

General Summary

Education

Ventura School for Girls—Continued

The request for additional coverage in the kitchen is based on the increase of 100 wards due to the opening of the reception center. There was no showing by the agency that the present cooking staff is not sufficient to prepare the necessary amount of food. Approval of the requested positions would provide 15 positions in food preparation and service for 600 wards (40 to 1) as compared to 9.6 for 505 wards (50 to 1) at Paso Robles, and 14 positions for 930 wards (66 to 1) at Preston.

1 Laundress (budget page 247, line 42)----- \$4,344

The position is requested on the basis of purported workload increase due to the opening of the new reception center clinic.

We recommend deletion of the position reducing personal services \$4,344.

The position is requested for all of 1966-67 while the new reception center will not open until July 1, 1967. Population in 1966-67 is expected to increase seven wards on the average over 1965-66 and 66 wards over 1964-65. These population increases do not warrant increasing the laundry staff from four to five positions. The 490 population average at this facility is less than double the population of the Los Guilucos School for Girls. This latter school has two laundry positions for an average daily population of 270. The Ventura school would have a total of 5.5 positions with approval of the 1.0 laundress and 0.5 temporary help positions requested.

We have reviewed the operating expense and equipment requests for this agency and such appear to be in order as budgeted.

EDUCATION

SUMMARY OF STATE EXPENDITURES FOR EDUCATION

In 1966-67 the State of California will spend approximately \$1.8 billion for all elements of public education; this represents over 62 percent of the General Fund dollars that will be expended during the budget year. This expenditure includes support of the public schools, support and construction for the University of California and the State Colleges, debt service on public school bonds, support for the state operated schools for handicapped children and the new preschool and special reading programs enacted by the 1965 Legislature. Table I depicts total state expenditures for the past fiscal year, estimated expenditures for the current year and the proposed amount for 1966-67. Total state expenditures for education in the budget year will increase by a sum of \$100 million over 1965-66.

Table I
State Expenditures for Education
(In thousands)

STATE OPERATIONS:	1964-65	1965-66	1966-67	Change from	
	actual	estimated	proposed	1965-66	
Department of				amount	percent
Education -----	\$6,522	\$7,404	\$7,214	—\$190	—2.6
Special schools -----	5,679	6,093	6,289	196	3.2

Education

General Summary

Summary of State Expenditures for Education—Continued

Table I—Continued
State Expenditures for Education
(In thousands)

	1964-65 actual	1965-66 estimated	1966-67 proposed	Change from 1965-66	
				amount	percent
University of California 1 -----	\$179,487	\$204,189	\$231,497	\$27,308	13.4
California State Colleges -----	120,271	149,754	178,900	29,146	19.5
Other 2 -----	4,825	5,139	6,437	1,298	25.6
Totals, State Operations -----	\$316,784	\$372,579	\$430,337	\$57,758	15.5
CAPITAL OUTLAY:					
University of California 1					
General Fund -----	\$2,016	\$1,530	\$1,527	—\$3	—99
Bond funds -----	61,737	68,155	64,488	—3,667	—5.7
State Colleges					
General Fund -----	1,097	1,847	1,067	—780	—42.2
Bond funds -----	51,728	90,002	59,629	—30,373	—33.7
Special schools -----	22	32	138	106	331.3
General Fund -----	45	21	35	14	—66.7
Totals, Capital Outlay -----	\$116,645	\$161,587	\$126,884	—\$34,703	—21.5
General Fund -----	3,180	3,430	2,767	—663	—19.3
Bond funds -----	113,465	158,157	124,117	—34,040	—21.5
LOCAL ASSISTANCE:					
Public school support	\$937,400	\$1,027,961	\$1,093,653	\$65,692	6.4
Teachers' retirement --	52,513	59,750	61,000	1,250	2.1
Debt service (General Fund) --	45,411	50,505	51,661	1,156	2.3
Free textbooks -----	11,980	7,797	15,000	7,203	—92.3
Child care centers -----	6,413	7,318	7,759	441	6.0
Vocational education --	230	230	1,830	1,600	695.7
Assistance to local libraries -----	800	800	800	--	--
Junior college assistance -----	420	116	--	—116	—100.0
Totals, Local Assistance -----	\$1,107,680	\$1,154,477	\$1,231,703	\$77,226	6.7
General Fund -----	1,107,260	1,154,361	1,231,703	77,342	6.7
Bond funds -----	420	116	--	116	—100.0
GRAND TOTALS -----	\$1,541,109	\$1,688,643	\$1,788,924	\$100,281	5.9
General Fund -----	1,427,224	1,530,370	1,664,807	134,437	8.8
Bond funds -----	113,885	158,273	124,117	—34,156	—21.6

¹ Includes Hastings and College of Medicine.

² Includes Coordinating Council, State Scholarship Commission and Maritime Academy.

Table II summarizes total estimated subventions for education in 1966-67. The table includes support for the public schools from within and without the State School Fund, support for child care centers, support for the free textbook program, contributions to the Teachers' Retirement Program, state assistance for the vocational education program and state assistance for local libraries; General Fund Support

General Summary

Education

Summary of State Expenditures for Education—Continued

for the National Defense and Education Act Program and state assistance for the preschool and special reading programs. Federal subventions for a variety of special programs including the 1965 Elementary and Secondary Education Act are also shown. All programs supported by General Fund money are discussed elsewhere in the analysis. During the 1966-67 budget year it is estimated that total state funds allocated to school districts will amount to \$1.25 billion while federal subventions will total \$138 million.

Table II

Subventions for Education—1966-67

TOTAL APPORTIONMENTS FOR PUBLIC SCHOOLS

State School Fund Apportionment Sources:

General Fund	\$1,060,186,290
State School Fund miscellaneous revenues	2,350,000
California Water Fund	200,000
Driver Training Penalty Assessment Fund	8,500,000

Subtotal \$1,071,236,290

Programs Funded Outside School Fund:

Educational television ¹	\$1,000,000
Educationally handicapped minors	8,000,000
New junior college districts	4,500,000
Mentally retarded minors	10,000
Elementary school reading program ²	8,909,000

Subtotal, General Fund \$22,419,000

Total \$1,093,655,290

CHILD CARE CENTERS

General Fund 7,559,548

CONTRIBUTIONS TO STATE TEACHERS'

RETIREMENT FUND

General Fund 61,000,000

FREE TEXTBOOKS

General Fund 7,202,961

SCHOOL BUILDING CONSTRUCTION

State School Construction Fund 160,830

DEBT SERVICE ON PUBLIC SCHOOL BONDS

General Fund	51,661,450
Public School Building Loan Fund ³	13,200,000
State School Building Aid Fund ³	20,025,000

Total 84,886,450

ASSISTANCE TO PUBLIC LIBRARIES

General Fund 800,000

NATIONAL DEFENSE EDUCATION

Title III ⁴	5,173,512
Title V ⁴	1,934,504

Total 7,108,016

Education

General Summary

Summary of State Expenditures for Education—Continued

Table II—Continued

Subventions for Education—1966-67

SCHOOL LIBRARY RESOURCES		
Federal fund ⁴	-----	\$9,029,483
ADULT BASIC EDUCATION		
Federal funds ²	-----	1,725,340
COMPENSATORY EDUCATION		
General Fund ²	-----	953,893
Federal funds ²	-----	77,899,972
Total	-----	78,853,865*
SCHOOL LUNCH PROGRAM		
Federal funds ⁴	-----	6,300,000
SPECIAL MILK PROGRAM		
Federal funds ⁴	-----	9,100,000
VOCATIONAL EDUCATION: REIMBURSEMENT TO SCHOOL DISTRICTS		
General Fund	-----	1,803,271
Federal funds ⁴	-----	27,700,688
Total	-----	29,530,959
TOTAL SUBVENTIONS FOR EDUCATION, ALL SOURCES		<u><u>\$1,396,912,742</u></u>

SUBVENTION DETAIL

General Fund	-----	1,213,613,413
State School Fund	-----	2,350,000
California Water Fund ³	-----	200,000
Public School Building Loan Fund	-----	13,200,000
Driver Training Penalty Assessment Fund	-----	8,500,000
State School Building Aid Fund ³	-----	20,025,000
State School Construction Fund ³	-----	160,830
Federal funds ⁴	-----	138,863,499

TOTAL FEDERAL SUBVENTIONS FOR PUBLIC SCHOOLS	-----	<u>138,863,499</u>
TOTAL STATE SUBVENTIONS FOR PUBLIC SCHOOLS ⁵	-----	<u>\$1,258,049,243</u>

¹ Chapter 1236, 1965 Statutes.

² Chapter 1233, 1965 Statutes.

³ Neither receipts nor expenditures of bond funds are included in overall budget totals.

⁴ Neither receipts nor expenditures of federal funds are included in overall budget totals.

⁵ Total state subventions for education, including bond funds which are not included in budget totals.

* Does not include \$7,580,000 for preschool programs (Chapter 1248, 1965 Statutes) included in Department of Social Welfare budget.

State School Apportionments: THE STATE SCHOOL FUND

The largest element of state support for education is the annual transfer of money from the General Fund into the State School Fund for apportionments to local school districts for a variety of state-assisted programs. Table II shows that approximately \$1.1 billion will be expended for this purpose in 1966-67. Of this amount \$1.045 billion is for the continuing program, \$48 million represents the statutory addition caused by growth and \$17 million is due to new education programs enacted by the 1965 Legislature.

General Summary

Education

Summary of State Expenditures for Education—Continued

Derivation and Distribution

Table III illustrates the "derivation" and "distribution" procedures used to apportion the State School Fund and includes the estimated figures for 1966-67. The annual transfer of money from the General Fund to the State School fund is referred to as the derivation of the fund which relates certain statutory and constitutional amounts

Table III
Summary of the Elements of Derivation and Distribution of the State School Fund Estimated for 1965-66

I. ELEMENTS OF DERIVATION

<i>Item and education code section</i>	<i>Statutory unit rate</i>	<i>ADA factor</i>	<i>Total</i>
Statutory minimum, Sec. 17301(a) -----	\$180.00	4,393,788	\$790,881,840
Plus additional funds, as needed, Sec. 17301(b) -----	55.641	4,393,788	244,470,364
Subtotal -----	\$235.64		\$1,035,352,204
<i>Reimbursements</i>			
Driver Training, Sec. 17305 -----			8,065,608
Project-connected pupils, Sec. 17307 -----			200,000
Less adjustments ² -----			—30,320,371
TOTAL STATE SCHOOL FUND DERIVATION -----			\$1,013,297,441

II. ELEMENTS OF DISTRIBUTION

<i>Item and education code section</i>	<i>Statutory unit rate</i>	<i>ADA factor</i>	<i>Total</i>
DISTRIBUTION under Sec. 17303:			
Basic and Equalization Aid 17303 -----	\$180.00	4,393,788	\$790,881,840
DISTRIBUTION under Sec. 17303.5:	not to exceed		
County School Service			
Fund, direct services, Sec. 17303.5(a) --	1.60	4,393,788	7,030,061
Pupil Transportation, Sec. 17303.5 (b) ---	4.00	4,393,788	17,575,152
Special Education, Sec. 17303.5(c) -----	9.63	4,393,788	42,312,178
County School Service Fund, other purposes, Sec. 17303.5(d) -----	3.06	4,393,788	13,444,991
Mentally Gifted Programs, Sec. 17303.5(e) ---	.80	4,393,788	3,515,031
Basic and Equalization Aid Sec. 17303.5(f) -----	36.55		
Subtotal -----	\$55.64		\$160,592,951
TOTAL DISTRIBUTION under Sections 17303 and 17303.5 -----			\$1,035,352,204
Plus			
Driver Training -----			8,065,608
Project-connected pupils -----			200,000
Less adjustments ² -----			—30,320,371
TOTAL STATE SCHOOL FUND DISTRIBUTION -----			\$1,013,297,441

¹ As amended by Chapter 132, 1964 First Extraordinary Session (AB 145, Unruh).

² Estimated savings and advances.

Summary of State Expenditures for Education—Continued

per pupil in average daily attendance (ADA) to the total ADA of the preceding year. Following the derivation of money for school support it is distributed for specific educational programs and activities which are eligible for state support as authorized by statute. These programs include basic and equalization aid which comprise the foundation program, special education, pupil transportation and programs for the mentally gifted. The final step of this process, the actual apportionment of funds to school districts, is based on a complicated set of formulas found in the Education Code. In 1964-65 the last completed fiscal year, a total of \$1.013 billion was apportioned to school districts and county offices. It should be noted that this figure does not include an additional amount of \$25 million for various programs and activities funded outside the school fund nor does it include funds for activities at the state level.

Class Size Provisions of AB 145

The class size penalty provisions of AB 145 (Chapter 32, 1964 Statutes) became effective commencing in the 1965-66 fiscal year. The law requires that school districts maintaining elementary schools reduce the class size in grades 1-3 to 33 in 1965-66 and ultimately to a level of 30 by 1968-69. Districts which do not reduce class sizes to these levels and/or increase the number of pupils in grades 4-8 to accommodate the 1-3 requirement are to be penalized by having a portion of their state support withheld by the Superintendent of Public Instruction. The total amount of apportionments to be withheld by the Superintendent from those districts which have not complied with the law will not be accurately known until the second period apportionment figures are available in February 1966. However, the Department of Education has calculated that approximately \$2 million would have been withheld from school districts in 1964-65 had the penalty provisions of the law been effective for that year. This would have been equal to approximately 2 percent of the total school apportionments of \$1.013 billion.

Based on this estimate for 1964-65 and other preliminary data, it does not appear that the total class size penalties for 1965-66 will be much higher than the \$2 million estimate. Nor should these penalties create financial hardships for any individual district. This is due to the fact that the penalties are based on the excess number of pupils in grades 1-3 and not on the total class size which minimizes the effect of the relatively low penalty. It is more economical for a district to absorb the penalty than to hire additional teachers to reduce class sizes.

Moreover, there are several methods less expensive than hiring additional teachers and building new classrooms by which districts may reduce their pupil teacher ratios in grades 1-3 and avoid penalties. Most of these methods, such as bussing pupils, redrawing attendance boundaries, using portable classrooms and rescheduling classes involve better utilization of existing classrooms and are commendable.

Summary of State Expenditures for Education—Continued

However, some of these methods appear to circumvent the law's purpose and may result in less individual attention for these pupils for the sake of avoiding penalties for 1-3. For example, a district may combine first grade pupils with kindergarten classes in order to hold the pupil teacher ratio in 1-3 to the required level. This results in larger kindergarten classes which is undesirable, especially in view of the new state and federal compensatory education, special reading and preschool programs which emphasize individual instruction for primary students.

We recommend that legislation be enacted that will restrict the average size of kindergarten classes to no greater than a base year, preferably 1964. This recommendation would require districts to provide more individual instruction for kindergarten pupils and would prevent the beneficial effects of small preschool classes from being negated by large kindergarten classes. In addition, small class sizes for this grade level would maximize the effectiveness of the intensive special reading programs authorized for elementary pupils by The Basic Reading Act of 1965.

Driver Training

During the 1965 General Session the Legislature enacted AB 1058 (Chapter 1035, Statutes of 1965) which requires that beginning on July 1, 1967 no driver's license may be issued to any person under the age of 18 years unless he has completed a formalized course in behind the wheel driving offered by a secondary school, a commercial school or has completed six hours of actual driving experience accompanied by a qualified driver over 25 years of age. It is anticipated that the law will generate new demands on school districts to offer additional driver training courses for teenagers wishing to obtain licenses. Recently considerable criticism has been levied against the driver education and driver training programs that are offered by the public schools.

In February 1965 the State Department of Motor Vehicles published a report titled "The Teen-Aged Driver in California" which raised questions regarding the effect of driver training programs in reducing accident rates for teenagers. In the authors' words, "After considering all the facts available from this study the authors can find no evidence that, on a statewide basis, behind the wheel driver training is effective in reducing the frequency of accidents." Much of this indirect criticism of driver training programs must be levied against the public school programs which are responsible for training the vast majority of teenagers who complete driver training instruction. Although the report did not cite specific reasons for the instructional weaknesses of the present driver training programs operated by high schools, several reasons have been advanced. For example, the present program is criticized because of: (1) lack of conformity in driver education programs offered by various secondary schools; (2) insufficient instructional time devoted to behind the wheel driving experience and simulator experience; and (3) insufficient certification standards for driver education and driver training teachers. It is noted that there

Summary of State Expenditures for Education—Continued

is no statewide survey of the instructional value of either the driver education or driver training program. Thus, it is difficult to assess the validity of the criticisms that have been levied against the present program.

We recommend that before the present driver training program is expanded, the Department of Education perform a study of the instructional strengths and weaknesses of the present driver education and training programs offered by school districts and report its conclusions to the Joint Legislative Budget Committee by November 1, 1966. Such a study could be financed completely with federal funds available under Title V of the Elementary and Secondary Education Act of 1965.

We recommend that class hour requirements for driver education classes be redefined in terms of clock hours and standardized. Present regulations require that such classes must contain not less than 30 class hours of instruction. However, the Department of Education reports that these classes actually vary in length from 40 to 50 minutes between districts. This results in a lack of course uniformity. Our recommendation would introduce an element of uniformity to the driver education component and improve its instruction.

Junior College Reporting Procedures

In December, 1964 the Division of Audits notified the Department of Education of discrepancies in the junior colleges' reporting of partial class hours. It was discovered that approximately one-half of the institutions investigated were incorrectly reporting such hours for apportionment purposes due to a misinterpretation of the statutes which were at variance with departmental regulations. It was estimated that several hundred thousand dollars in overapportionments had been inadvertently allocated to the districts making incorrect reports.

The issue was brought to the attention of the State Board of Education in June 1965 and the board approved new regulations to correct the problem. However, the regulations were made effective as of July 1, 1966 rather than for the present year. This means that the colleges incorrectly reporting partial class hours will receive overapportionments for the current year. The Office of the Legislative Counsel has stated that the overapportionments are illegal.

We recommend that the Auditor General be requested to make an audit of the junior college reporting procedures to determine the exact amount of such overapportionments and that the funds be deducted from future appropriations for the colleges which received money for which they were not entitled.

FEDERAL AID FOR EDUCATION

In 1966-67 California's public schools will receive approximately \$283 million in federal financial assistance for a variety of education programs. The impact of this federal aid is illustrated by the fact that total state apportionments for education in the budget year will be approximately 1.1 billion; thus federal aid will be equivalent to about

Summary of State Expenditures for Education—Continued

25 percent of total state apportionments. Table IV depicts the total amount of federal assistance that California is eligible to receive in 1966-67 for grades K-14.

Table IV
Federal Aid to Education in California for 1966-67
Grades K-14

Elementary and Secondary Education Act of 1965 ¹	
Title I Compensatory Education	\$77,899,972
Title II Library Resources	9,308,483
Title III Supplemental Educational Centers	5,996,364
Title IV Educational Laboratories	8,000,000
Title V Department of Education	1,005,831
Public Law 874 Funds	52,600,000
Public Law 815 Funds	10,000,000
National Defense Education	
Title III (Improvement of Instruction)	5,526,118
Title V (Guidance and Counseling)	2,158,942
Title X (Statistical Services)	50,000
Vocational Education	11,600,688
Manpower Development and Training	16,100,000
Library Assistance Program ¹	4,114,232
Preschool Program (Chapter 1428, 1965 Statutes)	7,600,000
School Lunch Program	6,300,000
Special Milk Program	9,100,000
Economic Opportunity Act	
Title I Work Training, Work Camps, Job Corps	15,000,000
Title II Community Action	35,000,000
Head Start Program	4,000,000
Adult Basic Education	1,727,340
Total	\$283,087,970

¹ Not yet funded for 1966-67.

