 7.5 percent, over the 1962-63 estimate.

ANALYSIS

An amount of \$6,674,021 is requested for support of continuing operations at Fresno State College for 1963-64. Total proposed expenditures, including \$39,023 for program augmentations, amount to \$6,713,044. This represents an increase of \$144,198, or 2.2 percent, over estimated expenditures for 1962-63. Net cost per FTE unit of enrollment is expected on this basis to decrease from \$1,178 to \$1,113 for the general and professional divisions and increase from \$3,217 to \$3,305 for the agricultural division.

We recommend a reduction of 1.3 teaching positions in agriculture for a reduction of \$8,242.

No increase in agricultural enrollment is expected for 1963-64, therefore any new teaching positions in this area must be justified under the faculty staffing formula on the basis of an expanded curriculum. We believe, however, that it is incumbent upon the college to curtail existing courses to offset the addition of new courses when there is little or no increase in enrollment. Otherwise class sizes would be permitted to fall to a point which would cause the staffing formula to become unjustifiably costly and impossible to maintain. We believe,

Fresno State College—Continued

therefore, that only one new teaching position should be sufficient to permit any necessary curriculum adjustments.

We recommend a reduction of \$960 in health service expense.

Consistent with our report on the state college student health services, we believe that the allowance for health service operating expense should be maintained at the level of \$3 per regular student which in this case would be \$17,040 rather than the \$18,000 requested.

We recommend approval of this item in the reduced amount of \$6,664,819.

**California State Colleges
HUMBOLDT STATE COLLEGE**

ITEM 108 of the Budget Bill

Budget page 258

**FOR SUPPORT OF HUMBOLDT STATE COLLEGE
FROM THE GENERAL FUND**

Amount requested -----	\$3,522,678
Program augmentation (included in item 102) -----	17,346
Total -----	\$3,540,024
Estimated to be expended in 1962-63 fiscal year -----	3,399,182
Increase (4.1 percent) -----	\$140,842
TOTAL RECOMMENDED REDUCTION -----	\$1,030

Summary of Recommended Reductions

	<i>Amount</i>	<i>Budget Page</i>	<i>Line</i>
Health service expense -----	\$1,030	259	49

GENERAL SUMMARY

Humboldt State College, located on a 72-acre campus in Arcata, serves the northwestern counties of the State. Established in 1913, Humboldt became a four-year state college in 1921. Although enrollment growth has been relatively slow, the college is to be master planned for an ultimate FTE enrollment of 12,000. The instructional program follows the general state college pattern of teacher education, liberal arts and occupational training with special emphasis, due to its location, in natural resources including vocational training in fisheries, game and forestry management.

For 1963-64 FTE enrollment is expected to increase from 1,950 to 2,060, a growth of 110 students or 5.6 percent.

ANALYSIS

The 1963-64 support budget for continuing operations for Humboldt State College amounts to \$3,522,678. Total proposed expenditures, including \$17,346 for program augmentations, amount to \$3,540,024 for an increase of \$140,842 or 4.1 percent over estimated expenditures for 1962-63. Net cost per FTE unit of enrollment is expected to decrease from \$1,743 to \$1,718 for a reduction of \$25 or 1.4 percent.

The principal area of increased expenditure is personal services. A total of 5.6 new positions are proposed for 1963-64 at a salary cost of \$29,845, and salary savings are to be reduced by \$41,727.

We recommend a reduction of \$1,030 for health service expense.

Education**Item 109****Humboldt State College—Continued**

In accordance with our report on the student health services on page 251 of this analysis, we believe that the allowance for operating expense should be maintained at the level of \$3 per regular student.

We recommend approval of this item in the reduced amount of \$3,521,648.

**California State Colleges
LONG BEACH STATE COLLEGE**

ITEM 109 of the Budget Bill**Budget page 260**

**FOR SUPPORT OF LONG BEACH STATE COLLEGE
FROM THE GENERAL FUND**

Amount requested	\$8,696,322
Program augmentation (included in item 102)	212,435
Total	\$8,908,757
Estimated to be expended in 1962-63 fiscal year	8,033,288
Increase (10.9 percent)	\$875,469
TOTAL RECOMMENDED REDUCTION	\$4,060

Summary of Recommended Reductions

	<i>Amount</i>	<i>Page</i>	<i>Line</i>
Health service expense	\$4,060	261	70

GENERAL SUMMARY

Long Beach State College was founded in 1959 with the primary purpose of meeting the need for teacher training in southeast Los Angeles County. Located on a 320-acre site donated by the City of Long Beach, the college has since developed an extensive instructional program which includes engineering, social sciences, industrial arts, the physical sciences, and business. Long Beach, because of its location has been among the most rapidly growing state colleges.

Ultimate enrollment is planned at 20,000 FTE as for the other colleges located in or near rapidly growing metropolitan areas. For 1963-64 FTE enrollment is expected to reach 9,250 for an increase of 810 FTE or 9.6 percent.

ANALYSIS

For 1963-64 an amount of \$8,696,322 is budgeted for continuing operations. Total proposed expenditures, including program augmentations at a cost of \$212,435, amount to \$8,908,757. This is an increase of \$875,469 or 10.9 percent over estimated expenditures for the current fiscal year. Net cost per FTE unit of enrollment is expected to increase from \$952 to \$963 or 1.2 percent.

We recommend a reduction of \$4,060 in health service expense.

Consistent with our report on the state college student health services on page 251, we believe that the allowance for health service operating expense should be maintained at the level of \$3 per regular student.

We recommend approval of this item in the reduced amount of \$8,692,262.

California State Colleges

LOS ANGELES STATE COLLEGE OF APPLIED ARTS AND SCIENCES

ITEM 110 of the Budget Bill

Budget page 262

FOR SUPPORT OF LOS ANGELES STATE COLLEGE
OF APPLIED ARTS AND SCIENCES
FROM THE GENERAL FUND

Amount requested	\$10,435,152
Program augmentation (included in item 102)	431,365
Total	\$10,866,517
Estimated to be expended in 1962-63 fiscal year	9,722,368
Increase (11.8 percent)	\$1,144,149

TOTAL RECOMMENDED REDUCTION..... None

GENERAL SUMMARY

Los Angeles State College although established as recently as 1947 is the second largest of the California State Colleges. It also offers one of the most comprehensive instructional programs for undergraduate and graduate students through the master's degree in the liberal arts and sciences, teacher training and other applied and preprofessional fields. Special emphasis has been developed in mathematics, physics, chemistry, business, special education and industrial arts. The teacher training program is one of the largest in the country and the graduate program, which accounts for about 35 percent of enrollment, is the largest of the California State Colleges.

The Los Angeles State College campus is only 96 acres in area but is planned for a capacity enrollment of 16,800 FTE. FTE enrollment for 1963-64 is expected to grow from 10,740 to 11,720 for an increase of 980 or 9.1 percent.

ANALYSIS

An amount of \$10,435,152 is budgeted for support of continuing operations for Los Angeles State College for 1963-64. With the addition of \$431,365 for program augmentations, total expenditures of \$10,866,517 are proposed. This is an increase of \$1,144,149, or 11.8 percent over estimated expenditures for 1962-63. Net cost per FTE unit of enrollment is expected on this basis to increase from \$905 to \$927, a rise of 2.4 percent.

We recommend approval of this item in the amount budgeted.

**California State Colleges
ORANGE STATE COLLEGE**

ITEM 111 of the Budget Bill

Budget page 265

**FOR SUPPORT OF ORANGE STATE COLLEGE
FROM THE GENERAL FUND**

Amount requested	\$2,472,609
Program augmentation (included in item 102)	98,634
Total	\$2,571,243
Estimated to be expended in 1962-63 fiscal year	1,794,086
Increase (43.3 percent)	\$777,157

TOTAL RECOMMENDED REDUCTION None

GENERAL SUMMARY

Orange State College was established in 1957 under Chapter 1681, Statutes of 1957, to serve portions of Orange, Riverside and Los Angeles Counties. The first classes were held in rented facilities in 1959. In the fall of 1960 the college opened classes in temporary buildings on its own new 226-acre campus in Fullerton. The first permanent structure, a science building, is scheduled for completion and occupancy in the fall of 1963. The new campus is expected to grow to 240 acres and provide for a master plan enrollment of 20,000.

At present the college is limited to upper division instruction and offers courses in business administration, education, science, social science, and fine arts. Lower division instruction is to begin in the fall of 1963 with admission of a freshman class of up to 300 FTE. This action has been approved by the Co-ordinating Council for Higher Education with the stipulation that admission requirements reflect at the outset the standards recommended in the 1960 Master Plan for Higher Education.

The workload budget for 1963-64 reflects an estimated enrollment growth from 1,380 FTE to 2,020 FTE based in large part upon the initiation of lower-division instruction and the opening of the new science building.

ANALYSIS

The amount of \$2,472,609 is budgeted for support of continuing operations for Orange State College for 1963-64. Total expenditures, including \$98,634 for program augmentations, are budgeted at \$2,571,243. This is an increase of \$777,157, or 43.3 percent, over estimated expenditures for the current year. Based upon an enrollment increase of 640, net cost per FTE unit of enrollment is expected to decrease from \$1,300 to \$1,273, a reduction of 2.1 percent.

We recommend approval of this item in the amount budgeted.

**California State Colleges
SACRAMENTO STATE COLLEGE**

ITEM 112 of the Budget Bill

Budget page 267

**FOR SUPPORT OF SACRAMENTO STATE COLLEGE
FROM THE GENERAL FUND**

Amount requested	\$5,364,335
Program augmentation (included in item 102)	30,954
Total	\$5,395,289
Estimated to be expended in 1962-63 fiscal year	5,169,333
Increase (4.4 percent)	\$225,956

TOTAL RECOMMENDED REDUCTION..... None

GENERAL SUMMARY

Sacramento State College was established in 1947 to serve the 13 counties of the southern Sacramento Valley and central mountain regions. The college offers a variety of undergraduate and masters' degree programs in liberal arts and occupational curricula in addition to teacher education programs. The college's 268-acre campus is currently planned for an ultimate FTE enrollment of 20,000. The principal source of increased workload for 1963-64 will be an enrollment growth from 4,780 FTE to 5,090 FTE, an increase of 310 FTE, or 6.5 percent.

ANALYSIS

The amount of \$5,364,335 is requested for support of continuing operations for Sacramento State College for 1963-64. Total expenditures, including \$30,954 for program augmentations, are budgeted at \$5,395,289 for an increase of \$225,956, or 4.4 percent over estimated expenditures for 1962-63. Based on an estimated enrollment growth of 310, net cost per FTE unit of enrollment is expected to decrease from \$1,081 to \$1,060, a reduction of 1.9 percent.

We recommend approval of this item in the amount budgeted.