More than 35 percent of the total federal aid in 1966-67 will be distributed under the five titles of the 1965 Elementary and Secondary Education Act, the largest federal education bill in the nation's history. Of the \$102 million available to California under this act approximately \$78 million will be distributed to school districts under Title I for compensatory education programs for children of low income families. The law requires that shared services arrangements be established with private schools so that private school students may also participate in the program. Under Title I, federal funds are credited to counties on the basis of the number of students in families having incomes of less than \$2,000 per year. School district entitlements are computed by the Department of Education on the basis of a similar formula. Funds are actually distributed to school districts on the basis of project applications which are submitted to the U.S. Office of Education via the State Department of Education. The main purpose of the departmental review of the project application is to assure that they conform with the federal regulations which are quite broad. The Department of Education also has administrative responsibility for Titles II and V and coordinating responsibility for Titles III and IV.

Although most individuals believe that the state should make full use of all federal money available for the public schools there exist

Summary of State Expenditures for Education—Continued

several potential problems connected with massive federal assistance for education in California. Our comments follow.

1. *100 percent federal "seed" money designed for establishment of new programs.* Title V is representative of a federal program that is designed to entice states to participate in programs by initially providing 100 percent federal money but which ultimately have to be supported in part by state financing. Under Title V the state program for strengthening the department will be 100 percent federally financed for 1965-66 and 1966-67. However, in subsequent years the states will be required to support at least 50 percent of the cost of continuing projects initiated by this program. This means that there will, in effect, come a day of reckoning when the state will have to pay for the "free" programs that are initially established with federal money.

2. *Funds designed to increase state expenditure level.* Title I of the new law (compensatory education) will provide California school districts with about \$78 million in 1965-66. Although this was intended to be a 5-year, 100 percent federally financed program, it is possible that the federal government may demand some sort of state-sharing relationship in the third year because of the federal government's other commitments and because of President Johnson's new legislative program. Under federal programs designed to increase state expenditure levels, such as this program, the state may not only become "locked" into a program, but it is also possible that individual districts may be denied new federal money associated with new federal legislation if the districts reduce their current expenditure levels for specific activities. For example, it is understood that the national administration will propose a major school building aid program in 1966-67; it might be difficult for a district to participate in this program if it decided for some reason to withdraw from the Title I program.

3. *Lack of state level coordination of federal and state educational programs.* There are presently at least five authorities which govern the establishment of preschool programs. AB 1331 (Unruh), Chapter 1248, 1965 Statutes SB 482 (McAteer), Chapter 1333, 1965 Statutes, Operation Headstart of the Economic Opportunity Act, the Children's Centers (Child Care Centers) Programs and the Elementary and Secondary Education Act. Local programs may be financed entirely by general funds, a combination of parent fees, general funds, and federal social security funds, and by a combination of parent fees and general fund support. While this is an extreme example of the coordination problem it is representative of the potential difficulties that will occur in administering and coordinating federal and state categorical aid programs that attempt to solve similar educational problems.

Administration and coordination of state and federal programs will be made doubly difficult because the review and approval powers granted the state very widely between programs. For example, the state has no meaningful power to review local educational projects funded under the Economic Opportunity Act. Thus it is difficult if not impossible for the Department of Education to coordinate the

Summary of State Expenditures for Education—Continued

preschool programs for which it is responsible with Operation Head-start projects which are directly approved by Washington.

Similarly the Department of Education has little substantive authority to disapprove Title I projects which meet the requirements of the broad federal regulations but which may not represent the best use of available funds for attacking the problems of compensatory education. For example the 1965 Legislature recognized the desirability of emphasizing special instructional programs for preschool and elementary grade children by enacting the Unruh preschool and the Miller-Unruh Special Reading Program. It would appear desirable to concentrate most of the \$78 million in new federal support on the primary grades in order to derive maximum educational benefits from the other primary grade programs. However, the state cannot enforce this type of policy decision since projects are initiated by school districts, not by the state, and because final project approval rests in Washington and not Sacramento.

**State Level Administration of Title III
(Supplementary Educational Centers)**

Title III (Supplementary Educational Centers) of the 1965 Elementary and Secondary Education Act will be particularly difficult for the Department of Education to administer. This title will provide local educational agencies with over \$8.3 million in 1966-67 for supplementary educational programs such as educational television, model guidance and counseling programs, etc. The department has very limited administrative responsibilities for Title III; it reviews initial project applications and makes recommendations to the U.S. Office of Education. Unlike the administration of Title I (Compensatory Education), the department has no fiscal control of the state's entitlement under Title III; contractual negotiations with local educational agencies and the actual allocation of funds rests with the U.S. Office of Education. Moreover in many cases the department will not even participate in the contractual negotiations between school districts and the U.S. office. Because of the department's minor administrative responsibilities for the Title III program coupled with the lack of state level budgetary review of local expenditures it is probable that specific components of local projects expenditures such as salaries, equipment, etc., will be excessive. Criticism has already been levied against one proposed project for an additional salary increment for a county superintendent of schools who would become project administrator in addition to his regular duties. In order to interject a degree of budgetary review into the department's administration of the program and to restrict possibility of future criticisms of the state level administration for similar problems, we make the following recommendations.

1. It is recommended that the Department of Education be directed to develop fiscal guidelines including maximum suggested expenditures for equipment, staffing, etc., for local educational agencies which apply for Title III money. When submitting project applications the administrator of the local educational agency should be required to certify that

Summary of State Expenditures for Education—Continued

the guidelines have or have not been followed. Deviations from the guidelines would require a brief explanation. This recommendation would at least insure that the Department of Education is fully informed of proposed expenditures for local projects. In addition, the guidelines would inform local educational agencies that both the department and the Legislature are interested in fiscally responsible Title III projects.

2. *It is recommended that the Legislature direct the State Personnel Board to develop proposed salary guidelines for administrators and staff of these federal projects. Such guidelines would then be made available to applicant school districts.* For example, the State Personnel Board might decide that a project director for a multicounty project (of which there are several) or for a large urban project should be paid a salary equivalent to the average salary received by a principal or assistant superintendent. Similar guidelines could be developed for other administrative positions. Such guidelines would assist districts in establishing salaries for their project personnel and would provide a degree of salary standardization not otherwise possible.

3. *It is recommended that local educational agencies be prohibited from providing federally funded salary increases for administrators who presently occupy full-time positions and who would be administratively responsible for components of Title III projects.* This recommendation would prevent a re-occurrence of a recent incident involving a salary increase for a county superintendent who was also a project director. The recommendation would not prevent local educational agencies from establishing new job classifications for project personnel; however, it would prevent questionable compensation practices.

While these recommendations would not completely solve the problem of excessive project expenditures, they would provide general guidelines for such expenditures and make districts aware that the Legislature is interested in fiscally responsible Title III projects. More importantly the recommendations would impose a nominal degree of state level fiscal control in the administration of Title III which would alleviate any potential criticism of Title III expenditures that might be levied against the Department of Education and the Legislature regardless of the fact that the U.S. Office of Education rather than the department is responsible for approving expenditures.

Compensatory Education

In the fall of 1965 the McCone Commission appointed by the Governor to inquire into the causes of the Watts riots published its report. The commission concluded that inadequate education of members of the minority group community coupled with high rates of unemployment were the two factors most responsible for the riots. As a result of its investigation, the commission recommended that massive compensatory education programs be established for youngsters from disadvantaged family backgrounds in order to motivate them to remain in school and adequately prepare them for future employment. To illustrate the cost of these proposals we are including Table V previously prepared

Summary of State Expenditures for Education—Continued

for the Assembly Ways and Means Committee, which depicts the McCone Commission's recommendations for education including the estimated cost of implementing such proposals for disadvantaged children in Los Angeles and statewide.

As illustrated in Table V, we estimate that it would cost between \$285 million and \$430 million to implement the McCone Commission's proposals for all disadvantaged youth in the state. To implement these proposals, especially for class size reduction, would require a massive increase in state and/or local expenditures for operational expenses and for capital outlay. However, we believe that a substantial portion of the recommendations could be implemented at considerably less cost than the above figures by modifying and improving some of the state's existing programs for disadvantaged youth and by maximizing the effectiveness of the special education programs enacted by the 1965 Legislature. We suggest the following policy options for consideration.

Preschool Programs

One of the commission's major recommendations was that preschool programs be established for disadvantaged youth to prepare them for the primary grades. The 1965 Legislature recognized the desirability of such programs by enacting AB 1331, the Unruh Preschool Act (Chapter 1248, 1965 Statutes) which authorized the Department of Social Welfare to contract with the Department of Education to establish preschool programs financed from a combination of General Funds and public assistance money. However, it appears that the available financial resources will be insufficient to finance the number of programs required. For example, the Advisory Committee on Compensatory Education has estimated that 150,000 disadvantaged children between the ages of three and four years would benefit from these programs. The total cost of such instruction, based on a conservative per pupil cost of \$250, would be approximately \$37.5 million. In order to finance this size program a major portion of the Title I compensatory education money would have to be used for this purpose in addition to the \$8 million provided by AB 1331, Chapter 1248, 1965 Statutes.

Unless the per pupil cost of preschool programs can be substantially lowered, a large increase in both state and local would be required to provide preschool programs for all disadvantaged children. The following policy options are suggested as ways of reducing the per pupil cost of preschool instruction.

Option A. Consideration could be given to amending the present statutory requirement that the adult supervisor-pupil ratio for preschool classes be not more than 1:15. Because of the small class sizes required, this provision will be expensive to implement. It is suggested that this requirement be amended to permit an adult supervisor-pupil ratio of not more than 1:30. The ratio of 1 adult supervisor for every 15 children could be partially restored by permitting noncertificated instructional staff to assist the classroom teacher. It would be required that the combined ratio of adult supervisors and noncertificated instructional personnel could be not less than 1:15. This would insure

Table V

Cost of Implementing Recommendations of McCone Report

	<i>Statewide for disadvantaged children</i>			
	<i>Criteria</i>			
	<i>Los Angeles</i>	<i>Family income \$3,999</i>	<i>Family income \$4,999</i>	<i>Statewide for all children</i>
Number of pupils	Preschool 37,095 K-9 234,013	Preschool 113,500 K-9 464,000	Preschool 170,500 K-9 696,000	Preschool 723,000 K-9 2,918,000
RECOMMENDATION				
1. Eliminate Double Sessions				
K -----	\$3,780,000	--	--	\$40,656,000 (K-3)
1-6 -----	9,500,000	--	--	
2. School Library Services (Grades 7-9) -----	1,383,560	(Title II 1965 Elementary and Secondary Education Act \$9,300,000) (Miller-Unruh Basic Reading Act of 1965)		
3. Language Skills Program				
4. Counseling, Special Services Staff for Disciplinary Problems (Grades 1-9) -----	6,200,000	\$9,569,000	\$14,364,000	67,165,000
5. Cafeteria Services -----	3,408,000	14,774,000	25,000,000	
6. More Honors Courses		(Nominal increase in district transportation costs)		
7. Maximum Class Size of 22 for K-9 -----	28,644,000	50,736,000	76,062,000	315,219,000
8. Preschool Program -----	36,417,398	28,375,000	42,625,000	180,750,000
9. Capital Outlay -----	155,200,000	181,200,000	271,650,000	1,257,450,000
TOTAL COST -----	\$244,532,958	\$284,654,000	\$429,701,000	\$1,861,240,000
LESS				
Title I 1965 Elementary and Secondary Education Act -----	-14,000,000	-78,000,000	-78,000,000	-78,000,000
Title II 1965 Elementary and Secondary Education Act -----	-1,000,000	-9,300,000	-9,300,000	-9,300,000
Basic Reading Act of 1965 ¹ -----	-8,500,000	-50,000,000	-50,000,000	-50,000,000
Preschool Program -----	-2,000,000	-8,000,000	-8,000,000	-8,000,000
NET COST ² -----	\$218,032,958	\$139,354,000	\$284,401,000	\$1,715,640,000

¹ Not funded: One-third funding in 1966-67 would reduce amount proportionately. An amount of \$48.9 million is proposed for 1966-67.² Not adjusted for additional amount of \$5,000,000 available in minor educational programs.

Summary of State Expenditures for Education—Continued

that each child would receive adequate individual attention but at considerably less cost than the present requirement. We have already seen some preschool plans which propose expenditures in excess of \$1,000 per pupil per year. Our policy option would substantially reduce the cost of preschool programs and would enable more students to participate.

Option B. This suggestion involves the establishment of a statewide teaching assistant program that would vastly expand early instruction programs at a minimum increase in state cost. Local preschool programs would be established, under the provisions of Chapter 1248, 1965 Statutes, in major metropolitan areas that are located near universities and colleges. Teaching assistants for the program would be recruited from the student body by the personnel office of the institutions in conjunction with the education departments. These noncertificated individuals would be required to sign an agreement promising to work in the program two hours per afternoon for two afternoons per week for a total of 100 hours per semester. These individuals would be placed under the direct supervision of a certificated adult supervisor. In return for such service, the teaching assistant would receive credit for 4 **semester course hours** of work in his field and \$100. This proposal would substantially increase the amount of instructional staff for preschool programs at a minimum additional expense.

We recognize that this is a radical proposal since it envisions the use of noncertificated college students as classroom instructors. However, there are several advantages of this proposal. It would enable more preschool age children to participate in the program at a lower per pupil cost than would be otherwise possible. It would provide more male instructors for preschool youth than are presently available. It would attract many conscientious college students who desire to make a contribution to their community and it would influence some of them to become teachers. Most significantly, it would maximize the effectiveness of the Basic Reading Act of 1965 by preparing large numbers of disadvantaged youth for intensified reading instruction in the primary grades.

Option C. Consideration could be given to placing a \$250 to \$300 per pupil expenditure limitation on the annual amount of money that may be expended for preschool programs which are financed by AB 1331. Annual per pupil costs of this amount, suggested by the Advisory Committee on Compensatory Education as adequate, would insure preschool programs for a maximum number of children.

Primary Grade Instruction

The 1965 Legislature recognized that one of the main reasons for student failure in school, and subsequent unemployment, is an inability to read. In order to provide specialized reading instruction for all elementary pupils who have reading handicaps the Legislature enacted the Miller-Unruh Basic Reading Act of 1965. This program commencing in 1965 will provide state financial support for specialist reading teachers. These teachers will be placed in elementary schools having large

Summary of State Expenditures for Education—Continued

numbers of pupils with reading handicaps, to provide individual and remedial instruction for these pupils. It appears that by funding the program in 1966 the Legislature will be able to obtain the results of two of the McCone Commission's recommendations; language skills programs and individual instruction for disadvantaged youth via reduced class sizes. The use of the Basic Reading Act to fund these recommendations rather than building large numbers of additional classrooms would not require the capital outlay expenses required of a drastic reduction in class size. The introduction of supervisors to work with students in the classroom along with the teacher will effectively reduce the student-teacher ratio without actually reducing the class size, thus avoiding the added cost of new classrooms.

Option A. The state could make the program mandatory rather than permissive to insure that all disadvantaged children in the state receive the benefits of the specialist reading teachers. It is possible that some districts that would benefit from specialist teachers will not participate in the program because of the local support which is required by law. In addition some districts may choose not to participate because of the federal compensatory education money they are presently receiving.

Option B. The class size penalty provisions of the Education Code relating to the teacher pupil ratios in grades 1-3 could be amended to prohibit school districts from counting additional instructional staff hired by federal money and compensatory education Basic Reading Act funds for purposes of meeting the class size provisions of AB 145 (Chapter 32, 1965 Statutes). Without such a restriction it is possible that some districts will use the specialist reading teachers and other classroom personnel provided by these programs primarily to reduce class size. This situation would be inequitable for both the average student with reading handicaps and for the disadvantaged student.

Option C. Consideration could be given to requiring school districts to reduce the maximum class sizes of single and double session kindergarten classes to a maximum of 25 pupils. In view of the class size requirements of the state supported preschool program and the class size provisions for grades 1-3 this policy option would be desirable to insure that the individual instruction given preschool youngsters in small class sizes is not dissipated in large size kindergarten classes.

Option D. This option is similar to the one proposed for preschool programs. Teaching assistant programs organized by the colleges and universities in conjunction with local school districts would provide college students, on an organized basis, to assist elementary teachers. This option would be particularly beneficial for kindergarten teachers, whose classes are considerably larger than those for other elementary teachers.

High School Education and Adult Education

In 1966-67 California will receive \$17 million in federal money for vocational education not including \$16 million for Manpower Development and Training. Approximately \$11 million of the \$17 million total, to be matched by school districts, will be provided by the Vocational

Summary of State Expenditures for Education—Continued

Education Act of 1963 (P.L. 88-210) and may be used to support vocational education programs for the following types of students: (1) pupils attending high school, (2) out-of-school youth, (3) people in labor market needing retraining, and (4) people with academic and economic handicaps. In addition, the money may be used for the construction of area vocational education facilities and for ancillary reviews. The federal government requires that 33 percent of the state allotment must be allotted for the construction of area vocational education facilities and for training out-of-school youth.

Option A. A policy option would be to direct the Department of Education in cooperation with the Department of Employment to designate 5 to 10 hard-core poverty areas statewide and to earmark to these areas all of the \$11 million in 1966-67 for construction of area facilities and/or for programs for out-of-school youth. If this suggestion were adopted and coordinated with the following Policy Option C, which calls for a redefinition of the adult program, larger more economical vocational education activities could be established than is now possible.

The Manpower Development and Training program will provide California with over \$16 million in 1966-67 for the cost of training the unemployed and the underemployed. Under this program the State Department of Employment will determine hard-core pockets of unemployment, certify local job requirements and request the Department of Education to negotiate with local school districts for the establishment of training programs.

Option B. A policy option for this program similar to Policy Option A would require the Department of Employment to concentrate its efforts in the 5 to 10 areas of the state exhibiting the highest rates of unemployment and economic disadvantage. All funds would be then channelled into these areas for greatest effect.

In 1966-67 the state through school apportionments will provide approximately \$18 million for adult education classes operated by high schools and junior colleges. Based on past experience it is estimated that approximately 44 percent of the anticipated enrollment of 800,000 students will take courses in English, vocational education and parent education. Somewhat less than 2 percent of the total enrollment will take courses in elementary subjects. The Department of Education reports that there exists in California almost 700,000 individuals over the age of 18 years who have completed less than six grades of school, and that only 8 percent of this group is enrolled in adult education classes.

Option C. A policy option would be to require school districts and junior colleges operating adult programs to devote 70 to 80 percent of their adult classes for vocational education elementary subjects and parent education.

**Department of Education
NATIONAL INTERSTATE COMPACT ON EDUCATION**

ITEM 90 of the Budget Bill

Budget page 249

**FOR SUPPORT OF NATIONAL INTERSTATE COMPACT ON
EDUCATION, FROM THE GENERAL FUND**

Amount requested	\$7,800
Estimated to be expended in 1965-66 fiscal year	None
<hr/>	
Increase	\$7,800
TOTAL RECOMMENDED REDUCTION	None

GENERAL PROGRAM STATEMENT

The Interstate Compact for Education was established in 1965 for the purpose of establishing cooperation among executive, legislative and professional educational personnel on a nationwide basis at the state and local levels for the purpose of improving public education. The compact established an Educational Commission of the states which is to be composed of approximately 350 state representatives, consisting of seven representatives of each member state. One representative is to be the governor, two are to be state legislators and four would be individuals to be appointed by state governors representing professional and lay interests in education.

ANALYSIS AND RECOMMENDATIONS

An amount of \$7,800 is contained in the budget for California's participation in the compact. This is composed of an amount of \$7,000 for the initial entrance fee and an amount of \$800 for three out-of-state trips for the four representatives appointed by the Governor.

We recommend approval of this item as budgeted.

**Department of Education
GENERAL ACTIVITY**

ITEM 91 of the Budget Bill

Budget page 251

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

Amount requested	\$4,074,315
Estimated to be expended in 1965-66 fiscal year	4,161,364
<hr/>	
Decrease (2.1 percent)	\$87,049
Increase to improve level of service	\$138,492

TOTAL RECOMMENDED REDUCTION

General Fund	\$206,570
Federal funds	12,954

Summary of Recommended Reductions

Division of Departmental Administration	Amount	Budget	
		Page	Line
1 Investigator	\$7,800 ¹	252	42
0.5 Intermediate stenographer	3,800 ¹	252	43
Transfer Investigations Office to Bureau of Criminal Identification and Investigation in Department of Justice	29,104 ¹	252	76

¹ General Fund.

General Activities—Continued

Summary of Recommended Reductions—Continued		Budget	
	Amount	Page	Line
1 Assistant personnel analyst* -----	\$8,502 ²	252	54
1 Intermediate typist-clerk* -----	4,452 ²	252	55
1 Associate data processing systems analyst* -----	9,948 ¹	252	57
1 Programmer II* -----	8,196 ¹	252	59
1 Research writer* -----	9,480 ¹	252	64
<i>Division of Public School Administration</i>			
1 Accounting technician II* -----	5,091 ¹	254	39
1 Field representative* -----	12,096 ¹	254	40
<i>Division of Instruction</i>			
0.2 Temporary help* -----	1,000 ¹	256	38
2 Consultants in elementary education* -----	24,492 ¹	256	43
1 Intermediate stenographer* -----	4,839 ¹	256	45
Personnel services -----	38,465 ¹	256	57
<i>Division of Higher Education</i>			
2 Consultants in teacher education* -----	24,792 ¹	258	49
0.5 Intermediate typist-clerk* -----	2,172 ¹	258	52
Transfer Bureau of Intergroup Relations to Office of Compensatory Education -----	82,399 ¹	258	64
1 Intermediate stenographer* -----	5,274 ¹	258	54
<i>Division of Special Schools and Services</i>			
1 Medical services consultant* -----	12,096 ¹	260	40
1 Psychological services consultant* -----	12,096 ¹	260	41
1 Senior stenographer position* -----	4,839 ¹	260	42
<i>Unit for State Programs for Disadvantaged Children</i>			
2 Consultants in compensatory education -----	24,792 ¹	263	81
1 Intermediate stenographer -----	4,782 ¹	263	81
(Discussed in Item 95)			
Total -----	\$219,524		

* Improved level of service.

¹ General Funds² Federal funds³ Approximately \$153,761 in General Funds

GENERAL PROGRAM STATEMENT

The General Activities Budget of the Department of Education provides funds for the state level administration of the public school system and support for the State Board of Education. Included within the budget are funds for support of the five special residence schools for physically handicapped minors. The department is also responsible for administering the statewide compensatory education program established in 1965 by the Elementary and Secondary Education Act of 1965. New state programs such as the McAteer Act, the Miller-Unruh Basic Reading Act and the Unruh Preschool Program will also be administered by the department in the budget year. The department is composed of five divisions, the newly established Office of Compensatory Education and the Division of Libraries; both of these latter units are discussed and analyzed elsewhere in this analysis. The department's five divisions and their proposed expenditures follow.

General Activities—Continued

Proposed General Fund Support for the Department of Education

General Activities

1. Division of Departmental Administration -----	\$1,131,209
2. Division of Public School Administration -----	1,151,266
3. Division of Instruction -----	754,392
4. Division of Higher Education -----	416,746
5. Division of Special Schools and Services -----	620,702
Total General Fund Support (Item 91) -----	\$4,074,315
6. Office of Compensatory Education (Item 95) -----	46,107

ANALYSIS AND RECOMMENDATIONS

Proposed General Fund expenditures for the Department of Education in 1966-67 are set at \$4,074,315, a decrease of \$87,049 below the 1965-66 level. This reduction may be explained by the fact that the 1965-66 figures reflect several single legislative appropriations totaling over \$219,000 for the one-time expenses of new programs or the expansion of existing programs which inflate the 1965-66 level of support compared to the proposed budget for 1966-67. Because of this fact the budget proposed expenditures for the department actually show an increase of \$112,000. Thus the "reduction" shown in the budget is completely offset by requests for new expenditures in 1966-67.

The Department of Education is requesting an additional 54.8 permanent positions for an additional cost of \$425,512. This sum is comprised of \$210,307 in reimbursements from federal funds, \$65,113 in reimbursements from credential fees, and other sources, and an amount of \$150,092 in General Funds. Of the 54.8 positions requested 11.3 were established administratively during the current year.

A total of 27.6 positions is requested because of anticipated workload increases caused by the new federal and state educational programs. The number of professional and clerical positions requested by each division is listed below with the source of funding.

Proposed Positions

	Total	Supported by federal reimbursements	Supported by General Fund ¹
Departmental Administration -----	22.8	14.5	8.3
Division of Public School Administration -----	5.2	3	2.2
Division of Instruction -----	3.9	---	3.9
Division of Higher Education -----	11.5	---	11.5
Division of Special Schools and Services -----	5.4	2.3	3.1
Research Projects -----	6	6	---
Totals -----	54.8	25.8	29.0

¹ Plus reimbursements from credential fees.

Federal Administrative Funds

In determining whether to recommend approval or disapproval of the proposed positions requested by the department for 1966-67 we have considered two factors, the justification presented for the position and the source of funding. In several instances we recommend that positions requested because of new state educational programs enacted

General Activities—Continued

by the 1965 Legislature be financed with federal funds available under Title V (Strengthening State Departments of Education) of the Elementary and Secondary Education Act of 1965. Similarly, in some cases proposals to improve the level of service of the department are recommended for approval if we believe they are justified and if they can be financed by federal money. Our purpose in making such recommendations is to minimize the increase in General Fund expense for the state level administration of the educational programs enacted by the 1965 Legislature and we believe that all the requests for positions, which we recommended be disapproved unless supported with federal money, may be financed under Title V of the 1965 Federal Education Act. The department has proposed that all positions connected with legislation passed during the 1965 session be financed with General Funds stating that the federal government will not permit the states to use federal funds to finance staff positions connected with new programs. We do not accept this. In 1965-66 the department said that an across-the-board reduction in consultant positions by the Legislature would "jeopardize" the state's eligibility for receiving federal money. In 1965-66 the U.S. Office of Education approved a departmental request to finance the second phase of the Arthur D. Little study of the department with \$204,000 of federal money, even though consideration at one time was given to finance this with General Fund support.

Each of the five divisions is listed below along with its program and proposed expenditures for 1966-67.

1. Division of Departmental Administration

		Increase	
1965-66	1966-67	Amount	Percent
\$1,099,006	\$1,131,209	\$32,203	3.7

This unit is headed by the Chief Deputy Superintendent and provides general housekeeping and administrative services for other departmental divisions. The budget also contains support for the State Board of Education and the Curriculum Commission. The division is composed of the following bureaus.

- Executive
- Investigations Office
- Fiscal Office
- Personnel Office
- Bureau of Education Research
- Office of Administrative Adviser (Legal)
- Publications Office

General Fund support for this division is proposed at \$1,131,209; an increase of \$32,203 over 1965-66. Substantially higher federal reimbursements in the budget year coupled with higher reimbursements from credential fees offset a large increase in expenses for personnel services and a minor increase in operating expenses. The department proposes to establish a total of 22.8 new positions in the budget year at an additional cost of \$155,789. With the exception of one temporary help position for the Assistant Superintendent's Office in Los Angeles

Education

Item 91

General Activities—Continued

the cost of these positions will be financed by reimbursements from credential fees or federal funds. A list of the positions requested by this division along with our recommended reductions follow.

Positions Requested by Division of Departmental Administration

Recommended for approval (16.3 positions)

Executive and Investigations Office¹

0.8 Temporary help

Subtotal 0.8

Fiscal Office²

1 Associate administrative analyst
1 Accounting officer III
1 Accountant I
1 Senior Clerk
1 Duplicating machine operator II
1 Intermediate typist clerk
1 Property clerk I
2.5 Temporary help

Subtotal 9.5

Legal²

1 Assistant counsel
1 Intermediate stenographer

Subtotal 2

Publications Office²

1 Research writer
2 Editorial assistants
1 Intermediate typist clerk

Subtotal 4

Recommended for deletion (6.5 positions)

Investigations Office¹

1 Investigator
0.5 Intermediate stenographer

Subtotal 1.5

Personnel²

1 Assistant Personnel Analyst
1 Intermediate typist clerk

Subtotal 2

Bureau of Education Research¹

1 Associate data processing analyst I
1 Programmer II position

Subtotal 2

Publications Office

1 Research Writer

Total request (22.8 positions)

¹ Positions to be supported by General Fund or credential fee reimbursements.

² Positions to be supported by federal reimbursements.

General Activities—Continued
Executive Office

We recommend approval of a request for an 0.8 temporary help position for the Los Angeles Office of the Assistant Superintendent for an additional General Fund cost of \$3,800.

Fiscal Office

The fiscal office provides fiscal and housekeeping services for all units of the department. It is anticipated that the new 1965 federal education act and the state education programs enacted by the 1965 Legislature will substantially increase the unit's workload in the budget year. The department requests that 9.5 new positions be established for this unit.

We recommend approval of the request for \$57,210 to be charged to federal reimbursements for one associate administrative analyst, two accounting positions, one duplicating machine operator, one property clerk, and 4.5 clerical positions.

These positions are requested for the anticipated increase in fiscal workload connected with the new federal education programs. In 1966-67 this unit will be responsible for processing 5,000 to 8,000 new encumbrance documents, claims for reimbursements and payments for over \$100 million in new federal and state programs. Specifically, the unit will be responsible for final controls for Titles I, II, and V of the Elementary and Secondary Education Act accounting for more than \$88 million and for the state supported preschool program and the McAteer Act with authorized expenditures of more than \$9 million. *In view of the amounts of money involved in the new federal and state programs, we believe that the department's request for assistance in the fiscal office is justified and we recommend approval.* These positions will be financed by federal reimbursements.

Legal Office

This bureau is responsible for filing legal briefs with the State Board of Education in all matters pertaining to credential revocation and interprets state and federal regulations for the various departmental bureaus.

We recommend approval of the request for 1 assistant counsel and 1 intermediate stenographer position for the legal office for an additional cost of \$14,262 to be financed by credential fees and reimbursements.

These positions are requested to alleviate the anticipated workload increase associated with the interpretation of the rules and regulations for the new federal and state education programs. In addition the department reports that this unit's existing workload, connected with the preparation of legal briefs concerning credential revocations has increased substantially during the last two years. Prior to January, 1964 the State Board of Education required that written legal briefs be prepared only for the transcripts that were presented to the board. Oral arguments were normally presented to the hearing officer. How-

General Activities—Continued

ever, now the board requires that written briefs be prepared for all administrative hearings and for final action by the board, thus resulting in a substantial workload increase. *For these reasons we recommend approval of the positions which will be financed at no increase in General Fund cost.*

Investigations Office

This office is responsible for investigating all cases of alleged teacher misconduct which comes to the department's attention. It is directly responsible to the elected Superintendent of Public Instruction and it works closely with the executive committee on credentials which is chaired by the Chief Deputy Superintendent.

1. *We recommend disapproval of the request for 1 investigator position and a 0.5 intermediate stenographer position for the Investigations Office for General Fund savings of \$17,934.*

2. *We also recommend that the professional staff of the Investigations Office budgeted in the amount of \$29,104 be transferred to the Bureau of Criminal Identification and Investigation within the Department of Justice.*

This unit indirectly derives its authority from Education Code Sections 13201 to 13208 which specify the types of teacher misconduct for which the State Board of Education is authorized to suspend or revoke teaching credentials. Mandatory revocations are required for two major categories of misconduct, sex offenses and other serious felonies, moral turpitude and unprofessional conduct.

Since conviction of a felony requires an automatic revocation, much of the staff time of the Investigations Office is devoted to these latter types of misconduct. It is in this area that much investigative discretion rests with the Executive Office and the Investigations Office, since neither immoral conduct nor unprofessional conduct are defined by either the State Board of Education or by the Education Code. A major part of this unit's time is spent investigating incidents in which a teacher has been convicted on a charge of disturbing the peace; since, in numerous cases, an original arrest charge of child molestation is reduced to a lesser offense by the courts for which the man subsequently pleads guilty and is convicted. In 1964-65 a total of 50 credential revocations of 150 authorized by the State Board of Education involved situations in which the local courts either dismissed the original arrest charge or reduced it. In the same year there were 19 revocations for sex incidents investigated by this unit in which there were no criminal proceedings.

Our recommendation that this unit be transferred to the Department of Justice would further government economy, more efficient investigative procedures, and afford equal state level treatment to all individuals accused of serious crimes. If this function remains in the Department of Education a substantial increase in professional investigators will be required over and above the one position requested

General Activities—Continued

in the budget. Table I below illustrates the increase in this unit's investigative workload between 1962-63 and 1964-65.

	<i>Complaints received</i>	<i>Complaints requiring investigation</i>	<i>Monthly workload per investigator</i>
1962-63 -----	2,575	1,159	39
1963-64 -----	2,975	1,339	45
1964-65 -----	3,041	1,477	50

The department estimates that approximately 45 percent of all complaints received by the office require investigation and that a reasonable workload standard per investigator is 20 cases per month. In order to meet the workload standard proposed by the department an additional four professional positions would be required for this office. At least two of these positions would be required for the Los Angeles area because of the area's large student and teacher population where only one investigator is presently located.

However, we believe that should the function be transferred to the Department of Justice it would be possible for the Bureau of Criminal Identification and Investigation to perform this job more economically than the department since the 22 investigative personnel in the Bureau of CII are more strategically located statewide than are the department's personnel. In addition it is noted that the Department of Justice has six investigators in the Los Angeles area where the Department of Education has only one individual. Thus a selective increase in the staff of the Department of Justice would result in a proportionately higher workload per man-month than would a similar increase for the Department of Education. Over the long run this proposal could save the state a substantial amount of money.

We also believe that the Bureau of Criminal Identification and Investigation would maintain more adequate records of complaints to be investigated than are kept by the department. We question the department's method of estimating its backlog of cases to be investigated. It appears that many cases of this so-called backlog involves incidents which occurred many years ago although the exact number is unknown, as the Investigations Office does not keep such records. It is noted that in 1965-66 a total of 151 revocations out of a total of 162 were brought to the department's attention because of a single offense or the last of a series of offenses which occurred in 1962 or later. It thus appears that many would never come before the State Board of Education because of the length of time involved.

The transfer of the Department of Education's investigative activities to the Department of Justice would standardize state level investigative procedures of conduct which is essentially criminal. Since most of the Department of Education's cases involving unprofessional conduct are actually criminal cases involving sex incidents, we believe that the investigation of such acts should be centralized in one state agency which would assure more efficient processing of high priority cases.

Personnel Office. The Personnel Office is requesting one professional and one clerical position stating that the positions are necessary because of the new federal programs.

General Activities—Continued

3. *We recommend disapproval of a request for \$13,119 for one assistant personnel analyst and one intermediate typist-clerk for the Personnel Office to be financed by federal reimbursements.*

The department has not justified the necessity for an additional position for the Personnel Office. Furthermore, we understand that the State Personnel Board is requesting additional staff to serve state agencies. We suggest that the department make full use of the available services provided by the State Personnel Board before requesting additional staff for this office.

Bureau of Education Research. This bureau compiles statistical data regarding the number of children in the public schools, salaries paid teachers, etc. In addition it administers Title X of the National Defense Education Act which augments state support for this bureau. The bureau requests that authorization for two data processing personnel be continued in the budget year.

4. *We recommend disapproval of the request for one associate data processing systems analyst and one programmer II position for the Bureau of Education Research for a savings of \$18,448.*

The department is requesting that these positions, authorized by the 1965 Legislature but not yet filled be continued in the budget year to automate the teacher licensing procedures in the Division of Higher Education. In 1965 the Legislature also directed the department, on our recommendation, to obtain assistance from the Department of General Services to formulate a short-term plan for putting the certification function on a current basis and to formulate a long-term plan for automating this activity. Although the department has made a preliminary study concerning the automation of teacher licensing it has not developed any short-range proposals for improving its existing administrative procedures. A fuller discussion of this issue is found under the section of the analysis dealing with the Division of Higher Education. Because the department has failed to follow this legislative directive we are recommending that these positions be disapproved pending the completion of the General Services survey which we are once again recommending this year.

Publications Office. This unit provides editorial services for all other departmental bureaus; over 50 per cent of such activities are devoted to publishing materials for joint state and federal programs or federal programs. Four positions are requested in the budget year.

5. *We recommend disapproval of a request for one research writer for the Publications Office for a savings of \$9,480. However, we recommend approval of the request for two editorial assistants, one research writer and two editorial assistants and one intermediate typist-clerk for an additional cost of \$29,640 to be financed by federal reimbursements.*

The department is requesting these positions to alleviate a current backlog of publications to be developed for the apprenticeship trade program and to develop new materials and reports that will be generated by Titles I to V of the Elementary and Secondary Education Act of 1965. The department reports that it has received requests for

General Activities—Continued

approximately 24 workbooks for the apprenticeship trades program which is equivalent to a three-year backlog for the Publications Office as the present staff of seven editorial positions is capable of producing approximately 6-8 workbooks per year.

In last year's Analysis of the Budget we criticized the department's lack of workload data for the Publications Office and recommended that records be maintained concerning the amounts of staff time allocated for each publication that was generated by either federal programs or by internal departmental requirements. It is estimated that over 50 percent of all departmental publications in 1964-65 were connected with the apprenticeship trade program which is financed by federal reimbursements. The remaining publications were generated by either departmental activities or by other federal programs, which were also financed by federal reimbursements.

We have closely examined the materials that were processed by this unit in 1964-65 and have found that in many instances an unusual amount of staff editorial time is devoted to particular assignments. A representative sample of the amount of editorial time devoted to some of the department's major publications follows:

<i>Name of Publication</i>	<i>Hours of Editorial Time</i>
Drywall Part I Workbook } -----	914
Drywall Part I Testbook } -----	
California Education (October 1964) -----	272
California Education (March 1965) -----	201
Orthopedically Handicapped -----	249
Report on California's State Conference on Vocational Education --	383
Phase I Arthur D. Little Report (already published) -----	95

In 1964-65 more than 200 hours in editorial time was expended for 25 individual publications. This is equivalent to 25 man-days of editorial time per publication and equals 60 percent of the total editorial staff time that was allocated for all editorial duties. The department reports that much of this editorial time is necessary because of numerous corrections in grammar and paragraphing which must be made by the office. We believe that proposed publications should be more thoroughly screened by the Publications Committee before they are submitted to the Publications Office for editing and processing. Otherwise this unit will be forced to devote an increasingly large percentage of its staff time to the actual writing of materials which should be performed by other departmental units. *Therefore we recommend that only 2 editorial assistants, 1 research writer and 1 intermediate typist-clerk be approved.*

Policy Option: Consideration could be given to placing the departmental magazine, "California Education," on a self-supporting basis. The total cost of this magazine in 1966-67, including printing costs, editorial and clerical time, but not including the authors' time, will be \$45,000, or about \$2.60 per subscription per year. The magazine is presently distributed free of charge to the public schools and the county offices. Sales of single copies and subscriptions in 1966-67 will total approximately \$3,500 resulting in a net General Fund cost of \$41,500.

General Activities—Continued

The discontinuance of the initial free distribution coupled with a standard subscription rate of \$2.50 per year would result in a General Fund savings of \$41,500 annually.