**California State Colleges
SAN BERNARDINO-RIVERSIDE STATE COLLEGE**

ITEM 113 of the Budget Bill

Budget page 269

**FOR SUPPORT OF SAN BERNARDINO-RIVERSIDE STATE
COLLEGE FROM THE GENERAL FUND**

Amount requested	\$207,849
Program augmentation (included in item 102)	104,186
Total	\$312,035
Estimated to be expended in 1962-63 fiscal year	167,760
Increase (86 percent)	\$144,275

TOTAL RECOMMENDED REDUCTION..... None

GENERAL SUMMARY

San Bernardino-Riverside State College is one of the two new state colleges authorized in 1960 (Chapter 64, Statutes of 1960 First Extraor-

San Bernardino-Riverside State College—Continued

dinary Session). It is now intended that a site for this college will be selected during the current fiscal year and that the college will open in temporary facilities on its permanent site in the fall of 1965.

Funds for a preliminary planning staff were first appropriated in 1961-62. Appropriations for 1962-63 provided for four additional positions in the expectation that the college would open in the fall of 1964 rather than 1965 as now planned. The planning staff now includes three administrative positions, four instructional positions, one position for student affairs and seven technical and clerical positions.

ANALYSIS

An amount of \$207,849 is requested for support of continuing planning operations for San Bernardino-Riverside State College for 1963-64. Including program augmentations total proposed expenditures amount to \$312,035, for an increase of \$144,275 or 86 percent over 1962-63. This item provides for two new planning positions: a building co-ordinator and one clerical position.

We recommend approval in the amount budgeted.

**California State Colleges
SAN DIEGO STATE COLLEGE**

ITEM 114 of the Budget Bill

Budget page 271

**FOR SUPPORT OF SAN DIEGO STATE COLLEGE
FROM THE GENERAL FUND**

Amount requested	\$10,516,390
Program augmentations (included in item 102)	154,665
Total	\$10,671,055
Estimated to be expended in 1962-63 fiscal year	9,737,842
 Increase (9.6 percent)	 \$933,213

TOTAL RECOMMENDED REDUCTION None

GENERAL SUMMARY

San Diego State College was founded in 1897 and has served the State's southernmost counties as a four-year college since 1931. Its campus now includes 269 acres and is planned for a capacity of 20,000 students. The college offers undergraduate programs in arts and sciences, business administration, education, engineering and the humanities. Under the state college master curricular plan it is expected to emphasize engineering, fine arts, business, and the physical sciences. San Diego also offers an extensive graduate program leading to the master of arts and master of science degrees and may be one of the first state colleges to offer a joint doctoral degree with the University of California. In addition, it operates an off-campus center in the Imperial Valley for resident courses in elementary education.

The principal element of increased workload for 1963-64 is an estimated FTE enrollment increase of 860, or 8.5 percent, over 1962-63 enrollment of 10,140 FTE.

San Diego State College—Continued
ANALYSIS

The amount of \$10,516,390 is requested for support of continuing operations for San Diego State College for 1963-64. Total expenditures, including \$154,665 for program augmentations, are budgeted at \$10,-671,065 for an increase of \$933,213 or 9.6 percent over estimated expenditures for 1962-63. Based on an estimated enrollment growth of 860, net cost per FTE unit of enrollment is expected to increase from \$953 to \$968, an increase of 1.6 percent.

We recommend approval in the amount budgeted.

California State Colleges

SAN FERNANDO VALLEY STATE COLLEGE

ITEM 115 of the Budget Bill

Budget page 273

FOR SUPPORT OF SAN FERNANDO VALLEY STATE COLLEGE
FROM THE GENERAL FUND

Amount requested	\$6,825,723
Program augmentation (included in item 102)	59,850
Total	\$6,885,573
Estimated to be expended in 1962-63 fiscal year	5,913,495
Increase (16.4 percent)	\$972,078

TOTAL RECOMMENDED REDUCTION None

GENERAL SUMMARY

San Fernando Valley State College was established a separate state college in 1958 to serve the area which includes the San Fernando Valley portion of Los Angeles County, Ventura County and the southern parts of Santa Barbara and Kern Counties. Located on a 240-acre campus in Northridge which has been master planned to accommodate an FTE enrollment of 20,000, the college continues to be one of the fastest growing of the California State Colleges.

San Fernando Valley State College offers a broad program in the liberal arts, teacher training and other occupational and preprofessional fields with particular emphasis upon engineering, art, music and drama. In relation to its present size, the college also has one of the largest master's degree programs among the state colleges.

Enrollment growth will be the principal element of workload increase for 1963-64. Enrollment is expected to reach 6,840 FTE for an increase of 16.7 percent over the 5,860 FTE estimate for 1962-63.

ANALYSIS

An amount of \$6,825,723 is budgeted for support of San Fernando Valley State College for continuing operations in 1963-64. Total proposed expenditures, including \$59,850 for program augmentations, amount to \$6,885,573. This is an increase of \$972,078, or 16.4 percent, over estimated expenditures for the current year. Based on an estimated enrollment gain of 980, net cost per FTE unit of enrollment is expected to decrease from \$1,009 to \$1,007.

We recommend approval of this item in the amount budgeted.