2. Division of Public School Administration

1965-66	1966-67	Increase	
		Amount	Percent
\$1,185,872	\$1,151,266	—\$34,606	—2.9

This division is responsible for the technical and fiscal administration of the public school system. It is composed of the following units.

Division Administration
 Bureau of Administrative Services
 Bureau of School Apportionments and Reports
 Bureau of Textbooks
 School Lunch Program
 Special Milk Program
 Educational Agency for Surplus Property
 Bureau of School District Organization
 Bureau of School Planning

The department proposes an amount of \$1,151,266 in General Fund support for this division in 1966-67; this represents a decrease of \$34,606 below the current year which is due to reduced operating expenditures. A total of 5.2 new positions, 4 of which were established administratively during the current year are requested for 1966-67 for an additional cost in personnel services of \$52,087. Offsetting federal reimbursements will reduce the net increase in General Fund support for personnel services to a level about \$4,000 higher than for the current year. Our recommendations regarding the proposed positions follow:

Positions Requested by Division of Public School Administration¹*Recommended for approval*

Administrative services:

3 temporary help

School district organization:

0.2 temporary help

Recommended for disapproval

School Apportionments and Reports:

1 accounting technician II

1 field representative

Total	5.2
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¹ All positions to be supported by General Fund.

Administrative Services. This unit administers the Children's Center program, formally the Child Care Center program. In 1966-67 about 15,000 children will receive child care services and preschool services authorized by the 1965 Legislature. A total amount of approximately \$7.3 million will be allocated for this program in 1966-67. A fuller discussion of this program is contained elsewhere in the Analysis. During the 1965-66 fiscal year three temporary help positions were placed in this unit to coordinate the statewide Operation

General Activities—Continued

Headstart program that was carried on during the summer of 1965. It is requested that these positions be continued in the budget year.

1. *We recommend approval of the request for three professional temporary help positions for the Bureau of Administrative Services to be financed by \$42,650 in federal reimbursements from the Economic Opportunity Act of 1964.* These positions were administratively established during the current year to provide educational assistance for the Project Headstart preschool program that operated during the summer of 1965. The department proposes that these positions be continued during the budget year to assist local communities in establishing additional local preschool programs that will be funded by the Economic Opportunity Act of 1964.

School Apportionments and Reports. This unit is responsible for the annual apportionment of over \$1 billion from the state school fund and for the review of 58 county school service fund budgets. During the current year one accounting technician II position will be administratively established at a cost of \$5,091 to assist this unit to administer the Miller-Unruh Basic Reading Act of 1965. The department proposes to continue this position in the budget year. One additional position, a field representative in school administration, is proposed for this bureau in the budget year for an additional General Fund cost of \$12,096.

1. *We recommend disapproval of the request for 1 accounting technician II position for the Bureau of School Apportionments and Reports for a General Fund savings of \$5,091.* The department proposes to establish this position later in the current year to process school district applications for state assistance for special reading programs that were authorized by the Miller-Unruh Basic Reading Act of 1965. The first year state cost of this program could be as high as \$15 million in 1966-67 should the Legislature provide support for it in the budget year. It is anticipated that this program will substantially increase this bureau's workload since more than 1,000 districts may eventually participate. We believe that this position should be financed by Title V Funds of the Elementary and Secondary Education Act which are designed to improve the department's operations.

2. *We recommend that an amount of \$12,096 be deleted from the budget for one field representative position for the Bureau of School Apportionments and Reports.* This position is requested by the department to revise the present school accounting manual last modified in 1961, because of the new federal accounting regulations which are connected with the Elementary and Secondary Education Act of 1965. The proposed position would work with the California Association of School Business Officials to develop suggested changes in school district accounting procedures. During the current year one individual in this division devoted approximately 30 days to this activity which the department contends is not enough time to do the job. We believe that a portion of the staff time of one of the two new accountants for which we recommended approval for the fiscal office could assist in this activity.

General Activities—Continued

Distribution of Free Textbooks. Responsibility for the administration of the free textbook program rests with the Bureau of Textbooks in this division. In 1966-67 it is estimated that approximately 8.7 million textbooks valued at \$15 million will be distributed to the state's public elementary schools. The following table shows the amounts budgeted in 1964-65 through 1966-67.

1964-65	1965-66	1966-67
\$11,980,511	\$7,797,039	\$15,000,000

A detailed analysis of this program may be found under the local assistance section of the analysis.

School District Organization. This program, administered by a similarly named unit in the division provides consultant services to school districts and county committees regarding the reorganization and unification of school districts. A substantial portion of this unit's staff time is devoted to the preparation of materials for the State Board of Education regarding unification proposals. The growth in the number of unified districts is illustrated in the following summary.

	1962-63	1963-64	1964-65	Change from 1963-64
Elementary -----	1,179	1,134	998	-136
High school -----	201	196	168	-28
Junior college -----	51	56	56	-
Unified -----	155	164	191	27

It is estimated that over 65 percent of the state's elementary and secondary average daily attendance will be located in unified districts by the end of 1966-67.

School Lunch, Special Milk and Surplus Property Programs. In 1966-67 it is estimated that over \$39 million in surplus property, commodities and cash reimbursements will be made available to school districts through these programs, which are administered by two units in this division. The past actual and budgeted expenditures for these programs are as depicted below.

	1964-65	1965-66	1966-67
Special milk program -----	\$9,090,119	\$9,100,000	\$9,100,000
School lunch program -----	6,269,162	6,300,000	6,300,000
Surplus property program ¹ -----	40,098,337	32,000,000	32,000,000

¹ Value of Property distributed.

3. Division of Instruction

1965-66	1966-67	Increase	
		Amount	Percent
\$881,430	\$754,392	—\$127,038	—14

The Division of Instruction is primarily responsible for providing consultant services of an instructional nature to the state's school districts. It also supervises elementary and secondary education courses to see that they conform to the Education Code requirements. Although six of the bureaus in the division are organized functionally, one unit, the Bureau of National Defense Education is organized on program

General Activities—Continued

lines and is administered separately from but coordinated with other division programs. The division is composed of the following units.

- Division Administration
- Bureau of Audio-visual and School Library Education
- Bureau of Health, Physical Education and Recreation
- Bureau of Elementary Education
- Bureau of Secondary Education
- Bureau of Pupil Personnel Services
- Bureau of National Defense Education

An amount of \$754,392 in General Funds is proposed for this unit's expenditures in 1966-67, representing a decrease of \$127,038 below the current expenditure level. Lower operating expenses are responsible for most of this decrease. A total of 3.9 new positions is proposed for this unit in the budget year at a cost of \$38,331. Three of these positions are requested to administer the Miller-Unruh Basic Reading Act of 1965 (Chapter 1234, Statutes of 1965) and will be financed by the legislative appropriation contained in the bill. Thus the net increase in expenses for personnel services will be held to about \$6,000.

Positions Requested*Recommended for approval*

Physical and Health Education ¹

0.6 Temporary help

Secondary Education

0.1 Temporary help ²

Recommended for disapproval

Audio-visual Education

0.2 Temporary help ²

Elementary Education

2 Consultant in elementary education

1 Intermediate stenographer

¹ Position to be supported by bulletin sales.

² Position to be supported by General Fund.

The programs for which this division is responsible and our recommendations follow.

Bureau of Physical and Health Education. The department is requesting a 0.6 temporary help position for the Bureau of Physical and Health Education to rewrite the guide "Physical Education in the Elementary Schools." The \$7,200 cost of the proposal, composed of professional and clerical time, would be supported by reimbursements from sales of the guides.

We recommend approval of the request for a 0.6 temporary help position for an additional cost of \$7,200 which will be financed by reimbursements from sales of the guides. However, we recommend that the position be limited to a one-year period to insure that the expense of this project does not exceed the \$7,200 budgeted.

Secondary Education. The Division of Instruction through the Bureau of Secondary Education is responsible for supervising and coordinating the instructional programs offered by the state's secondary schools and plays a large role in the "accreditation" of such institutions. The department's role in the accreditation procedure is discussed later in this section of the analysis. In 1966-67 it is estimated

General Activities—Continued

that over 1.1 million students will be enrolled in the secondary grades; this represents a 4.7 percent increase over the current year. The growth in the average daily attendance in the state's secondary schools is illustrated below.

1964-65	1965-66	1966-67 (Est.)
1,046,809	1,096,089	1,136,700

The proposed budget for the Division of Instruction includes an amount of \$1,000 for temporary help for the Bureau of Secondary Education.

We recommend approval of the request for \$1,000 in temporary help for the Bureau of Secondary Education. This amount is necessary to enable the unit to meet increased clerical workloads and to budget for overtime requirements.

Audio-visual Education. This bureau is one of the five consultant service bureaus in the Division of Instruction and is responsible for assisting districts in developing audio-visual programs. In addition, this unit will have program responsibility in 1966-67 for the administration of Title II (School Library Resources) of the Elementary and Secondary Education Act of 1965. This program will provide California with over \$9.3 million in 1966-67¹ which will be used by districts to purchase library resource material and audiovisual material for both public and private schoolchildren. A detailed discussion of this program is found elsewhere in the analysis.

The department is requesting a 0.2 temporary help position for this bureau for an additional General Fund cost of \$1,000 to alleviate a workload increase for this bureau.

1. We recommend disapproval of the request for a 0.2 temporary help position for a General Fund savings of \$1,000. We believe that the additional 7.6 federally funded clerical positions requested by this bureau for the administration of Title II of the Elementary and Secondary Education Act will enable the department to handle this workload increase without additional General Fund support.

Elementary Education. The Bureau of Elementary Education is responsible for coordinating and improving instruction at the elementary level. In addition it is partly responsible for the administration of Chapter 1234, Statutes of 1965 which provides state support for special school district programs in English for foreign born and native born elementary pupils with language handicaps. Total elementary school average daily attendance in 1966-67 is expected to increase to almost 3 million which represents a 3.7 increase over the current year as depicted in the following table:

1964-65	1965-66	1966-67 (Est)
2,780,899	2,888,474	2,987,750

In 1966-67 this bureau will be partly responsible for the administration of the Miller-Unruh Basic Reading Act of 1965 (Chapter 1233, Statutes of 1965) which will provide state support for specialist reading programs in elementary grades 1-3. Responsibility for approv-

¹ Not yet funded.

General Activities—Continued

ing and evaluating the special reading programs will rest with the Bureau of Elementary Education. During 1965-66 the department intends to establish, administratively, one consultant and one clerk to administer the program aspects of the act. An additional consultant in elementary education is proposed for 1966-67. The total increase in General Fund cost for the three positions is set at \$29,331.

2. *We recommend disapproval of the request for two consultants in elementary education and one intermediate stenographer position for the Bureau of Elementary Education for a General Fund savings of \$29,331.*

We understand that one of the main functions of these consultants would be to administer examinations in reading to all certificated personnel who are nominated by school districts for specialist teachers in reading. The State Board of Education has recently issued regulations regarding the testing procedure which requires that the teacher nominees pay the cost of administering and scoring the examination. The budget does not reflect reimbursements from fees for this purpose. *We recommend that the Department of Education finance by fees that portion of staff time devoted to administering tests and that the balance of staff time connected with the administration of the program be financed by Title V of the 1965 Elementary and Secondary Education Act.*

National Defense Education Act. California will receive approximately \$7.7 million under the provisions of Titles III, V, and X of this act in the budget year. Although Title III is administered by the NDEA section of the Division of Instruction, Title V is administered by the Bureau of Pupil Personnel Services and Title X is directly administered by the Bureau of Education Research in the Division of Departmental Administration. In addition the department proposes that this unit administer Title II (Library Resources) of the 1965 act in cooperation with the Bureau of Audiovisual Services. These programs are discussed elsewhere in the Analysis.

Program Planning Unit. This is a new program established in 1965-66 and financed by \$115,000 in federal funds allotted to California under Title V (Strengthening State Department of Education) of the 1965 Elementary and Secondary Education Act. The main purpose of this program and its similarly named administrative unit is to develop educational program proposals for the State Board of Education and to provide permanent staff for ad hoc project committees which are to research such proposals and provide the board with policy recommendations. An additional responsibility of the unit will be to coordinate all departmental research projects.

Consultant Services. One of the most common activities performed by the department's consultant service bureaus involve the accreditation of California secondary schools. This activity is not mandated by the education code but is carried out by the department on an informal basis in cooperation with the Western Association of Schools and Colleges. The department states that the main purposes of the accreditation procedure are to assist school districts to evaluate their programs,

General Activities—Continued

help the district demonstrate to the community that it is providing its pupils with a good education and to assure colleges and universities that the college preparatory courses are adequate.

Under the accreditation procedure visitation committees organized by this agency make periodic visits to the state's public and private secondary schools to assist them in evaluating the instructional and administrative operations. The visitation committees are normally composed of five members, a representative of the Department of Education from one of the bureaus, primarily from the Division of Instruction, a representative of a college or university, a county or district curriculum specialist, an administrator and a classroom teacher. These individuals review questionnaires previously completed by the administration, instructional staff and part of the student body, and on the basis of such review recommend that the school be accredited for a one-to-five-year period.

In 1964-65 departmental personnel participated in a total of 98 visitations requiring 510 man days or 2.3 man years of staff time. This was equivalent to a General Fund cost of approximately \$34,000. The same number of visits are presently budgeted for 1966-67 although we understand that the department intends to budget over 700 man days for this purpose if sufficient staff time is available. This would result in a General Fund cost of over \$43,000 for this activity which is not required by the Education Code.

We recommend that an amount of \$38,465 be deleted from personnel services for the department for a reduction of 3.1 professional positions and that operating expenses be correspondingly reduced. We believe that this reduction is desirable since the accreditation visits performed by the department are not a mandated activity. In addition it is noted that we are recommending approval of many new consultant positions to administer new state programs. Our recommendation for terminating departmental accreditation visits would prevent the department from allocating the staff time of these positions to this nonmandatory activity. Should our recommendation be implemented the department would still be able to keep informed of the reports of the accreditation committees since these reports are presently made available to the department.

4. Division of Higher Education

			Increase	
1965-66	1966-67	Amount		Percent
\$424,198	\$416,746	—\$7,452		—1.7

The Division of Higher Education is composed of seven sections that are responsible for two programs, teacher licensing and consultant services for secondary schools and junior colleges. It is composed of the following units:

- Division Administration
- Teacher Education and Certification
- Commission on Intergroup Relations
- Bureau of Junior College Education
- Bureau of Adult Education
- Bureau of Readjustment Education
- Bureau of Vocational Education

General Activities—Continued

General Fund support for the Division of Instruction is expected to decrease by \$7,452 in 1966-67 to a level of \$416,746. Most of the decrease is caused by lower proposed expenditures for equipment and operational expenses. The Division of Higher Education is requesting a total of 11.5 additional positions in the budget year for an additional cost of \$88,038 which will be substantially offset by administrative adjustments and salary savings. The positions requested follow.

Positions Requested*Recommended for approval***Teacher Education and Certification¹**

- 2 Certification analyst II
- 6 Certification analyst I

Subtotal 8

*Recommended for disapproval***Teacher Education and Certification¹**

- 2 Consultant in teacher education
- 0.5 Intermediate typist-clerk

Bureau of Intergroup Relations¹

- 1 Intermediate stenographer

Subtotal 3.5

\$82,399 Transfer Bureau to Office of Compensatory Education

Total 11.5 positions

¹ Positions to be supported by General Fund or reimbursements from credential fees.

Teacher Education and Certification. The department is requesting that eight temporary help positions authorized in 1965 be converted to eight permanent positions. An additional 2.5 positions established administratively to administer new state programs are proposed for the budget year.

We recommend approval of the request for two certification analyst II positions and six certification analyst I positions for a cost of \$55,800 which will be offset by an amount of \$70,375 attributable to the deletion of eight temporary help positions.

Although the department has not submitted any detailed justification for this request we are recommending that they be approved because of the apparent backlog which exists in the Certification Office and because the positions will not require additional General Fund support.

In 1965 the Legislature, on our recommendation, directed the Department of Education, assisted by the Department of General Services to prepare a comprehensive plan for automating the teacher certification procedure so that this function could be placed on a "current" three weeks basis. The directive stated: "The report shall detail any legislative changes and changes in administrative procedures which are necessary to accomplish this objective and it shall be submitted to the Joint Legislative Budget Committee not later than

General Activities—Continued

December 1, 1965." During the budget hearings in which this recommendation was discussed, we recommended that the department in cooperation with General Services formulate both a short-range plan for improving administrative procedures to place the certification function on a current basis and a long-range plan for the automation of the certification of teachers. The department has submitted a very brief outline of its proposal for automating this function which essentially envisions the use of a universal transcript which could be partially analyzed by a computer.

It is noted that this report was developed primarily by the department without the assistance of the Division of General Services as was recommended last year. Nor has the Department of Education requested assistance from the Division of General Services for assistance to improve the bureau's present administrative procedures.

In addition it is noted that the 1965 Legislature provided a staff augmentation of 21.3 positions for this bureau financed by \$267,500 in reimbursements from increased credential fees for the express purpose of reducing the amount of time required to process a credential application. The department contends that these additional positions have enabled it to put priority credential applications on a current basis of 3 weeks and to process nonpriority applications within about 35 days. Our findings show that this generalization is questionable. A brief sampling of new teachers in the Sacramento area revealed that in some cases the department required between two and five months to process its priority applications. In several cases we understand that district personnel had to be sent to the Department of Education to obtain the teaching credentials for their new personnel to insure that the new teachers would be paid when their temporary 90-day credentials terminated.

In view of the department's inability to either comply with the Legislature's directive or to improve substantially the operations of the Certifications Office, we are recommending that the Legislature direct the Systems Analysis Section of the Department of General Services to provide two full-time personnel to make a survey of the operations of the Bureau of Teacher Education and Certification to improve the existing administrative procedures and to develop a plan for automating the certification function. The cost of this study may be financed by the General Fund savings resulting from our disapproval of a request for two data processing personnel for the Bureau of Education Research. This report should be submitted to the Joint Legislative Budget Committee no later than November 1, 1966.

1. *We recommend disapproval of the request for one consultant in teacher education to administer the department's teacher employment service for a General Fund savings of \$12,386. In addition we recommend that the department be directed to fund this position with federal funds available under Title V of the Elementary and Secondary Education Act of 1965. The legislation which authorized the teacher employment service in the department did not carry an appropriation for this position which was subsequently established with General Fund*

General Activities—Continued

support. We estimated that the bill would cost approximately \$15,000 when it was analyzed. Since this activity represents an improved level of service, we believe that it should be financed from federal money.

During 1965-66 the department intends to establish 1 professional position and a 0.5 clerical position to administer the sections of the Miller-Unruh Basic Reading Act concerned with the certification of specialist teachers. This will result in an additional General Fund cost of \$14,558. These individuals will be responsible for processing specialist teacher nominations received from school districts and applications from individual teachers and will also assist the Certifications Office in certifying these individuals.

2. *We recommend that this request for 1 consultant in Teacher Education and a 0.5 intermediate typist-clerk be disapproved for a General Fund savings of \$14,558.*

Bureau of Intergroup Relations. This bureau containing five professional positions advises school districts concerning discriminating district employment policies. In addition it advises districts concerning problems related to ethnic imbalances of pupils located in the districts.

3. *We recommend that an amount of \$82,399 in General Fund support for the staff of the Bureau of Intergroup Relations be deleted from the Division of Higher Education and transferred to the new Office of Compensatory Education.* Such a transfer would facilitate administrative efficiency since both units devote most of their time to problems involving minority group individuals. In addition it is noted that one of the main objectives of the Office of Compensatory Education is to prevent districts from using federal support to further de facto segregation. The bureau's experience in dealing with such problems could be of great assistance to the new division in this area if it were located in the same administrative unit.