**California State Colleges
SAN FRANCISCO STATE COLLEGE**

ITEM 116 of the Budget Bill

Budget page 276

**FOR SUPPORT OF SAN FRANCISCO STATE COLLEGE
FROM THE GENERAL FUND**

Amount requested	\$10,374,610
Program augmentation (included in item 102)	81,816
Total	\$10,456,426
Estimated to be expended in 1962-63 fiscal year	9,907,118
Increase (5.5 percent)	\$549,308
TOTAL RECOMMENDED REDUCTION	\$3,760

Summary of Recommended Reductions

	<i>Amount</i>	<i>Budget Page</i>	<i>Line</i>
Health service expense	\$3,760	277	79

GENERAL SUMMARY

San Francisco State College, located on a 98-acre campus in the Lake Merced area, is one of the oldest and largest of the state colleges. It offers a broad undergraduate program in liberal arts, teacher training and preprofessional and occupational training with special emphasis on foreign languages, the fine arts, business, and social sciences. It also offers an extensive graduate program for the master's degree and a downtown center for extension services which include the school of world business.

Because of site limitations, San Francisco State College is expected to have an ultimate FTE enrollment of 12,000, a figure which it may reach within the next five years. FTE enrollment for 1963-64 is expected to reach 10,750 for an increase of 580, or 5.7 percent, over 1962-63.

ANALYSIS

An amount of \$10,374,610 is budgeted for support of San Francisco State College for continuing operations in 1963-64. Total proposed expenditures, including \$81,816 for program augmentations, amount to \$10,456,426. This is an increase of \$549,308, or 5.5 percent, over estimated expenditures for the current year. Based on an estimated enrollment gain of 580, net cost per FTE unit of enrollment is expected to decrease from \$974 to \$973.

We recommend a reduction in health service expense of \$3,760.

Consistent with our report on student health services, we believe that the allowance for health service operating expense should be maintained at the level of \$3 per regular student. Based on 10,620 regular students for 1963-64, this would amount to \$31,860 rather than the amount of \$35,620 budgeted.

We recommend approval of this item in the reduced amount of \$10,370,850.

**California State Colleges
SAN JOSE STATE COLLEGE**

ITEM 117 of the Budget Bill

Budget page 279

**FOR SUPPORT OF SAN JOSE STATE COLLEGE
FROM THE GENERAL FUND**

Amount requested -----	\$13,882,770
Program augmentations (included in item 102) -----	169,731
Total -----	\$14,052,501
Estimated to be expended in 1962-63 fiscal year -----	13,069,906
Increase (7.5 percent) -----	\$982,595

TOTAL RECOMMENDED REDUCTION ----- None

GENERAL SUMMARY

San Jose State College is the oldest public institution of higher education in California, having been established in 1857. It is also the largest of the California State Colleges. Its curriculum includes 104 undergraduate majors leading to baccalaureate degrees, five three-year preprofessional curricula, and 43 majors leading to master's degrees. Special emphasis has been developed in the creative arts, biological sciences, mathematics, business, industrial arts and engineering.

Although the present campus in central San Jose is now only 108 acres, the college is to be planned for an ultimate FTE enrollment of 20,000. For 1963-64 FTE enrollment has been estimated at 14,610 for an increase of 940, or 6.8 percent, over estimated enrollment for the current year of 13,670 FTE.

ANALYSIS

The amount of \$13,882,770 is requested for support of continuing operations for San Jose State College in 1963-64. Proposed total expenditures, including \$169,731 for program augmentations, amount to \$14,052,501 which is an increase of \$982,595 or 7.5 percent over estimated expenditures for the current year. With an estimated enrollment gain of 940 or 6.9 percent, net cost per FTE unit of enrollment is expected to rise from \$956 to \$962, an increase of 0.6 percent.

In addition to the proposed program augmentations, the principal area of increase is in personal services for which a workload increase of \$1,002,314, or 7.5 percent, is budgeted.

We recommend approval of this item in the amount budgeted.

**California State Colleges
SONOMA STATE COLLEGE**

ITEM 118 of the Budget Bill

Budget page 281

**FOR SUPPORT OF SONOMA STATE COLLEGE
FROM THE GENERAL FUND**

Amount requested -----	\$923,938
Program augmentation (included in item 102) -----	104,310
Total -----	\$1,028,248
Estimated to be expended in 1962-63 fiscal year -----	734,599
Increase (39.5 percent) -----	\$293,649
TOTAL RECOMMENDED REDUCTION -----	\$30,340

Summary of Recommended Reductions

	<i>Amount</i>	<i>Page</i>	<i>Line</i>
1.5 Intermediate typist-clerk -----	\$6,120	27	282
2.0 Student assistance -----	6,400	28	282
Library expense -----	7,020	78	282
Library books -----	10,800	79	282

GENERAL SUMMARY

Sonoma State College, established under Chapter 66, Statutes of 1960, First Extraordinary Session, is the most recently opened California state college. The college was opened for its first students in the fall of 1961 in rented facilities with a program limited to upper division and graduate curricula in elementary education, language arts and social sciences. With the approval of the Coordinating Council, the college admitted its first freshman class in the fall of 1962 although it is not scheduled to move to its permanent site until the fall of 1965.

The permanent site is to be planned for an FTE enrollment capacity of 12,000. Special emphasis is to be developed in a broad range of teacher education in addition to strong curricula in the liberal arts and sciences. Enrollment for 1963-64, the third year of operation, is expected to reach 450 FTE, an increase of 150 over the estimate for the current year.

ANALYSIS

The amount of \$923,938 is budgeted for support of continuing operations for Sonoma State College for 1963-64. Total budgeted expenditures amount to \$1,028,248, including program augmentations of \$104,310. This represents an increase of \$293,649 or 39.5 percent over estimated expenditures for 1962-63. On the basis of an enrollment increase of 150, net cost per FTE unit of enrollment is expected to decrease from \$2,449 to \$2,284, or 6.7 percent.

We recommend a reduction of \$30,340 in library support, including a reduction of 3.5 clerical and student assistance positions for a reduction of \$12,520 in personal services, \$7,020 in library expense, and \$10,800 for library books.

The 1963-64 continuing operations budget for Sonoma State College includes a total of \$30,340 for library support. As discussed under the program augmentations item, there is also an amount of \$110,000 included in 1963-64 capital outlay funds and an amount of \$91,200 under

Sonoma State College—Continued

program augmentations which are intended to provide approximately 19,000 volumes. The amounts in capital outlay and in program augmentations will bring the Sonoma library up to the level of 50,000 volumes in accordance with the Trustees' recommendation to provide a collection of that size for each new college.

We see no justification for providing additional library support under the continuing operations budget which would go beyond the 50,000 volumes otherwise provided.

We therefore recommend approval of this item in the reduced amount of \$893,598.

**California State Colleges
SOUTH BAY STATE COLLEGE**

ITEM 119 of the Budget Bill

Budget page 283

**FOR SUPPORT OF SOUTH BAY STATE COLLEGE
FROM THE GENERAL FUND**

Amount requested -----	\$213,587
Program augmentation (included in item 102) -----	104,186
Total -----	\$317,773
Estimated to be expended in 1962-63 fiscal year -----	\$165,342
Increase (92.2 percent) -----	\$152,431
TOTAL RECOMMENDED REDUCTION -----	None

GENERAL SUMMARY

South Bay State College is the second of the two new state colleges authorized in 1960 (Chapter 65, Statutes of 1960 First Extraordinary Session). It is now intended that a site for the new college will be selected by the Trustees during the current fiscal year and that the college will open in temporary facilities on its permanent site in the fall of 1965. The college is expected to have an ultimate FTE enrollment of 20,000.

Funds for a preliminary planning staff of 12 positions were first appropriated for 1961-62. Appropriations for 1962-63 provided for four additional positions in the expectation that the college would open in the fall of 1964 rather than 1965 as now planned. The planning staff now includes positions for a president, executive dean, business manager, dean of instruction, two division chairmen, a librarian, a dean and associate dean of students, and seven technical and clerical personnel.

ANALYSIS

An amount of \$213,587 is requested for support of continuing planning operations for South Bay State College in 1963-64. Total proposed expenditures, including \$104,186 for proposed program augmentations, amount to \$317,773, which is an increase of \$152,431, or 92.2 percent, over estimated expenditures for 1962-63.

Aside from the proposed program augmentations, this increase is due principally to a reduction in salary savings and the addition of a building program co-ordinator with one clerical position.

We recommend approval of this item in the amount budgeted.

**California State Colleges
STANISLAUS STATE COLLEGE**

ITEM 120 of the Budget Bill

Budget page 285

**FOR SUPPORT OF STANISLAUS STATE COLLEGE
FROM THE GENERAL FUND**

Amount requested	\$780,798
Program augmentation (included in item 102)	15,706
Total	\$796,504
Estimated to be expended in 1962-63 fiscal year	871,251
Decrease (8.6 percent)	\$74,747
TOTAL RECOMMENDED REDUCTION	\$21,534

Summary of Recommended Reductions

	<i>Amount</i>	<i>Budget Page</i>	<i>Line</i>
2.0 Junior-intermediate typist-clerk	\$9,014	285	63
0.2 Student assistance	640	285	64
Library expense	4,680	286	16
Library books	7,200	286	17

GENERAL SUMMARY

Stanislaus State College was authorized in 1959 (Chapter 2172, Statutes of 1959) and admitted its first students in September, 1960, in rented facilities on the fairgrounds in Turlock. The college will continue to operate in these temporary facilities during 1963-64 with the move to its permanent 220-acre site north of Turlock scheduled for 1964-65. Ultimate enrollment for this college is planned at 12,000 FTE.

The curriculum is limited to upper-division programs with emphasis upon teacher training. For the 1962-63 budget, enrollment was estimated at 400 FTE. This subsequently has been reduced to 300 FTE and no increase is projected for 1963-64.

ANALYSIS

An amount of \$780,798 is budgeted for support of continuing operations for 1963-64 at Stanislaus State College. Total budgeted expenditures, including \$15,706 for program augmentations, amount to \$796,504. This is a reduction of \$74,747, or 8.6 percent, as compared with estimated expenditures for 1962-63. With no increase in enrollment expected, net cost per FTE unit of enrollment will on this basis decrease from \$2,904 to \$2,655, a reduction of \$249, or 8.6 percent.

We recommend a reduction of \$21,534 in library support expenditures, including 2.2 clerical and student assistance positions for a reduction of \$9,654 in personal services, \$7,200 for library books and \$4,680 for library expense.

The 1963-64 continuing operations budget for Stanislaus State College includes a total of \$28,205 for library support. In addition, as discussed under program augmentations, an amount of \$11,500 is provided in 1963-64 capital outlay funds for library books and a total of \$9,120 is provided in support funds to meet the cost of processing those books. The amounts in capital outlay and program augmentation will bring Stanislaus up to the level of 50,000 volumes as recommended by the Trustees for an initial complement of books for a new college.

Stanislaus State College—Continued

We see no justification therefore for providing additional support funds in the continuing operations budget which would go beyond the 50,000 volumes otherwise provided. The proposed reduction will leave one proposed new librarian II position which is not directly related to the additional book processing workload.

We recommend approval of this item in the reduced amount of \$759,264.