Moreover the Bureau of Intergroup Relations is becoming increasingly involved in problems involving segregation in the public schools. In 1965-66 the bureau received a \$25,000 grant from the U.S. Commissioner of Education under the provisions of Title VI, Section 405 of PL 88-352 (The Civil Rights Act of 1964) to:

1. Develop programs of community understanding and support of desegregation and policies.
2. Develop programs to prevent segregation.
3. Assist districts to establish inservice training programs to improve instruction in desegregated situations.

It is noted that the department intends to create a Bureau of Community Services in the Office of Compensatory Education to perform many of the activities currently performed by the Bureau of Intergroup Relations; thus resulting in increased administrative complexity and inefficiency.

A final reason for this transfer is that it would result in a more economical administration of the federal program since the Bureau of Community Services proposed for the new division to "mobilize the local population behind the program," could be consolidated into the existing Bureau of Intergroup Relations.

General Activities—Continued

We also recommend disapproval of the request for one intermediate stenographer for the Bureau of Intergroup Relations for a General Fund savings of \$5,274. This position, established during the current year to establish a ratio of 2:1 professional to clerical positions is proposed to be continued. Should the Legislature accept our recommendation that the Bureau of Intergroup Relations be transferred to the Office of Compensatory Education, this General Fund position will not be required, as we are recommending an additional clerical position for the bureau to be financed from federal money if the transfer is approved.

Adult Education. The Bureau of Adult Education within this division is responsible for supervising adult education classes offered by secondary schools, and junior colleges. In addition it administers the federal adult basic education program which will provide California with more than \$1.7 million in 1966-67 for the purpose of encouraging school districts to offer elementary education courses for some of the more than 800,000 individuals who are in need of such instruction.

Readjustment Education. The Bureau of Readjustment Education issues sales permits for all correspondence school salesmen, approves all adult courses offered by private institutions and authorizes the granting of degrees to all private schools and colleges for post high school training.

Junior Colleges: The Bureau of Junior Colleges coordinates the instructional programs offered by the state's junior colleges. In 1965 the State Board of Education requested the Arthur D. Little Company to survey the department's junior college responsibilities as part of the Phase II of the Little Company's study of the departmental organization. It is anticipated that this study will be completed late in 1966.

5. Division of Special Schools and Services

		Increase	
1965-66	1966-67	Amount	Percent
570,858	620,702	49,844	8.7

The Division of Special Schools and Services administers the state residential schools for the deaf, blind and cerebral palsied children and it coordinates special education programs operated by school districts for mentally retarded and physically handicapped children. During the current year the Bureau of Special Education was divided into two units, the Bureau for Educationally Handicapped and Mentally Exceptional Children and the Bureau for Physically Handicapped Children. The division contains the following units.

Division Administration

Bureau for Educationally Handicapped and Mentally Exceptional Children

Bureau for Physically Handicapped Children

Clearing House Depository for Educational Material for the Blind

In 1966-67 it is estimated that the average daily attendance of exceptional children enrolled in special education classes will total more than 100,000. The growth of the special education program in Cali-

General Activities—Continued

fornia is indicated in the following summary of the average daily attendance included in elementary and secondary programs in 1964-65 to 1966-67.

	1964-65	1965-66	1966-67
Classes for physically handicapped	21,567	21,949	21,500
Classes for mentally retarded minors	47,025	49,492	51,750
Classes for severely mentally retarded minors	4,185	5,567	10,500
Classes for educationally handicapped	798	4,258	19,300
Total	73,575	81,266	103,050

General Fund expenditures for the bureau in 1966-67 are proposed at a level of \$620,702, reflecting an increase of \$49,844 over 1965-66. This increase in General Fund support is caused by reduced federal reimbursements in the amount of \$70,849, which is caused by the termination of the talent development project in 1965-66.

The division is requesting 5.4 new positions for an additional cost of \$48,625. Included in the total positions requested are 2.1 positions which were administratively established and financed by federal funds during the current year to administer a federally supported fellowship and traineeship program for teachers of mentally handicapped children that was authorized by PL 85-926. The positions requested by this unit are listed below.

Positions Requested

Recommended for approval

Bureau for Physically Exceptional Children

- 0.1 Temporary help ²
- 1 Coordinator of scholarship programs ²
- 1 Intermediate stenographer ²
- 0.3 Temporary help ¹

Subtotal 2.4

Recommended for disapproval

Administrative unit

- 1 Medical services consultant ¹
- 1 Psychological services consultant ¹
- 1 Senior stenographer ¹

Subtotal 3

Total 5.4 Positions

¹ Position to be supported by General Funds.

² Position to be supported by federal funds.

Bureau for Physically Exceptional Children. This unit is responsible for the state level coordination of all school district classes for physically handicapped children. A total of 2.1 new positions are requested in the budget year.

We recommend approval of the request for a 0.1 temporary help position for an additional General Fund cost of \$400. This position is necessary to provide temporary clerical help for the materials for the blind program. The position was administratively established in 1965-66.

General Activities—Continued

We recommend approval of the request for one coordinator of scholarship programs and one intermediate stenographer for an additional cost of \$17,085 to be financed by federal reimbursements. These positions were established administratively during the current year to administer the expanded fellowship and scholarship program for teachers of handicapped children that was authorized by PL 89-10. In 1966-67 California will receive \$160,000 for this program which will be used to finance 11 fellowships and 10 full-time summer "traineeships" in various fields of special education. The department proposes to use these positions in the budget year to administer the program. In addition these positions would coordinate four special study institutes which will provide in-service training for teachers and develop curriculums for the mentally retarded and speech and hearing handicapped children. The cost of these positions will be financed completely from a \$31,000 federal grant for program supervision.

Administrative Unit. The administrative unit of the Division of Special Schools is requesting one medical services consultant, one psychological services consultant and one senior stenographer. The medical consultant position is requested to assist the department to answer medical questions which arise from local screening committees regarding the diagnosis of problems of educationally handicapped children, i.e., emotionally disturbed and neurologically handicapped children.

1. *We recommend that the request for one medical services consultant be disapproved for a savings of \$12,096 in the General Fund.* We do not believe that the department has sufficiently justified the need for a doctor in the state level administration of the program. In addition it is noted that the state supported special residence schools for handicapped children have 2.7 physicians located in various special schools. We suggest that the department utilize these individuals on a contractual basis rather than adding a permanent physician for the state level administration of the program.

2. *We recommend disapproval of the request for one psychological services consultant for a General Fund savings of \$12,096.* This position is requested to assist school districts in establishing adequate testing programs for exceptional children. We note that the Bureau of Personnel Services already provides assistance to school districts in the field of testing via Title V (Guidance and Counseling) of the National Defense Education Act. It appears that closer coordination between the Division of Special Schools Services and the staff of the Bureau of Personnel Services could improve local testing programs for exceptional children without requiring an increase in state cost. In addition, we understand that the Special School for the Deaf in Berkeley is requesting a 0.5 psychiatrist position and that the Special School for the Deaf located in Riverside is requesting one psychometrist in 1966-67. The cost of both of these positions would be financed from federal funds available under Title I (Compensatory Education) of

General Activities—Continued

the 1965 Elementary and Secondary Education Act. We suggest that the Division of Special Schools and Services use these individuals before requesting additional state support to improve local testing programs.

3. *We recommend that the request for one senior stenographer position requested to provide clerical assistance for the above positions be disapproved for a General Fund savings of \$4,839.*

Educational Study of Multiply Handicapped. We understand that the proposed budget for this division contains an amount of \$7,500, not appearing as a separate item, for the cost of a study of educational programs for multiply handicapped pupils. We also understand that the cost of the study would be financed by part of a \$50,000 legislative appropriation authorized by AB 451 (Chapter 1332, Statutes of 1965). This money was appropriated to the department for the purpose of developing curriculum guidelines for the education of mentally retarded pupils and not for a study of educational programs for multiply handicapped pupils. Moreover this proposal would circumvent the administrative procedure endorsed by the State Board of Education whereby research proposals are being submitted to the state board's advisory committee on Title V (Strengthening State Departments of Education) of the 1965 Federal Education Act.

We recommend that the Legislature direct the Department of Education to submit justification for this study to the advisory committee for review and that the study be financed by federal money if approved.

Research Projects

In 1965-66 several research projects were approved by the State Board of Education and initiated by the department. Most of the projects, financed by Title V (Strengthening State Department of Education) are discussed elsewhere in the analysis under our discussion of the Office of Compensatory Education. However, one research project, the *Statewide Education Information System* was financed by a direct contract between the Department of Education and the U.S. Office of Education. This project will implement Chapter 2037, Statutes of 1965, which authorized the establishment of a Regional Data Processing Center to assist school districts in processing data related to pupils and school business administration. Federal funds in the amount of \$168,000, for personnel services and operational expenses, have been authorized for two centers, one in Sacramento and one in Ventura. The project began August 1, 1965, and will terminate on July 1, 1966. The department is requesting approval of the establishment of six federally financed positions to administer the research project.

We recommend approval of the request for two project coordinators, two project consultants and two intermediate stenographers for this project to be financed by a federal grant of \$42,642.

**Department of Education
SCHOOL BUILDING AID**

ITEM 92 of the Budget Bill

Budget page 254

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

Amount requested -----	\$119,731
Estimated to be expended in 1965-66 fiscal year -----	119,700
Increase -----	\$31

TOTAL RECOMMENDED REDUCTION ----- None

GENERAL PROGRAM STATEMENT

The Bureau of School Planning in the Department of Education is required by the Education Code to review plans for school construction in the following categories: (a) projects assisted by state or federal moneys; (b) projects in school districts not governed by city boards of education; and (c) projects in excess of \$5,000 for small unified districts. For school districts participating in the State School Building Aid program, the bureau receives an annual appropriation from the School Building Aid Fund. This appropriation is used to pay for the services rendered to state aided districts.

ANALYSIS AND RECOMMENDATIONS

In the budget year, the bureau expects that it will spend approximately 50 percent of its staff time reviewing plans for school districts participating in the State School Building Aid program. For these services, the bureau anticipates receipt of \$119,731 from the School Building Aid Fund which will constitute 48 percent of its total budget request of \$249,933. In 1965-66, the bureau spent approximately 45 percent of its time on State School Building Aid projects and received 45 percent of its total revenue from the School Building Aid Fund.

We recommend approval as budgeted.

**Department of Education
NATIONAL DEFENSE EDUCATION**

The National Defense Education Act provides federal financial assistance to the states and educational institutions to promote educational programs and training to meet the defense requirements of the United States. In 1964 Congress extended the act to June 1968. The Bureau of National Defense Education within the Division of Instruction is responsible for administering Titles III and V. The Bureau of Pupil Personnel Services within this division administers Title V. The titles of the act and their purposes are listed below.

Title II. Authorizes loans to students in institutions of higher learning. General Fund participation is one-tenth of the total expenditure with federal funds meeting the balance. This program is administered by the Trustees of the California State Colleges and the 1965-66 budget request for this item is discussed elsewhere in this analysis.

National Defense Education—Continued

Title III. Authorizes federal assistance for the improvement of instruction for science, mathematics, foreign languages, English, reading, geography, history and civics. Title IIIa provides federal funds to states to be matched from local sources for purchase of special equipment and materials to be used for teaching science, mathematics or foreign languages. Federal subventions to local districts under Title IIIa are reported in the local assistance portion of the budget.

Title IIIb provides grants for the expansion of supervisory and related functions in public schools for the above subject; support is also provided for state level administration of Title IIIa. State and federal funds for Title IIIb are expended in the following ways:

1. Evaluation, processing and approval of federal funds.
2. Preparation of studies, reports and dissemination of NDEA project information.
3. Authorizes consulting services within the department and to local school districts maintaining NDEA projects.

Title IV. Provides for graduate study fellowships and has been available since 1958-59. These fellowships are not connected with the loans available under Title II, nor does the state administer them.

Title V. Provides federal support for the establishment and maintenance of testing, guidance or counseling programs. Existing state and local expenditures for ongoing programs in California currently satisfy the federal matching requirements included in this title. Therefore, only the federal subventions for this activity are found in that section of the budget. In California, funds under Title V are used to identify able students and to guide and counsel students at the elementary, secondary and junior college levels with regard to their future educational needs. Another section of Title V provides for the establishment of guidance and training institutes, arranged with local educational institutions by the United States Commissioner of Education.

The Bureau of National Defense Education within the Department of Education maintains responsibility for the state level administration of funds available under Title V. School districts apply to the bureau for Title V funds. If such applications are acceptable according to the act's provisions the districts are given authority to implement their projects and are subsequently reimbursed by federal funds following submission of claims for costs incurred in their respective programs. Total federal fund allotments for Title V in California are expected to amount to approximately \$1,934,504 in 1966-67; representing a small increase above the current level.

Title VI. Authorizes the United States Commissioner of Education to arrange with colleges and universities for the establishment of modern language teaching centers and centers for instruction in related subjects (economics, geography, political history, etc.). In California higher institutions in both public and private schools participate in this program.

National Defense Education—Continued

Title VII. Authorizes United State Commissioner of Education to contract with public and private organizations to research the use of instructional media such as radio, television, and motion pictures.

Title VIII. This title, replaced by Title III of the Vocational Education Act of 1963, provides for Area Vocational Education in California and is discussed in this analysis in the sections devoted to vocational education.

Title IX. Establishes the Science Information Service, National Science Foundation.

Title X. Miscellaneous. In California this title provides federal funds to match state appropriations designed to improve the statistical services of the Department of Education Bureau of Education Research.

Title XI. Training Institutes. This provides funds for institutions to improve the teaching of modern foreign languages and English taught as a second language, and expands existing programs to include a related range of vital fields—English, reading, history, geography, disadvantaged youth, school library personnel, and educational media specialists.

Table I depicts the total federal, state and local expenditures for Titles III, V and X for the last completed fiscal year, 1964-65 and includes proposed expenditures for 1966-67. The local expenditure column for Titles III and V shows only the district's matching requirements. However, actual district expenses incurred in these programs substantially exceed the matching requirements.

**Department of Education
NATIONAL DEFENSE EDUCATION**

ITEM 93 of the Budget Bill

Budget page 266

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

Amount requested	\$308,196
Estimated to be expended in 1965-66 fiscal year	292,334
Increase (5.4 percent)	\$15,862

TOTAL RECOMMENDED REDUCTION None

GENERAL PROGRAM STATEMENT

Title III, Improvement of Instruction, is composed of two parts. Title IIIa provides federal money to the Department of Education for reimbursements to school districts. Funds are used for the purchase of equipment and materials and for minor remodeling to improve instruction in the subject fields of mathematics, science, foreign language, reading, English, history, geography and civics. It is estimated that California will receive \$6 million for Title IIIa in 1966-67 including reallocations; this represents an increase of about \$0.8 million over the current year. On the basis of past experience it is anticipated that approximately 40 percent of the state's school districts will participate

Table I
National Defense Education Act
Expenditures for Titles III, V, and X

	1964-65 (actual)			1965-66 (estimated)			1966-67 (proposed)		
	Federal	State	Local	Federal	State	Local	Federal	State	Local
Title III									
A. Local projects -----	\$4,749,714	--	\$4,749,714*	\$5,173,512	--	\$5,173,512*	\$5,173,512	--	\$5,173,512*
B. State level Administration	321,224	\$282,733	--	332,334	\$292,334	--	350,606	\$308,196	--
Title V									
Guidance									
State level -----	196,031	--†	196,031*	180,766	--†	180,776*	224,428	--†	224,428*
Subventions -----	1,461,312	--†	--*	1,978,166	--†	--*	1,934,504	--†	--*
Title X									
Statistical reporting -----	39,775	39,775	--	50,000	50,000	--	50,000	50,000	--
Total -----	\$6,768,056	\$322,508	\$4,975,745	\$7,714,778	\$342,334	\$5,354,288	\$7,733,050	\$358,196	\$5,402,940
Grand total, all sources -----		\$12,066,309			\$13,411,400			\$13,494,186	

* Local school district funds at or above matching requirements.

† No state funds required.

National Defense Education—Continued

in this program and that approximately 76 percent of the districts participating in the program will be equalization aid districts or supplemental aid districts.

ANALYSIS AND RECOMMENDATIONS

Title IIIb provides funds for the expansion of supervisory services in public schools in the aforementioned subject areas. Funds are used to provide consultant services for local school districts and for the production of materials developed at the local level. The administration of the Bureau of National Defense Education is also financed by Title IIIb. In 1966-67 it is estimated that over 50 percent of the total number of man-days of consultant services financed by Title IIIb will provide consultation for the elementary grades and the remaining man-days will be divided between the high school and junior college levels.

General Fund support for Title IIIb in 1966-67 is proposed at \$308,196. This represents an increase of \$15,862 or 5.4 percent over the current year. Federal support for the program will increase by an amount of \$18,272 to \$350,606. Total state and federal support is projected at \$658,802, an increase of 5.5 percent over the current year. The budget includes a request of \$18,847 for the following positions:

- 1 Administrative consultant
- 0.5 Intermediate stenographer
- 0.7 Temporary help

Table II shows the number of project applications approved and the amount of federal funds encumbered for California school districts in 1965-66. It is noted that English, geography, civics, reading, and history account for a relatively small percentage of the total funds encumbered since these subject areas were added to the program only two years ago. It is anticipated that these subject areas, especially reading, will account for an increasing percentage of total projects in the future.

Table II
Number of Projects Approved and Amount of Federal Funds Encumbered
for Subject Area
(1965-66 Projects From IBM Run of November 15, 1965)

NDEA TITLE III-A				
<i>Subject</i>	<i>Grade level</i>	<i>Projects approved</i>	<i>Encumbered amount</i>	<i>Percentage of total</i>
SCIENCE	Elementary -----	78	\$268,031	
	Secondary -----	227	460,520	
	Junior College ---	90	392,360	
Total science -----		395	\$1,120,911	26%
MATHEMATICS	Elementary -----	120	\$117,355	
	Secondary -----	56	51,543	
	Junior College ---	6	19,387	
Total mathematics -----		182	\$188,285	4%

National Defense Education—Continued

Table II—Continued

Number of Projects Approved and Amount of Federal Funds Encumbered
for Subject Area

(1965-66 Projects From IBM Run of November 15, 1965)

NDEA TITLE III-A

<i>Subject</i>	<i>Grade level</i>	<i>Projects approved</i>	<i>Encumbered amount</i>	<i>Percentage of total</i>
FOREIGN LANGUAGE	Elementary -----	266	\$461,606	17%
	Secondary -----	119	244,927	
	Junior College ---	7	19,520	
Total foreign language -----		392	\$726,053	
READING	Elementary -----	231	\$381,749	13%
	Secondary -----	70	162,492	
	Junior College ---	9	25,563	
Total reading -----		310	\$569,804	
ENGLISH	Elementary -----	47	\$69,204	6%
	Secondary -----	124	168,244	
	Junior College ---	13	16,377	
Total English -----		184	\$253,825	
HISTORY	Elementary -----	42	\$47,663	3%
	Secondary -----	59	82,402	
	Junior College ---	6	7,458	
Total history -----		107	\$137,523	
GEOGRAPHY	Elementary -----	121	\$156,724	4%
	Secondary -----	25	22,250	
	Junior College ---	4	6,650	
Total geography -----		150	\$185,624	
CIVICS	Elementary -----	12	\$14,611	1%
	Secondary -----	18	12,687	
	Junior College ---	1	267	
Total civics -----		31	\$27,565	
COMBINATIONS	Elementary -----	392	\$681,479	26%
	Secondary -----	190	374,637	
	Junior College ---	28	95,158	
Total combinations -----		610	\$1,151,274	
GRAND TOTALS	Elementary -----	1,309	\$2,198,422	100%
	Secondary -----	888	1,579,702	
	Junior College ---	164	582,740	
		2,361	\$4,360,864	

In the 1965-66 Analysis of the Budget the Legislature on our recommendation directed the Department of Education to submit a report covering the accomplishments of Title IIIb to the Joint Legislative Budget Committee not later than December 1, 1965. Although the report has not yet been completed, we understand that it will be presented to the Legislature in the spring of 1966.

The department is requesting an administrative consultant position, a 0.5 intermediate stenographer and a 0.7 temporary help position for an additional cost of \$18,487.

We recommend approval of this request.

National Defense Education—Continued

These positions are requested on the basis of a workload increase connected with the approval of Title IIIa and IIIb project applications and because of the 1964 amendments to the act which added five new subject areas to the program. Table III illustrates the increase in the number of projects that have been submitted to the department for review between 1964-65 and the estimated for 1966-67 and the bureau's permanent professional staff for each year.

		Table III		
<i>Fiscal year</i>		<i>Number of project requests</i>	<i>Permanent professional staff</i>	<i>Federal funds approved</i>
1964-65	-----	2,258	16	\$5,239,522
1965-66 (est.)	-----	4,392	16	5,173,512
1966-67 (est.)	-----	4,000+	16	6,000,000+

In further justification for this request the department notes that an increasing number of elementary school districts are submitting project applications for improving local reading programs and that there is no staff person who is directly responsible for evaluating applications for reading projects. In view of the demonstrated increase in project requests, and because of the recent emphasis on elementary school reading programs we believe that the request is justified and we recommend approval.

POLICY OPTION

Recently there has been considerable discussion concerning the establishment of educational and vocational training centers in hard-core poverty areas in order to train out-of-school youth and unemployed adults. Presumably adult basic education courses in English and reading would be an important component of such instruction. The Department of Education reports that California will be entitled to approximately \$400,000 more federal funds for consultant services under Title IIIb than the amount budgeted. In order for California to receive this additional money a like amount in General Fund support must be allocated. A policy option would be to increase General Fund support for the Title IIIb program to obtain additional federal funds. The additional state and federal money could then be used to employ 70 to 80 reading specialists to work directly in the advancement centers.

Department of Education
NATIONAL DEFENSE EDUCATION

ITEM 94 of the Budget Bill

Budget page 269

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

Amount requested	-----	\$50,000
Estimated to be expended in 1965-66 fiscal year	-----	50,000
Increase	-----	None
TOTAL RECOMMENDED REDUCTION	-----	None

National Defense Education—Continued

GENERAL PROGRAM STATEMENT

Title X, Improvement of Statistical Services, provides a maximum sum of \$50,000 in federal assistance to improve the statistical services of the Bureau of Education Research within the Department of Education. The federal money is used primarily to augment existing departmental expenditures for data processing personnel and equipment rental. In addition federal funds support special projects such as the development of accounting and reporting manuals, a school facilities inventory, and continuing programs, such as the state testing program. It is anticipated that a portion of the professional staff time of the Bureau of Education Research that will evaluate pupil achievement tests required by the 1965 Miller-Unruh Basic Reading Act will be supported by federal assistance.

ANALYSIS AND RECOMMENDATION

An amount of \$50,000 in general funds is budgeted for this activity in 1966-67; this is equivalent to the current level. The level of service of the program will remain unchanged and no additional positions are requested.

We recommend approval of this item.

Title V

Title V (Guidance and Counseling) is administered by the Bureau of Pupil Personnel Services within the department. No General Fund support is budgeted for this program as the present state and local expenditures for guidance and counseling services satisfy the matching requirements of the federal law. In the 1965-66 Analysis of the Budget we requested the Department of Education to evaluate the accomplishments of the Title V program in California. A summary of this report follows.

Title V funds have been primarily used for two purposes: to increase the number of guidance personnel employed by school districts and for state level supervision of the program. The department reports that approximately 90 percent of the \$4 million that was allocated to school districts for Title V programs between 1960-61 and 1963-64 was expended for salaries of guidance personnel. Table I depicts the increase in the total number of guidance personnel employed by secondary schools operating approved programs during this period.

Table I
Guidance Personnel Employed in Local Programs
Approved Under State Plan for Title V

	Prior to Title V	Title V		
	1958-59	1961-62	1962-63	1963-64
Full-time employees -----	745	747	774	885
More than half-time employees -----	N/A	610	517	511
Half-time employees -----	N/A	315	200	251
Less than half-time employees -----	4,072	956	419	322

The department notes the decrease in the number of guidance personnel employed by secondary schools for less than one-half time and the increase in full-time personnel. It is believed that this increase

National Defense Education—Continued

represents substantial progress in view of the fact that guidance personnel employed for more than one-half time were required to have a general pupil personnel services credential which has more stringent requirements than other credentials.

Other priority purposes for which federal funds have been expended by school districts include increase of clerical staff time, parent conferences and in-service training.

At the state level federal funds have been used to increase the size of the consultant staff of the Bureau of Personnel Services which is responsible for administering Title V. As in the administration of Title IIIb the department has made substantial use of per diem consultants as depicted in Table II.

Table II

	1960-61	1961-62	1962-63	1963-64
Per diem consultants-----	41	209	205	288
Total number of man-days under Title V-----	440	908	857	1,228

Although this summary illustrates the purposes for which federal Title V funds have been expended it does not permit any evaluative conclusions concerning the values of different types of local guidance and testing programs, which is unfortunate in view of the increased local interest in motivating the "culturally deprived" student to remain in school.

It is recommended that the Department of Education survey a sample of representative local Title V programs to determine the types of activities which are most conclusive in lowering pupil dropout rates and in increasing pupil achievement levels. To the extent possible, the survey shall be based on actual dropout rates and standardized test results. A report should be submitted to the Joint Legislative Budget Committee by December 1, 1966.

It is recommended that the Bureau of National Defense Education submit an annual summary of the accomplishments of Titles III and V to the Joint Legislative Budget Committee by December 1, 1966 which will include answers to the following questions:

- 1. How many pupils annually participate in local programs that are funded by Titles III and V?*
- 2. How much federal money for these programs is allocated to supplemental support districts, equalization aid districts and basic aid districts? How many pupils in each type of district are affected by the program?*
- 3. To what extent do large urban districts maintain cooperative programs that are initiated and partially financed by Titles III and V?*
- 4. Can it be documented by pupil achievement scores that the Title III program has improved the instruction of reading?*
- 5. Can specific examples be cited that show that the Title V program has reduced the dropout rates in local schools?*

Department of Education
OFFICE OF COMPENSATORY EDUCATION

ITEM 95 of the Budget Bill

Budget page 270

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

Amount requested	\$46,107
Estimated to be expended in 1965-66 fiscal year	33,286
 Increase (38.2 percent)	 \$12,721

TOTAL RECOMMENDED REDUCTION (Federal funds) **\$254,492 ¹**

Summary of Recommended Reductions

	<i>Amount</i>	<i>Budget</i>	<i>Page Line</i>
Title I. Office of Compensatory Education			
Bureau of Program Development			
1 Bureau chief in compensatory education	\$14,464 ¹	272	49
1 Senior stenographer	5,337 ¹	272	51
3 Consultants in compensatory education ³	24,696 ¹	272	53
Bureau of Program Evaluation			
1 Bureau chief in compensatory education	15,952 ¹	272	55
2 Consultants in compensatory education ³	24,696 ¹	272	60
1 Intermediate clerk	4,617 ¹	272	59
Operating expenses—in-state traveling	5,500 ¹	272	52
Bureau of Administration and Finance			
1 Bureau chief in compensatory education	15,952 ¹	272	63
2 Consultants in compensatory education ³	24,696 ¹	272	74
Bureau of Community Services			
1 Bureau chief in compensatory education	15,188 ¹	273	8
1 Consultant in compensatory education ³	12,348 ¹	273	13
1 Senior stenographer	5,337 ¹	273	11
Add 1 bureau chief in compensatory education	+15,952 ¹	273	27
Unit for Disadvantaged Children			
2 Consultants in compensatory education ³	(24,792) ²	273	22
1 Intermediate stenographer	(4,782) ²	273	24
 Total Reduction Title I	 \$152,831 ¹	 274	 23
Title II. School Library Resources			
2 Consultants in school library services	\$24,892 ¹	274	64
1 Intermediate stenographer	4,917 ¹	274	68
 Total Reduction Title II	 \$29,809	 275	 54
Title V. Strengthening State Department of Education			
Traveling expenses	50,000 ¹	277	71
1 Coordinator program planning	13,777 ¹	276	45
0.7 Temporary help	8,075 ¹	276	58
 Total Reduction Title V	 \$71,852 ¹	 277	 76
 Total	 \$254,492 ¹	 278	 24

¹ Federal funds.² General Funds contained in Item 91.³ Consultants appear as temporary help.**GENERAL PROGRAM STATEMENT**

In 1965 the United States Congress passed the largest education bill in the nation's history: the Elementary and Secondary Education Act of 1965. Although the five titles of the bill are intended to improve the

Compensatory Education—Continued

overall quality of education, the bill's main emphasis is the field of compensatory education. For the 1965-66 fiscal year California is authorized more than \$100 million as its share of the program. This represents almost 10 percent of total state apportionments for public education in the current year. Table I depicts California's authorization for 1965-66.

Table I
Elementary and Secondary Education Act of 1965
Authorization for California

Title I—Aid to Children of Low Income Families.....	\$78,665,149
Title II—School Library Resources and Instructional Materials.....	9,308,483
Title III—Supplemental Education Centers and Services.....	5,996,364
Title IV—Educational Research and Training.....	8,000,000
Title V—Strengthening State Departments of Education.....	1,005,831
Total	\$102,975,827

A brief description of the purposes of each title and the state level administration follows:

Title I. Purpose. Federal grants to local school districts for compensatory education programs for preschool, elementary and secondary pupils shared arrangements for private school children.

Administration. Rests with State Board of Education through Office of Compensatory Education.

Allocation Procedure. Federal funds allocated to counties based on number of children from low income families. District entitlements computed by department; funds allocated to districts on project basis, final approval rests with U.S. Office of Education.

Title II. Purpose. To make available textbooks and published materials to all school children in public and private schools.

Administration. Bureau of National Defense Education and Bureau of Audio-visual and School Library Education.

Allocation Procedure. Funds allocated to school districts on basis of State Plan—in California part of money is to be allocated on project basis according to pupil population and district wealth—20 percent of allocation is reserved by State Plan for special projects.

Title III. Purpose. Provides funds for supplemental services such as educational television, museums, guidance and counseling programs, cultural programs, etc.

Administration. U.S. Office of Education, Division of Instruction, is responsible for initial review of grant application.

Allocation Procedure. Funds granted to public and private non-profit educational agencies, i.e., schools, museums, institutions of higher education.

Title IV. Purpose. Provides grants for institutions of higher learning and state educational agencies for educational research, construction of regional educational research facilities is authorized.

Administration. Administered directly by U.S. Office of Education—state level review not required.

Compensatory Education—Continued

Allocation Procedure. Grants allocated by U.S. Office of Education on project basis.

Title V. Purpose. Provides funds to departments of education for educational planning research projects and the improvement of services.

Administration. U.S. Office of Education.

Allocation Procedure. Project basis.

ANALYSIS AND RECOMMENDATIONS**Title I. Compensatory Education**

Of the more than \$100 million in federal funds authorized for California in 1965-66 over \$78 million will be distributed to school districts for compensatory education programs for educationally disadvantaged children of low income families. It is anticipated that approximately 300,000 public and private school children will participate in the statewide program during the budget year. Table II depicts the county entitlements authorized under the act for California in the current year.

Table II**Maximum Funds Authorized to California Counties—Title I of the Elementary and Secondary Education Act of 1965**

<i>County</i>	<i>Maximum amount authorized</i>	<i>County</i>	<i>Maximum amount authorized</i>
Alameda -----	\$4,878,805.03	Orange -----	\$2,271,755.97
Alpine -----	0.00 ¹	Placer -----	259,492.09
Amador -----	0.00 ²	Plumas -----	51,039.34
Butte -----	432,065.70	Riverside -----	1,591,315.66
Calaveras -----	0.00 ²	Sacramento -----	2,376,361.35
Colusa -----	72,010.95	San Benito -----	83,633.77
Contra Costa -----	2,186,606.18	San Bernardino -----	2,871,089.21
Del Norte -----	74,284.98	San Diego -----	4,977,346.33
El Dorado -----	98,288.63	San Francisco -----	3,466,127.06
Fresno -----	3,831,235.21	San Joaquin -----	1,707,543.86
Glenn -----	72,010.95	San Luis Obispo -----	399,471.27
Humboldt -----	509,382.72	San Mateo -----	1,177,947.54
Imperial -----	580,382.99	Santa Barbara -----	643,045.15
Inyo -----	63,167.50	Santa Clara -----	2,656,067.04
Kern -----	2,456,457.74	Santa Cruz -----	373,951.60
Kings -----	563,201.43	Shasta -----	330,492.36
Lake -----	89,445.18	Sierra -----	0.00 ²
Lassen -----	49,775.99	Siskiyou -----	167,014.87
Los Angeles -----	26,967,216.43	Solano -----	630,916.99
Madera -----	494,980.53	Sonoma -----	809,554.68
Marin -----	402,250.64	Stanislaus -----	1,267,140.05
Mariposa -----	28,046.37	Sutter -----	234,983.10
Mendocino -----	285,011.76	Tehama -----	195,313.91
Merced -----	861,352.03	Trinity -----	0.00 ²
Modoc -----	44,722.59	Tulare -----	1,576,408.13
Mono -----	0.00 ¹	Tuolumne -----	51,797.35
Monterey -----	980,359.60	Ventura -----	946,754.49
Napa -----	196,071.92	Yolo -----	244,331.89
Nevada -----	108,395.43	Yuba -----	199,861.97
		State total -----	\$77,886,285.51 ³

¹ Insufficient number of disadvantaged children to qualify for allocation.

² Insufficient number of disadvantaged children to qualify for countywide allocations; however, one or more districts in county may be eligible to receive allocation.

³ Figures may not reconcile with subvention item because of more recent calculation.

Compensatory Education—Continued

The act provides that a maximum of 1 percent of the total allocation of \$78 million, or \$780,000, may be used for state level administration.

Since final approval of local compensatory education projects rests with the U.S. Office of Education a state plan is not required in order for California to participate in the national program. However, the Department of Education is responsible for computing school district entitlements and for reviewing local project applications to see that they conform to federal regulations. Final state approval of local projects rests with the State Board of Education which submits its approval or denial of local projects to the U.S. Office of Education.

The Office of Compensatory Education which will administer the distribution of federal funds in California was originally established as a bureau within the Division of Instruction in 1963-64 to administer the state supported pilot program in compensatory education which terminated on June 30, 1965. The McAteer Act of 1965 (Chapter 1163, 1965 Statutes) established the new office to administer the federal program in California and specified that it was to be headed by an individual at the associate superintendent level, who would be directly responsible to the State Board of Education. The act also made this individual Secretary of the Advisory Committee on Compensatory Education, which also reports directly to the state board. On the basis of this legislative action and on the basis of a recommendation made in a study prepared by the Arthur D. Little Company that the federal education act be administered by an independent departmental unit, the State Board of Education directed the department to administer Title I as a separate program.

The department is requesting personnel for six bureaus and one unit for this division. A total of 57.5 positions were administratively established in 1965-66 and are being requested for the division, at a cost of \$687,635 in the budget year. The proposed units and positions for the Office of Compensatory Education requested are listed below along with a summary of our recommendations.

Proposed		Recommended	
Bureau	Staff	Bureau	Staff
1. Administrative unit -----	4	No change -----	4
2. Bureau of Program Development -----	12.5	{ Combined to form Bureau of Program Administration and Evaluation -----	27.5
3. Bureau of Program Evaluation -----	12.0		
4. Bureau of Administration and Finance -----	13.0		
5. Bureau of Community Services -----	6.5	{ Delete (substitute existing Bureau of Intergroup Relations) -----	3.5
6. Bureau of Preschool Programs -----	6.5	No change -----	6.5
7. Unit for Disadvantaged Children -----	3.0	Delete -----	0
Proposed positions -----	57.5	Recommended positions -----	41.5

Proposed Expenditures for Office of Compensatory Education in 1966-67

	1965-66	1966-67	Increase	
			Amount	Percent
Total cost -----	\$568,843	\$687,535	\$118,692	21
General Fund -----	33,286	46,107	12,821	39
Federal funds -----	535,557	641,428	105,871	20

Compensatory Education—Continued

Total proposed expenditures for the Office of Compensatory Education are set at \$687,535 for 1966-67; representing a 21-percent increase over the current expenditure level. General Fund support is proposed at a level of \$46,107, while federal support is set at \$641,428.

In general, we believe that the total proposed expenditures and staff for this new division is unreasonable. The department is requesting more personnel for the Office of Compensatory Education than presently exist in either the Division of Instruction or in the Division of Special Schools.

It is also noted that representatives of the Office of Compensatory Education have continually emphasized that they cannot dictate the types of projects for which school must spend federal funds. The main purpose of this unit is to review project proposals to insure that the proposals fulfill the broad requirements of the federal law. As long as school districts demonstrate that they do not propose to dilute the federal funds by using the money for an unreasonably large number of children and that they do not propose to use compensatory education as a means of continuing de facto segregation, neither the department nor the State Board of Education is authorized to disapprove district proposals. Because of the department's limited review powers we do not believe that this unit needs a staff of 57 individuals.

Finally, we believe that it was both unfortunate and unwise for the department to establish a new division entirely divorced from the rest of the department for the administration of the compensatory education program. While we agree that compensatory education should be administered as a semi-autonomous program, we believe that the physical separation of this office from other departmental units coupled with the proposed administrative structure for the new division will make coordination with other educational programs for educationally disadvantaged pupils and language handicapped pupils exceedingly difficult. The department is presently responsible for administering the Adult Basic Education Program, the Vocational Education and Manpower Development and Training Programs, the Basic Reading Act of 1965, several preschool programs, in addition to Titles III and V National Defense Education Act which have compensatory education components.

Ideally, these interrelated programs should be coordinated and there should be some type of a common review of district applications for state and federal assistance. Presently there is no coordination of these programs and a completely separate Office of Compensatory Education will not facilitate it.

We make several recommendations that positions financed entirely from federal funds be deleted as we do not believe that the requesters are sufficiently justified. Federal funds not used for staff for this office may be used for other state level purposes, such as state level research projects connected with compensatory education. Should our recommendations be accepted we suggest that the resultant savings in federal funds be given to the State Board of Education for special research projects in compensatory education.

1. Administrative Unit. This unit headed by an associate superintendent, the Director of Compensatory Education, would be responsible

Compensatory Education—Continued

for the overall administration of the program. Four positions are requested for this unit at a cost of \$46,692. These positions are:

- 1 Associate superintendent of public instruction
- 1 Assistant to the director
- 1 Senior stenographer
- 1 Intermediate typist-clerk

One-tenth of the director's salary, amounting to \$1,976, is budgeted as a General Fund cost connected with his supervision of the McAteer Act.

During the fall of 1965 a study prepared for the department by the Arthur D. Little Company presented a series of memorandums to the State Board of Education which outlined this company's recommendations regarding the administration of the Elementary and Secondary Education Act.

The report recommended that the administration of this component should be organized on a program basis rather than throughout the existing departmental organization. However, the report expressed "alarm" that the Office of Compensatory Education authorized by the McAteer Act was being transformed by the department into a division because of the job classification of the director. It was recommended that the department insure program flexibility by hiring for part-time employment ad hoc educational experts wherever possible instead of permanent staff.