California State Colleges

CALIFORNIA STATE POLYTECHNIC COLLEGE

ITEM 121 of the Budget Bill

Budget page 287

FOR SUPPORT OF CALIFORNIA STATE POLYTECHNIC COLLEGE FROM THE GENERAL FUND

Amount requested	\$10,420,730
Program augmentation (included in Item 102)	148,986
Total	\$10,569,716
Estimated to be expended in 1962-63 fiscal year	9,730,779
Increase (8.6 percent)	\$838,937

TOTAL RECOMMENDED REDUCTION None

GENERAL SUMMARY

California State Polytechnic College, including both the San Luis Obispo campus and the more recent Kellogg-Voorhis campus, serves the entire state with an instructional program emphasizing occupational programs in agriculture, business and engineering. The San Luis Obispo campus has the largest agricultural program and second largest engineering program in terms of enrollment in 11 western states.

The college has been master planned for an ultimate enrollment of 12,000 at the San Luis Obispo campus and 20,000 at the Kellogg-Voorhis campus. The combined enrollment is expected to increase by 905 FTE for 1963-64, a growth of approximately 10 percent.

ANALYSIS

An amount of \$10,420,730 is budgeted for support of continuing operations for both campuses of California State Polytechnic College for 1963-64. Total proposed expenditures, including \$148,986 for program augmentations, amount to \$10,569,716. This is an increase of \$838,937, or 8.6 percent over estimated expenditures for 1962-63. Net cost per FTE is expected to decrease from \$1,144 to \$1,101 for the Kellogg-Voorhis campus and increase from \$1,068 to \$1,072 at the San Luis Obispo campus.

We recommend approval of this item in the amount budgeted.

**Department of Education
CALIFORNIA MARITIME ACADEMY**

ITEM 122 of the Budget Bill

Budget page 291

**FOR SUPPORT OF THE CALIFORNIA MARITIME ACADEMY
FROM THE GENERAL FUND**

Amount requested	\$474,026
Estimated to be expended in 1962-63 fiscal year	462,550
 Increase (2.5 percent)	 \$11,476
TOTAL RECOMMENDED REDUCTION	\$4,000

Summary of Recommended Reductions

	Amount	Page	Budget Line
Fuel oil (ship operation)	\$4,000	292	36

GENERAL SUMMARY

The California Maritime Academy, established in 1929, is one of five state and federal Merchant Marine academies in the United States. The academy is directed by a board of governors within the State Department of Education. The board includes the State Director of Education as *ex officio* member and four other members appointed by the Governor. The board appoints the superintendent with the approval of the Secretary of the Navy.

The academy's primary purpose is to train young men to become licensed officers aboard United States merchant ships. Candidates are selected by competitive examination and appointed according to senatorial and assembly districts or by the Governor. The program is three years in length and culminates in a United States Coast Guard license examination for deck or engineering officers. The Bachelor of Science degree is awarded upon successful completion of the license examination. The academic year consists of three terms, including two terms of shore instruction and one term of sea training.

The Federal Maritime Administration assists in the support of the academy under the Maritime Academy Act of 1958 with an annual grant of \$75,000 plus \$400 to the academy for subsistence for each eligible student. In addition, the Federal Maritime Administration provides the training ship and an amount of \$50,000, which is not shown in this budget, for its annual overhaul and major repair.

ANALYSIS

The amount budgeted for 1963-64 for the California Maritime Academy is \$474,026. This represents an increase of \$11,476, or 2.5 percent over estimated expenditures for the current fiscal year. Based upon an enrollment estimate of 250 students this amounts to a net cost to the State of \$1,896 per student. No new positions are requested for 1963-64. The principal area of increased cost is instruction, including instructional supplies and equipment, based on a small increase in enrollment, and library support.

We recommend a reduction of \$4,000 in the amount of operating expense allotted to fuel oil for the training ship.

California Maritime Academy—Continued

Fuel oil is budgeted at \$25,000, the same amount as for the current year. The principal factor in determining the required supply is the length of the annual sea training cruise. An accepted schedule of cruises has been developed on a three-year cycle so that the cruise scheduled for 1963-64 will be to the mid-Pacific Ocean area, just as in 1960-61. For the same cruise in 1960-61, however, mileage was estimated at 8,774 miles whereas the estimate for 1963-64 is 10,900 miles. The difference at .8 barrels of fuel oil per mile is 1,724 barrels of fuel oil. At a budgeted cost of \$2.32 per barrel this increase amounts to an increased cost of \$3,999.

In the absence of adequate justification for extending the regular cruise, we believe that this allowance should be reduced to the previous level and the expenditure reduced by \$4,000. *We therefore recommend approval of this item in the reduced amount of \$470,026.*

STATE SCHOLARSHIP COMMISSION

ITEM 123 of the Budget Bill

Budget page 293

**FOR SUPPORT OF THE STATE SCHOLARSHIP COMMISSION
FROM THE GENERAL FUND**

Amount requested	\$3,041,188
Estimated to be expended in 1962-63 fiscal year	2,417,359

Increase (25.8 percent)	\$623,829
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TOTAL RECOMMENDED REDUCTION	\$11,050
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Summary of Recommended Reductions

	<i>Amount</i>	<i>Budget</i>	
		<i>Page</i>	<i>Line</i>
Agricultural scholarship program			
Agriculture scholarship awards	\$6,000	293	81
Specialized agricultural testing program	2,500	293	82
Academic and need evaluation, agriculture	300	293	79
Related clerical and operational expense	2,250	293	--

GENERAL SUMMARY

The competitive scholarship program, and the State Scholarship Commission, are authorized by Chapter 3, Division 22 of the Education Code, commencing at Section 31201. The State Scholarship Commission is composed of nine members appointed by the Governor; it administers the statewide program of competitive scholarships. The intention of the program has been to enable California's academically qualified students, who in many instances would otherwise not have been able to make a selection, to attend the California college or university of their choice.