The administration proposes to establish three separate bureaus to perform an essentially similar function, i.e., the review of district applications requesting Title I funds. These review units are: Bureau of Program Development, Bureau of Program Evaluation, and the Bureau of Administration and Finance.

The Bureau of Program Development would review project applications for program content and provide consultant services for school districts. It would be assisted by the Bureau of Program Evaluation which has as its main responsibility the review of applications to make sure that evaluative criteria are contained in each proposal so the success or failure of the program may be measured. The main responsibility of the Bureau of Administration and Finance would be to compute district entitlements and to review project proposals to insure that the districts concentrate federal funds in "target" schools.

Since the main purpose of the three bureaus is to review district applications, we believe that they should be combined into one unit in the interest of administrative efficiency which we will refer to in this analysis as the Bureau of Program Administration and Evaluation.

It is noted that none of the other special programs administered by the department such as the National Defense Act Education Program, the Vocational Educational Program, or the newly established Basic Reading Act of 1965 are being administered on this fractionalized basis. A combined Bureau of Program Administration and Evaluation would insure the "program flexibility" recommended by the Arthur D. Little Company. In the following discussion of each of these three

Compensatory Education—Continued

bureaus we recommend that the bureau chief's position proposed for each unit be eliminated. This reduction is offset by a recommendation that one bureau chief position be added to the personnel service expenses for a combined Bureau of Program Administration and Evaluation.

2. Bureau of Program Development. According to the department the main purpose of the Bureau of Program Development is to evaluate project applications and to "develop guidelines for projects and programs . . . to provide consultant services to school districts . . . to assist districts in the actual design of projects . . . and to assist in developing and collecting compensatory education material." This unit is requesting an amount of \$123,929 to establish 12.5 positions.

Positions requested*Recommended for approval*

- 5 Consultants in compensatory education
- 3.5 Intermediate stenographers

Subtotal 8.5

Recommended for disapproval

- 1 Bureau chief
- 1 Senior stenographer
- 2 Consultants in compensatory education

Subtotal 4

Total 12.5

We recommend disapproval of the request for 1 bureau chief, 1 senior stenographer and 2 consultants in compensatory education for a saving of \$44,593 plus related expenses. We believe that the staff of this unit should be combined with the proposed Bureau of Program Administration and Evaluation.

Furthermore, we question the proposed functions of this unit. We have thoroughly examined the proposed guidelines for suggested programs and find that it is nothing more than a series of suggested projects; no specific priorities were set for different types of local projects. The second purpose of the bureau, to assist districts in the actual design of projects, contradicts previous statements made by the department that the Department of Education had no intention of establishing priorities for the use of federal money. Thus the proposed personnel for this unit can do nothing more than informally advise districts concerning their local programs; it is also noted that Title I funds may be used by school districts to hire outside consultant assistance to develop local programs.

3. Bureau of Program Evaluation. This bureau, established administratively in 1965-66, is requested to review project applications to determine if they contain sufficient evaluative criteria for measuring

Compensatory Education—Continued

the success or failure of the local project. In addition, the department states that this unit would provide information regarding compensatory education programs to school districts, conduct state level research and compile statistical data regarding local compensatory education programs. The department is requesting the following 12 positions for the bureau for a cost of \$96,786.

Proposed positions*Recommended for approval*

- 3 Consultants in compensatory education
- 1 Associate research analyst
- 1 Senior stenographer
- 2 Intermediate stenographers
- 1 Intermediate clerk

Subtotal 8

Recommended for disapproval

- 1 Bureau chief in compensatory education
- 2 Consultants in compensatory education
- 1 Intermediate clerk

Subtotal 4

Total 12

We recommend disapproval of a request for 1 bureau chief, 2 consultants in compensatory education and 1 intermediate clerk for a savings of \$45,360. We have recommended consolidation of this proposed bureau with the suggested Bureau of Program Administration and Evaluation. We also believe that a staff of four individuals will be adequate for reviewing project proposals to determine if they contain sufficient evaluative criteria. It is noted that the department has budgeted an amount of \$50,000 for consultant services for this unit. These funds may be used to employ ad hoc project teams for educational research and can be used to employ temporary personnel to review project applications. The four professional positions which we recommend for approval coupled with the temporary consultant staff which may be purchased with the \$50,000 budgeted for consultant services would provide nine individuals for this evaluation function which we believe is more than adequate for the job to be performed.

We recommend that an amount of \$5,500 in operational expenses for in-state traveling for this unit be deleted. This reduction would leave a sum of \$6,000 for the four permanent positions which we recommend be approved. This is equivalent to \$1,000 for each professional position which we believe is sufficient for personnel whose primary duties are to evaluate project applications and perform state level research.

4. Bureau of Administration and Finance. The department states that the main purpose of this bureau, established administratively in 1965-66, is to compute district entitlements and to assist other bureaus

Compensatory Education—Continued

in evaluating project applications to insure that the districts plans demonstrate that federal funds will be distributed to the schools within the districts having the largest concentrations of educationally disadvantaged children. A total of 13 positions are proposed for this unit for an additional cost of \$101,689. These positions are as follows:

Positions requested:

Recommended for approval

- 1 Assistant budget analyst
- 2 Programmer II positions
- 1 Senior stenographer
- 2 Accounting technicians II
- 1 Intermediate stenographer
- 2 Key punch operators
- 1 Intermediate typist-clerk

Subtotal 10

Recommended for disapproval

- 1 Bureau chief of compensatory education
- 2 Consultants in compensatory education

Subtotal 3

Total 13

We recommend disapproval of a request for one bureau chief and two consultants in compensatory education for a savings of \$40,744 plus related expenses. We also recommend that the staff of the unit be transferred to the proposed Bureau of Program Administration and Evaluation.

We believe that the proposed request for 10 people for the fiscal administration of the program is excessive, since we have already recommended approval of 9.5 fiscal positions for the Division of Departmental Administration for the specific purpose of alleviating part of the fiscal workload created by the Title I program.

We are recommending disapproval of the two consultant positions because we believe that consolidation of this unit with the Bureau of Program Administration and Evaluation would result in a more efficient administrative structure not requiring the number of personnel requested for an independent unit of administration.

5. Bureau of Community Services. According to the Department of Education this bureau would insure that districts operating compensatory education programs comply with the provisions of the 1964 Civil Rights Act, assist school districts to coordinate their programs with community action programs, offer consultant services for bilingual disadvantaged children, and identify and work with indigenous leaders. A total of 6.5 positions are proposed for this bureau at a cost of \$65,718.

Compensatory Education—Continued

Recommended for approval.

- 2 Consultants in compensatory education
- 1.5 Intermediate stenographers

Subtotal 3.5

Recommended for disapproval.

- 1 Bureau chief of compensatory education
- 1 Consultant in compensatory education
- 1 Intermediate stenographer

Subtotal 3

Total 6.5

We recommend that the request for a Bureau of Community Services be disapproved along with one bureau chief position, one consultant in compensatory education and one senior stenographer for a savings of \$32,921.

In our analysis of the General Activities budget for the Department of Education we recommended that the Bureau of Intergroup Relations be transferred to the Office of Compensatory Education because of the bureau's function of solving minority group problems in school districts. We believe that this bureau, if augmented by two positions, could insure that districts operating compensatory education programs conform to federal regulations.

The other proposed activities of the Bureau of Community Services, such as "consultant services" for bilingual children and the coordination of local federal programs should be provided by either the recommended Bureau of Program Administration and Evaluation or by the local districts which have federal funds for this purpose.

6. Bureau of Preschool Programs. This unit would be responsible for administering the state preschool program authorized by the 1965 Legislature, Chapter 1248, 1965 Statutes, and would provide consultant services to school districts. A total of 6.5 positions is requested for this unit.

Proposed positions

Recommended for approval.

- 1 Bureau chief in compensatory education
- 3 Consultants in compensatory education
- 1 Senior stenographer
- 1.5 Intermediate stenographers

Total 6.5

The cost of these positions plus operational expenses would be financed by a combination of \$21,162 in General Funds and \$63,488 in federal funds available on the basis of a 25/75 state and federal matching basis authorized by Chapter 1248, Statutes of 1965.

Compensatory Education—Continued

Currently, preschool programs may be financed by several sources. Title I money of the Elementary and Secondary Education Act, money provided by the Economic Opportunity Act (Operation Headstart), General Funds and parent fees for the children's center program, General Funds and federal funds made available by Chapter 1248, Statutes of 1965, and social welfare funds available for day nurseries. The Department of Education is now directly involved in four of these programs, the children's center program, Operation Headstart, the Unruh preschool program and local Title I programs. However, no single departmental unit is responsible for all preschool programs. Administration of the children's center program and coordinating responsibilities for Operation Headstart rests with the Division of Public School Administration while responsibility for Title I preschool programs and the Unruh preschool program rests with the Office of Compensatory Education. To foster greater departmental coordination of these preschool activities we offer the following recommendation.

We recommend that the Legislature direct the department to place administrative responsibility for all preschool programs under one unit; either the Office of Compensatory Education or the Division of Public School Administration.

7. Unit for State Programs for Disadvantaged Children. The McAteer Act (Chapter 1167, Statutes of 1965) appropriated \$1 million to the State Board of Education to further statewide compensatory education activities. Although the money was not appropriated for any specific purpose, it was generally understood that the funds would be used to improve the training of teachers for educationally disadvantaged pupils and for special projects recommended by the State Board. The department is requesting that two positions administratively established this year be continued in 1966-67 to administer the \$1 million appropriated by the McAteer Act in 1965-66 and a similar amount proposed for 1966-67. The General Fund cost of these positions of \$29,574 is included in the support budget for the Department of Education.

We recommend disapproval of the request for two consultants in compensatory education and one intermediate stenographer for a General Fund saving of \$29,574 plus related expenses. The department has not submitted any workload justification for these positions demonstrating either their proposed duties or evidence that the existing departmental staff or the federal staff will be unable to absorb the workload generated by the \$1 million appropriation. Available funds should be devoted to the urgent needs of teacher training rather than departmental administration. Furthermore, we believe that part-time administrative personnel should be employed to administer the projects when approved rather than adding permanent staff for the department.

Title II. School Library Resources

During the current fiscal year California will receive \$9,308,483 for library materials and audio-visual equipment under Title II. Funds

Compensatory Education—Continued

will be allocated to school districts in two phases according to a state plan. The first phase of the allocation will distribute about \$7 million to all districts which apply for money on the basis of a formula which considers the district's assessed valuation and the average daily attendance in the public schools and eligible private schools. About \$2 million will be distributed under Phase II for supplemental projects; project approvals will be determined by ad hoc personnel employed by the department. The state plan requires that not less than 75 percent of the district's allocation be spent for printed materials and not more than 25 percent of the allocation may be spent for audio-visual materials.

<i>Administration of Title II</i>		<i>Increase</i>	
<i>1965-66</i>	<i>1966-67</i>	<i>Amount</i>	<i>Percent</i>
\$203,355	\$286,084	\$82,729	41

Under the provisions of Title II 5 percent of California's total entitlement of \$9,308,483 for 1965-66, or \$465,424, is reserved for state level administration of which \$286,084 is budgeted. In subsequent years 3 percent of the total allocation may be used for administration. The department proposes that the program be administered jointly by the Bureau of National Defense Education Act Administration and by the Bureau of Audio-visual and School Library Education. The former unit would provide administrative services for the program and the latter unit would be responsible for project approval and for providing consultant services to districts. A total of 20 positions are requested for the administration of the program in the budget year at a cost of \$185,384. These positions are listed below.

Proposed positions for Bureau of National Defense Education Administration.

Recommended for approval

- 2 Administrative consultants
- 1 Accountant I
- 1 Intermediate stenographer
- 2 Intermediate typist-clerks
- 1.4 Temporary help

Subtotal 7.4

Proposed positions for Bureau of Audio-visual and School Library Education.

Recommended for approval

- 2 Consultants in school library services
- 1 Consultant in audio-visual education
- 2 Intermediate stenographers
- 4.6 Temporary help

Subtotal 9.6

Compensatory Education—Continued

Recommended for disapproval

- | | |
|---|--|
| 2 | Consultants in school library services |
| 1 | Intermediate stenographer |

Total	20
-------	----

We recommend that two of the consultants and one intermediate stenographer in school library services be deleted from the budget for a savings of \$29,809. The proposed responsibility of the consultants would be to assist ad hoc personnel to review project applications and to provide consultant services to school districts. We believe that the latter function should be performed to the extent possible by non-departmental consultants employed on a temporary basis. An amount of \$45,000 is budgeted for this purpose. This recommendation is in accord with the Little Company's recommendation that ad hoc teams be used whenever possible.

Title V. Strengthening the State Department of Education

Title V of the Elementary and Secondary Education Act authorizes an amount of \$1,005,831 to California in 1965-66 for strengthening the Department of Education. Funds may be used for research projects and for improving existing departmental programs. The program will be 100 percent federally financed through the budget year. However, in 1967-68 the states will be required to finance 50 percent of its cost. An amount of \$598,433 has already been approved by the State Board of Education for special projects in 1966-67, leaving a balance of \$507,398.

During 1965-66 the State Board of Education on the recommendation of its advisory committee for Title V approved seven projects to be financed by Title V funds. These projects are summarized below.

1. Phase II of Arthur D. Little Study—\$204,180. The second phase of the Little Company's study will analyze the internal operations of the State Department of Education and make recommendations for improving administrative efficiency. The study will be completed sometime in 1966-67.

2. Advisory Committee on Title V—\$13,450. This project initiated by the State Board on the recommendation of the Arthur D. Little Company established an ad hoc advisory committee to recommend specific expenditures of Title V funds.

In 1965-66 the State Board of Education approved five two-year curriculum research projects to be financed by federal Title V funds. An amount of \$274,160 is proposed in the budget year for these projects which represents an increase of \$127,010 over the present level of \$147,150. Each project will be administered by one project coordinator

Compensatory Education—Continued

while the actual research will be performed by ad hoc research teams composed of nondepartmental personnel. The projects are listed below.

3. Bill of Rights Project -----	\$61,320
4. Curriculum Framework in Science -----	62,584
5. Curriculum Framework in Social Sciences -----	53,772
6. Curriculum Framework in English -----	67,372
7. Advanced Placement Program -----	29,112

Of the \$274,160 budgeted in 1966-67 for these five projects, an amount of \$104,200 is budgeted for in-state and out-of-state traveling expenses. The department reports that a large proportion of this money will be used for the traveling expenses of ad hoc research teams working on the projects. However, in view of the fact that \$43,800 is budgeted in the current year for such expenses, we believe that the figure of \$104,200 for 1966-67 is excessive.

We therefore recommend that an amount of \$50,000 be deleted from the operational expenses for in-state traveling for these projects.

8. Department Reorganization Study—\$8,400. In 1965-66 the Arthur D. Little Company made several recommendations to the State Board of Education regarding the proposed administration of the Elementary and Secondary Education Act. An amount of \$8,400 in federal funds was used to finance the survey.

9. Program Planning Unit—\$135,386. This is a new unit recommended by the company to identify education problems for the State Board of Education, coordinate all departmental research programs and establish and supervise ad hoc project teams to research problems. The Arthur D. Little Company recommended a staff of four professional positions and necessary clerical help. The department is requesting the following 9.2 positions for the unit at a cost of \$135,386.

10. Junior College Advisory Committee—\$75,840. This committee appointed by the State Board of Education is to perform a study of the program and curriculum offered by the junior colleges.

Proposed Positions

Recommended for approval

- 1 Director, program planning
- 2 Specialists, program planning
- 1 Administrative assistant
- 3.5 Intermediate stenographers

Subtotal 7.5

Recommended for disapproval

- 1 Coordinator, program planning
- 0.7 Temporary help

Subtotal 1.7

Total 9.2

Compensatory Education—Continued

We recommend disapproval of a request for one coordinator, program planning, and a 0.7 temporary help position for a savings of \$21,852 plus related expenses.

Unlike the other projects which will terminate at the end of a two-year period, the Program Planning unit is proposed as a permanent section that will ultimately be supported by 50 percent state funds. Thus we believe that reasonable staffing for this unit is essential. We are recommending that a staff of four permanent professional positions be approved for the bureau which is similar to the Little Company suggestion. We do not believe that a project coordinator is necessary for this unit since all of the approved research projects already have such positions. Legislative acceptance of our recommendation would authorize a staff of 4 professional and 3.5 clerical positions for the new unit.

**Department of Education
CALIFORNIA SCHOOL FOR THE BLIND**

ITEM 96 of the Budget Bill

Budget page 279

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

Amount requested	\$880,831
Estimated to be expended in 1965-66 fiscal year	841,835
Decrease (1.2 percent)	\$10,504

Increase to improve level of service

\$5,000

TOTAL RECOMMENDED REDUCTION (General Fund)	\$8,750
(Federal funds)	33,228
Total	\$41,978

Summary of Recommended Reductions

	Amount	Page	Budget Line
From amount requested to maintain existing level of service			
A reduction in the amount requested for equipment	\$3,750	280	73
From amount requested to improve level of service			
Delete three teaching and one social worker positions to be established through use of federal funds	\$33,228	280	22
A reduction in temporary help, work-study program	\$5,000	280	27

GENERAL PROGRAM STATEMENT

The California School for the Blind, located at Berkeley, offers an educational and residential program for blind, partially blind, deaf-blind, and multiple-handicapped blind children from kindergarten through the ninth grade. At the secondary level, the residential program is offered to between 10 and 12 pupils who attend high school classes in Oakland and Berkeley.

In its educational program, the school employs special equipment in the teaching of the blind such as braille books, braille writers, embossed maps and globes, geometric models, and audio equipment. In addition, a full program for the deaf-blind is provided in the school's Helen Keller unit.

California School for the Blind—Continued

The residential program provides room and board, child guidance and counseling, and extracurricular activities. Of the school's total estimated enrollment in the budget year of 165 students, 10 will be nonresident, 11 will be resident high school students not participating in the educational program and 144 will participate in both the residential and the educational programs.

The following table gives a cost breakdown for the school's three major programs. Federal funds and field service programs are excluded.

	1963-1964 (actual)	1964-1965 (actual)	1965-1966 (estimated)	1966-1967 (estimated)
Residential program only				
Amount budgeted for program	\$18,802	\$22,995	\$21,298	\$22,676
Number of students enrolled in program	10	12	10	11
Average cost per student	\$1,880	\$1,916	\$2,130	\$2,061
Educational program only				
Amount budgeted for program	\$27,532	\$29,077	\$32,121	\$30,570
Number of students enrolled in program	10	10	10	10
Average cost per student	\$2,753	\$2,908	\$3,212	\$3,057
Residential and educational program				
Amount budgeted for program	\$638,768	\$681,756	\$746,991	\$737,060
Number of students enrolled in program	140	142	140	144
Average cost per student	\$4,563	\$4,801	\$5,336	\$5,118
All Programs, Residential and Educational				
Amount budgeted for program	\$684,382	\$733,840	\$800,410	\$790,306
Number of students enrolled in programs	160	164	160	165
Average cost per student	\$4,277	\$4,475	\$5,003	\$4,790

The School for the Blind is presently operating at capacity. Unless the summer months are utilized, it is unlikely that the present enrollment level will increase.