Scholarships are granted on the basis of (1) a competitive examination given to all applicants; (2) demonstrated financial need; and (3) additional requirements pertaining to residence, good citizenship, etc. Academic aptitude is measured by the scholastic aptitude test of the College Entrance Examination Board. Need for financial assistance is determined by a need evaluation system and by the judgment of college admissions and scholarship directors engaged by the commission.

State Scholarship Commission—Continued

The scholarships are annual awards, capable of renewal for a total of not to exceed four years or until completion of an 8-semester or 12-quarter undergraduate course, whichever is the earlier. The recipient may apply his award at any California institution which has been accredited by the Western Association of Schools and Colleges. The present statutory limit on the number of scholarships to be awarded is 5,120; this figure was established by the 1960 Legislature. This total will be reached in increments of 640 additional scholarships each year. For 1963-64, therefore, the total number which shall be available is 4,480; the statutory maximum number will be reached in 1964-65. The awards range in value from \$300 to \$900 per year in steps of \$100, but in no case will an award exceed the recipient's tuition and fees. For those recipients who elect to attend a junior college first, the commission holds their awards in trust until they transfer from the junior college to the institution of their choice.

The percentage of awards by the class level of the applicants for the 1961-62 and 1962-63 academic years is as follows:

<i>Level</i>	<i>Percentage of the Total Group</i>	
	1961-62	1962-63
High school seniors -----	42.7	40.8
Freshmen -----	21.4	28.9
Sophomores -----	21.1	15.6
Juniors -----	14.8	14.7
	<u>100.0</u>	<u>100.0</u>

As noted above, one of the primary purposes of the program is the encouragement of student attendance at the colleges or universities of their choice; implicit in this is the subsequent relief of state expenditures for the construction and support of state supported institutions of higher learning. The following reflects the distribution of attendance by type of institution.

<i>Type</i>	<i>Percent of the Total Group</i>		
	1960-61	1961-62	1962-63
Independent colleges -----	67.0	65.8	67.6
University of California -----	28.9	29.3	27.3
State colleges -----	4.1	4.9	5.1
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Agricultural Scholarship Awards

The State Scholarship Commission also administers a program of scholarship awards in the field of agriculture, as authorized in Chapter 3.5 of Division 22 of the Education Code. Under this authorization a maximum of 400 awards was established, to be available in annual increments of 100. These awards, with purposes different from the general program discussed above, are treated separately from the other, larger program. Participation in this specialized program has been below that anticipated, and the number of awards issued below that authorized in the law.

State Scholarship Commission—Continued
ANALYSIS

Total expenditures for the State Scholarship Commission represent an increase of \$623,829 for the 1963-64 year or 25.8 percent. This increase is comprised of \$554,650 in award increments, \$19,179 in salary and wages and operating expenses, and \$50,000 to finance a proposed study of student aid as related to college costs. A large part of this increase is attributable to the greater number of awards to be made available during the next year. Total general awards will reach the present statutory maximum of 5,120. In addition to this factor, the average amount of each award has been steadily rising each year, as college and university tuition and fee charges have mounted. Since the inception of the commission in 1957 the average amount of the general award has risen by \$214, from \$416 per award in 1957-58 to the expected 1963-64 level of \$630. Total administrative costs are estimated to rise \$17,811 for the fiscal year under consideration, but it is worth noting that the amount of administrative expense as a percent of total expenditures has decreased in small amounts during the past several years. An increase of \$4,525 is requested for academic and need evaluation services performed for award semifinalists and renewal applicants in the general program. It should be noted that these activities are performed in one fiscal year for awards to be funded and applied the next year; for example, the evaluations for awards made in 1962-63 and financed from that year's budget were supported from funds allocated in the 1961-62 commission budget.

For the 1963-64 fiscal year the commission requests two additional intermediate typist-clerks. In order to maintain the ratio of clerical time to total applications and awards processed, which it is estimated will increase by 3,380 during the year, this request appears justified. This ratio has remained at approximately 1:2100 for the past seven years and on the basis of past performance, we believe it is justified.

We recommend approval of the two clerical positions sought by the commission.

An additional 0.1 position of temporary help is requested for the 1963-64 year. Funds allocated for this purpose will be used for part-time clerical help during peak periods of review and analysis of incoming award applications. *On the basis of past workload levels, we recommend approval of the requested 0.1 position of temporary help.*

Agricultural Scholarship Awards

We recommend the deletion of funds to be used for the agricultural awards program, with the exception of those funds necessary to support awards to which the commission is already committed. We have made this recommendation in the past on the basis that far fewer applications were received for this program than there were awards authorized.

State Scholarship Commission—Continued

This trend, noted in our Analysis of the 1962-63 Budget, has continued as shown by the following table:

Participation in Agricultural Awards Program

	1960-61	1961-62	1962-63
Number of students applying-----	95	149	116
Did not meet minimum academic criteria-----	8	48	53
Did not meet minimum financial criteria-----	40	50	19
Did not complete application-----	2	25	12
Total not qualifying-----	50	123	84
Awards offered-----	45	26	32
Less number of awards not accepted-----	10	--	6
Total agriculture award acceptances-----	35	26	26

The Assembly Ways and Means Subcommittee, in reviewing the commission's 1962-63 budget request, indicated its wish that the performance of the agricultural awards program be reviewed, with suggested abolition of the program if there were no improvement in its results. Despite the fact that a total of 400 agricultural awards are presently authorized by law, during the past two years only 52 agricultural awards (26 each year) have been accepted. The commission's 1963-64 estimate of 75 agricultural scholarship awards to be issued, including renewals, appears on the basis of past performance to be too high. In our opinion, this program represents an unwarranted fragmentation of the State's aid to qualified students program and an undesirable precedent which could lead to similar program requests for other equally specific fields. In light of this year's reduced number of total applicants for these awards, we believe that a serious lack of interest in the program exists.

According to the commission, the unit cost of processing each agricultural award is equal to the amount of the award itself. Total administrative costs of the program, together with the cost of the agricultural testing program, have in the past equalled or surpassed the value of all agricultural awards granted. The deletion of this program would reduce the commission's budget request by at least \$6,000 for the proposed new awards, and an additional \$2,500 for the agricultural testing program would be deleted, assuming that all present award holders qualify for renewals. Approximately \$2,250 would be reduced from clerical and other operating expenses in connection with the administration of these awards.

We recommend that the funds in the commission's budget pertaining to the agricultural scholarship program be reduced to the amount necessary to meet the State's commitment to present award holders. In view of the high cost of this special program and the apparent lack of student interest in these awards, we further recommend that no provisions be made for future awards of this nature, but that current recipients continue to be eligible for renewal awards as long as they meet existing qualifications. Agricultural students will then participate in the scholarship program equally with other students, but without special, lower standards.

State Scholarship Commission—Continued

Proposed Study of Student Aid

For fiscal 1963-64 the commission requests an additional \$50,000 for the purpose of making a comprehensive statewide study of student aid and the methods by which students finance their college and university educations. *We recommend approval of this request.*

The commission states that very little information exists on this matter either on a statewide or nationwide level. In view of increasing college enrollments in the future and the heavy demands which may be placed upon the commission to provide additional student aid, we agree that a study of this type is needed. The commission has provided the following tentative and skeletal definition of the scope of this study:

- I. Quantification of student aid available in California by segment and for both undergraduates and graduates.
 - a. College sources.
 - b. Private sources.
 - c. Public sources.
- II. Study of student economics.
 - a. Source of student funds, including the amount of debt accumulated by each family.
 - b. How much students spend for college and how it is spent.
 - c. Problems of drop-outs as related to student economics.
- III. Impact of student aid on educational institution economics.
- IV. Impact of students resulting from possible changes in fee structure.
- V. Analysis of financial characteristics of recipients of student financial assistance.
- VI. Elimination of talent loss because of economic barriers to higher education.
- VII. Projection of the need for student financial assistance over the next fifteen years in California.
- VIII. Comprehensive state plan for student aid to meet student assistance needs over the next fifteen years and to include, among others, recommendations vis-a-vis subsistence scholarships, graduate fellowships and loans.

In addition, during the course of the study a close look will be taken at the effects of possible future increases of college and university fees upon the state scholarship program and at the relationship between student fees and aid from all sources.

It is the commission's intention to co-ordinate any actions taken upon the study's findings with the Co-ordinating Council on Higher Education. An ad hoc advisory body composed of representatives from the commission, the council, and public as well as private institutions of the State has already been established and, in fact, assisted in the formulation of the outline cited above.

The total cost of the project is estimated at \$75,000. The \$50,000 included in the budget request will finance the major portion of the study, while various other items will be supported by private foundation grants. The state-supported portion of the study will be accomplished

State Scholarship Commission—Continued

on contract; thus the project involves no new positions or funds to be allocated to commission operating expenses. We understand that the findings and final recommendations will be available for consideration at the 1965 General Session of the Legislature.

With the exception of the deletion of the agricultural awards program and related operating expenses, we recommend approval as budgeted.

BOARD OF CONTROL

ITEM 124 of the Budget Bill

Budget page 295

FOR SUPPORT OF STATE BOARD OF CONTROL
FROM THE GENERAL FUND

Amount requested	\$24,893
Estimated to be expended in 1962-63 fiscal year	19,232

Increase (29.4 percent)	\$5,661
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TOTAL RECOMMENDED REDUCTION	None
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GENERAL SUMMARY

The Board of Control, which meets twice monthly, consists of the Director of Finance, who is designated by law as chairman, the State Controller, and a third member appointed by and serving at the pleasure of the Governor.

The board makes rules governing travel allowances for state employees and use of state cars and acts as an administrative tribunal. The most significant activity, in terms of both workload and fiscal impact is the approval of claims against the State for which settlement is provided by law but for which no funds are available, or the settlement of which is not otherwise provided for by law.

After review by the board, and hearings in some instances, if approved by the board and the Governor, these claims are included in a separate budget bill item for legislative claims to provide money for payment. The amounts approved by the Legislature for the last five years are :

Budget Act year	Budget Act item number	Amount
1958	266	\$707,536
1959	273	240,599
1960	268	118,869
1961	276	355,081
1962	271	116,654

Another activity of the board, acting as an administrative tribunal, is that of approving certain tax refunds, primarily for those taxes administered by the Board of Equalization and Franchise Tax Board.

Making merit awards to state employees for suggestions increasing the efficiency of state operations and discharging state officers and agencies from their accountability for collecting or refunding small amounts of money are the remaining functions performed by the board in the capacity of an administrative tribunal.