ANALYSIS AND RECOMMENDATIONS

The total budget request for 1966-1967 from the General Fund is \$830,831. The estimated costs for the school's educational and residential programs in this year is \$790,306. In addition, the school will continue two field service programs: (a) readers for blind college students; and (b) services to blind preschool children. The costs for these two programs are estimated at \$37,200 and \$3,325 respectively in the budget year. For the first time, the school plans to apply for federal funds. They will come from Title I (compensatory education) of the Federal Elementary and Secondary Education Act of 1965 and the Economic Opportunity Act of 1964 in the amounts of \$33,228 and \$45,000 respectively. The Title I funds are provided through 100 percent federal financing and the economic opportunity act funds through 90-10 federal-state matching. The budgetary request includes \$5,000 for the state share of this latter program. Of the federal funds, only the \$33,228 figure is shown in the budget, inasmuch as the Economic Opportunity Act funds are for a work-study program and are paid directly to the institutions providing the student help. In this case,

California School for the Blind—Continued

the funds are given to the University of California at Berkeley and Peralta Junior College. Thus, the total listed budgetary request, including federal financing is \$864,059.

Residential Program

The California School for the Blind maintains four dormitory units with a total of 167 beds, a cafeteria with a serving capacity of 170 and recreational facilities for use by resident students. These facilities include playfields, playground apparatus, a swimming pool, a gymnasium, and a one-lane bowling alley. Meals are served in the cafeteria seven days a week for nine months of the year.

The school estimates an increase of four resident students which will raise the enrollment in this program to 155 in the budget year. No new positions are being requested.

We recommend that \$3,750 requested for new equipment be deleted.

The school is requesting \$3,750 for the replacement of a gas bake oven, ranges and double shelf in the kitchen. The present oven and range was purchased on September 1, 1957, and has been used for nine months each year since then. The school claims that the baking surfaces on the deck oven are warped and that the oven was improperly vented on installation which prevents it from heating properly.

We believe that this request should be disapproved for the following reasons: (a) there is no record available of any food spoilage or inability to serve meals and (b) there is no record of any repairs on the oven or the ranges in recent years. An estimate was received from one repair service in the amount of \$1,125 for a complete reconditioning.

Educational Program

In the budget year, the school estimates an enrollment in the educational program of 154 students, 144 of whom will be in residence. In recent years the emphasis has changed from a strictly blind oriented educational program to one with an emphasis on the multiple-handicapped blind and the deaf-blind who now constitute two-thirds of the total enrollment. Due to a recent change in the policy of the school, priority consideration is now given to applicants who have no adequate program in their local communities. Most multiple-handicapped blind are in this category.

The school offers a program which includes such courses as English, history, mathematics, speech, music, crafts, homemaking, and physical education. In addition, instruction is offered to develop travel skills so that the blind students may move around a community without assistance.

We recommend the deletion of three teaching and one social worker positions in the amount of \$33,228 unless the requirements outlined below are fulfilled.

As stated previously, the school plans to participate in the Federal Elementary and Secondary Education Act of 1965, Title I (compensatory education). The budgetary request calls for four positions including one supervising teacher, two teachers, and a social worker for a total of \$33,228. They are to be financed entirely by federal funds.

California School for the Blind—Continued

To receive the desired federal financing, the agency is required to develop a program which must be approved by the State Board of Education and the United States Office of Education. At present, the program has not been fully developed nor has it been approved on either the state or federal levels.

We believe that federal programs affecting the special schools should be reviewed by the 1966 Legislature particularly since increasing state support for the program is likely in the future. Until this program is developed and approved however, an analysis and recommendation concerning the requested positions is not possible. It is therefore appropriate that the program be disapproved until the following conditions are satisfied: (a) receipt and approval by the 1966 Legislature of justification for this specific state project and (b) the approval of federal financing. Justification should be submitted to the Senate Finance and Assembly Ways and Means Committees at the time they consider action on the budget.

We recommend that \$5,000 requested for temporary help, work-study program be deleted.

During the current year, the School for the Blind became a participant in the work-study program under the Federal Economic Opportunity Act of 1964. This is a matching program with 90 percent federal financing. A total of \$4,050 was approved administratively out of savings in the existing budget to employ 30 college students from the University of California and from Peralta Junior College part time to work with multiple-handicapped children. A continuation of the program is requested.

For the budget year, \$200,000 has been requested for the State Office of Economic Opportunity in the Governor's Budget. All state matching requirements for work-study projects will be drawn from this fund. This \$5,000 project requested by the School for the Blind should be submitted to the State Office of Economic Opportunity as is the procedure in all other state agencies.

POLICY OPTION

In the 1965-1966 Analysis of the Budget Bill, we recommended in a policy option that the consideration be given to the possibility of operating the School for the Blind on a 12-month basis. At that time, one of the arguments against the option was that added costs were involved. This year, that obstacle may have been eliminated due to the availability of federal financing under Title I of the Elementary and Secondary Education Act of 1965.

There would be several advantages in operating the school year-round. It might be possible to greatly enlarge the enrollment capacity of the school, to intensify the existing program for those children presently in attendance, or to conduct an intensified program for the deaf-blind and the multiple-handicapped blind.

Arguments in favor of this option are:

- a. Greater utilization of facilities;
- b. The possibility of expansion of program without the need for capital outlay funds.

California School for the Blind—Continued

Arguments against this option are:

- a. Additional administrative workload;
- b. Possible difficulties in obtaining a full-time staff.

Department of Education

SCHOOL FOR CEREBRAL PALSID CHILDREN, NORTHERN CALIFORNIA

ITEM 97 of the Budget Bill

Budget page 281

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

Amount requested	\$571,473
Estimated to be expended in 1965-66 fiscal year	550,293
Increase (3.8 percent)	\$21,180
TOTAL RECOMMENDED REDUCTION	\$10,120

Summary of Recommended Reductions

	Amount	Budget Page	Line
1. A reduction in the number of presently authorized staff positions made possible through greater utilization of state college personnel-in-training assistance	\$9,120	282	4
2. A reduction in the feeding program made possible by greater cooperation with San Francisco State College	\$1,000	282	37

Department of Education

SCHOOL FOR CEREBRAL PALSID CHILDREN, SOUTHERN CALIFORNIA

ITEM 98 of the Budget Bill

Budget page 283

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

Amount requested	\$545,177
Estimated to be expended in 1965-66 fiscal year	534,615
Increase (2.0 percent)	\$10,562
TOTAL RECOMMENDED REDUCTION	\$9,120

Summary of Recommended Reductions

	Amount	Budget Page	Line
A reduction in the number of presently authorized staff positions made possible through greater utilization of state college personnel—in-training assistance	\$9,120	283	48

GENERAL PROGRAM STATEMENT

The State of California operates two schools for cerebral palsied children and other neurologically and orthopedically handicapped children. They are located adjacent to San Francisco State College and California State College at Los Angeles respectively.

Each school has three basic functions: (a) to perform medical and educational diagnoses of each child enrolled in the school to determine the extent to which he can develop to the fullest extent of his capabilities; (b) to provide a residential program of education and treatment for children enrolled; and (c) to serve as a resource facility and a

School for Cerebral Palsied Children—Continued

demonstration laboratory for the training of teachers, therapists, and other professional personnel and students training for a career in special education.

In recent years, both special schools have enlarged both their diagnostic and educational programs. The table below gives an accounting of this growth together with a cost breakdown of each program.

Northern School				
	1963-1964 (Actual)	1964-1965 (Actual)	1965-1966 (Estimated)	1966-1967 (Proposed)
Diagnostic program				
Amount budgeted for program	\$144,624	\$142,639	\$158,687	\$162,331
Children served -----	161	186	194	185
Average cost per diagnosis...	\$898	\$767	\$818	\$878
Education and treatment program				
Amount budgeted for program	\$360,267	\$365,788	\$391,606	\$409,142
Children served -----	19	31	34	34
Average cost per child -----	\$18,961	\$11,800	\$11,518	\$12,034
Southern School				
	1963-1964 (Actual)	1964-1965 (Actual)	1965-1966 (Estimated)	1966-1967 (Proposed)
Diagnostic program				
Amount budgeted for program	\$92,539	\$100,023	\$116,056	\$118,208
Children served -----	78	123	140	160
Average cost per diagnosis...	\$1,186	\$813	\$829	\$739
Education and treatment program				
Amount budgeted for program	\$345,858	\$381,801	\$418,559	\$426,969
Children served -----	30	31	32	32
Average cost per child -----	\$11,529	\$12,316	\$13,080	\$13,343

ANALYSIS AND RECOMMENDATIONS

Diagnostic Program

Each school maintains a program of medical and educational diagnosis for children between the ages of 3 and 21 who are referred by local authorities or the child's family physician. Each school is able to examine four children per week. During this examination, which normally requires between one and two weeks to complete, each child and his parents remain at the school and are offered free room and board by the school.

The purpose of the diagnosis is to determine the educational and medical program which will enable the child to develop his fullest potentialities. This program, depending on the recommendation of the staff, will be administered at the local level or at the state school if there is no adequate program in the home school district. The cost of and number of children to be served by the diagnostic program in the 1966-67 year appear in the above table.

Neither of the two schools is requesting any new positions for its diagnostic program.

School for Cerebral Palsied Children—Continued

Residential Education and Treatment Program

Children who have participated in the diagnostic program and who do not have adequate educational programs in their local communities are enrolled in the residential education and treatment program. There are 34 and 32 beds at the Northern and Southern Schools respectively to accommodate the children in this program. Services include room and board, a medical program, and group and individual physical, occupational and speech therapy.

The Northern School is requesting one food service assistant I position due to the increased number of meals served which has resulted from more students remaining at the school on weekends. This position appears to be justified on this workload basis and *we recommend that it be approved.* The Southern School is requesting no new positions.

We recommend that \$1,000 be deleted from the feeding program at the School for Cerebral Palsied Children, Northern California, made possible by purchasing food items through the San Francisco State College feeding programs.

The School for Cerebral Palsied Children, Northern California, presently makes food purchases independently of the adjacent state college. Because of the limited size of the Northern School, only one distributor submitted a bid for food. This bid had to be accepted, in spite of the fact that many of the prices offered were in excess of those to be found in commercial supermarkets.

We believe that there is a savings to be realized by purchasing food through the state college feeding program. This would require a cooperative agreement with either the San Francisco State College housing manager or the manager of the central dining commons both of whom purchase food items at prices lower than those paid at the Northern School.

Training and Research Program

The two schools for cerebral palsied children serve as demonstration schools for teacher training purposes for San Francisco State College and California State College at Los Angeles. The services of the schools are provided for students studying in the fields of medicine, nursing, psychology, and physical, occupational and speech therapy in order to train them in the specialized techniques needed for work with cerebral palsied and other brain damaged children.

We recommend that the presently authorized staff be reduced by two attendant positions at each school for a total savings of approximately \$18,240 plus related expenses. The duties performed by these attendants would be assumed by personnel in training at San Francisco State College and California State College at Los Angeles respectively.

In the 1965-1966 Analysis of the Budget Bill, we recommended that personnel in training at the two state colleges be used to replace existing staff and thereby effect budgetary savings. As a result of this recommendation, the Senate Finance and Assembly Ways and Means Committees recommended that the two state colleges and schools for cerebral palsied children: "develop a plan for furthering coopera-

School for Cerebral Palsied Children—Continued

tion . . . so that a greater degree of efficiency and economy of operation can be realized." The recommendation called specifically for the utilization of college students in training in the programs of the schools for cerebral palsied children.

In response to this request the respective schools and colleges submitted a report to the Legislature on December 1, 1965. This report failed to present a plan for greater efficiency and economy through the use of the available college students. The possibility of their use was not discussed.

We believe that college students training in the fields of special education can be used in the programs of the schools for cerebral palsied children in the capacity of attendants whose principal responsibilities are to attend to the personal needs of the children and to assist them in developing habits and skills which will enable them to live with a minimum of outside help in the future. We stated this belief last year and have since received no information which would indicate that this could not be done. The functions of attendants are not of a technical nature and could be performed easily by students in training at the state colleges. In addition, the students would be offered a valuable opportunity for direct contact with the handicapped children, an opportunity that is presently not available except on a limited scale at the Southern School.

Department of Education

CALIFORNIA STATE SCHOOL FOR THE DEAF, BERKELEY

ITEM 99 of the Budget Bill

Budget page 284

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

Amount requested	\$1,978,079
Estimated to be expended in 1965-66 fiscal year	2,027,596
Decrease (2.4 percent)	\$49,517
Increase to improve level of service	\$15,127

TOTAL RECOMMENDED REDUCTION

General Fund	\$8,000
Federal funds	111,605

Summary of Recommended Reductions

	Amount	Budget Page	Line
From amount requested to maintain existing level of service:			
Reduction in the amount budgeted for feeding	\$8,000	285	60
From amount requested to improve level of service:			
Delete 1 visual aide coordinator	10,968	285	27
Delete 7 temporary help-summer school positions	54,636	285	28
Delete 0.5 temporary help psychiatrist	5,000	285	30
Delete 4 counselor positions	22,224	285	31
Reduction in the amount requested for staff benefits	7,598	285	39
Reduction in the amount requested for operating expense	8,974	285	75
Reduction in the amount requested for equipment	2,205	286	2

Department of Education

CALIFORNIA STATE SCHOOL FOR THE DEAF, RIVERSIDE

ITEM 100 of the Budget Bill

Budget page 287

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

Amount requested	\$2,084,264
Estimated to be expended in 1965-66 fiscal year	2,139,102
Decrease (2.6 percent)	\$54,838
Increase to improve level of service	\$9,849

TOTAL RECOMMENDED REDUCTION

General Fund	\$11,000
Federal funds	111,605

Summary of Recommended Reductions

	Amount	Budget Page Line	
From amount requested to maintain existing level of service:			
Reduction in the amount requested for feeding	\$11,000	288	17
From amount requested to improve level of service:			
Delete 2 teacher positions	\$16,732	287	66
Delete 1 teacher-psychometrist position	10,968	287	67
Delete 1.7 temporary help—day classes for pre-school deaf children positions	13,000	287	69
Delete 6.4 temporary help—summer school positions	49,148	287	71
Reduction in the amount requested for staff benefits	9,027	287	79
Reduction in the amount requested for operating expense	7,730	288	37
Reduction in the amount requested for equipment	5,000	288	45

GENERAL PROGRAM STATEMENT

The State of California operates two residential schools for deaf children who have inadequate educational programs in their local communities. The schools offer instruction for deaf children between the ages of 5½ to 21 in grades 1 through 12.

The educational program is both academically and vocationally oriented similar to programs found in the public schools. Special instruction is given in speech, lip reading, and finger spelling.

The residential program includes room and board, counseling, guidance and recreational facilities.

The table below gives a cost breakdown for the schools' two major programs and shows the overall growth of each school since 1963-64. Federal funds are excluded from the estimates.

	Berkeley			
	1963-1964 (Actual)	1964-1965 (Actual)	1965-1966 (Estimated)	1966-1967 (Proposed)
Educational Program Only				
Amount budgeted for program ..	\$143,672	\$144,004	\$155,440	\$163,136
Students enrolled in program ..	57	57	58	64
Average cost per student enrolled	\$2,521	\$2,526	\$2,680	\$2,549
Educational and Residential Program				
Amount budgeted for program ..	\$1,682,086	\$1,748,328	\$1,872,156	\$1,814,943
Students enrolled in program ..	425	437	440	444
Average cost per student enrolled	\$3,958	\$4,001	\$4,255	\$4,088
All Programs				
Amount budgeted	\$1,825,758	\$1,892,330	\$2,027,596	\$1,978,079
Students enrolled	483	494	498	508
Average cost per student enrolled	\$3,780	\$3,831	\$4,071	\$3,894

California School for the Deaf—Continued

	Riverside			
	1963-1964 (Actual)	1964-1965 (Actual)	1965-1966 (Estimated)	1966-1967 (Proposed)
Educational Program Only				
Amount budgeted for program --	\$116,562	\$127,373	\$136,605	\$136,235
Students enrolled in program ---	50	52	54	55
Average cost per student enrolled	\$2,331	\$2,449	\$2,530	\$2,477
Educational and Residential Program				
Amount budgeted for program --	\$1,834,799	\$1,896,512	\$2,002,497	\$1,948,029
Students enrolled in program ---	465	465	465	465
Average cost per student enrolled	\$3,946	\$4,079	\$4,306	\$4,189
All Programs				
Amount budgeted -----	\$1,951,361	\$2,023,884	\$2,139,102	\$2,084,264
Students enrolled -----	515	517	519	520
Average cost per student enrolled	\$3,789	\$3,915	\$4,122	\$4,008

ANALYSIS AND RECOMMENDATIONS

The budget requests for 1966-67 from the General Fund for the two California Schools for the Deaf are \$1,978,079 at Berkeley and \$2,084,264 at Riverside. In addition, \$127,299 and \$119,063 are being requested by the Berkeley and Riverside schools respectively from the federal government for program expansion.

Due to the passage of Chapter 1423, Statutes of 1965 (SB 1029) at the last session of the Legislature, a portion of the costs of residence and education must be paid by the children's home school district. It is anticipated that these payments will amount to \$82,775 at Berkeley and \$86,275 at Riverside and are included in the budget proposals for 1966-67 under reimbursements. These reimbursements are the principal reason why the proposed expenditures for 1966-67 are lower than the estimated expenditures for 1965-66. A half-time intermediate stenographer position is being requested at the Riverside School to handle the added clerical workload created by the bill for both schools.

We recommend that this position be approved.

Educational Program

The educational curriculum of the two schools is composed of academic and vocational programs. The academic offers courses in English, history, social studies, mathematics, etc., similar to those available in the public schools. Upon graduation, many deaf students who have participated in the academic program enter institutions of higher learning, primarily Gallaudet College for the Deaf in Washington, D.C.

The vocational program offers a wide range of courses including upholstery, woodworking, graphic arts and printing, homemaking, and key punch operation. In the 1965-66 Analysis of the Budget Bill, we recommended that all vocational course offerings be reviewed and that only those vocations for which there is a reasonable prospect for successful employment be retained. The Legislature accepted this recommendation and requested the schools for the deaf to make the review. As a result of this request, the Department of Education submitted its report and recommendations to the Joint Legislative Budget Committee on December 1, 1965.

California School for the Deaf—Continued

At the School for the Deaf, Berkeley, it was recommended that the shoe repair program and the orientation shops be phased out and that the offerings in graphic arts, printing and duplicating be expanded. At the Riverside School, it was recommended that all of the existing programs be retained and that the courses in printing be expanded. It was stated that federal financing was available for the recommended expansion.

We believe that the report has established reasonable guidelines for the operation of the vocational programs at the schools for the deaf in the immediate future. We also believe that all offerings in the educational program, both academic and vocational, should receive periodic reviews in order to assure that deaf students are being offered the greatest opportunity for successful employment.

To implement the recommendations in the report a total of \$36,972 is being requested for the purchase of equipment for both schools. One-half of this amount, \$18,486, will be financed by federal funds from the Vocational Education Act of 1963. Additional equipment requests amount to \$11,125 from the General Fund and \$7,205 from federal funds for a total of \$55,302. *We recommend that \$48,097 of this request be approved.* The remaining \$7,205 for both schools in federal funds is discussed below. In addition, the School for the Deaf, Berkeley, is requesting \$8,196 for a vocational guidance counselor position for which 50 percent federal financing is available under the Vocational Education Act of 1963. The duties of the counselor will be to seek job opportunities for deaf students.

We recommend that this position be approved.

We recommend the deletion of 7.5 temporary help positions, 4 counselors, one visual aids coordinator, \$8,974 in operating expense, and \$2,205 in equipment in the budget for the California School for the Deaf, Berkeley, in the amount of \$111,605 unless the requirements outlined below are fulfilled.

The California School for the Deaf, Berkeley, plans to participate in the Federal Elementary and Secondary Education Act of 1965, Title I (compensatory education). The budgetary request calls for the creation of a summer school program which will require 7 temporary help positions, 4 counselors, one visual aids coordinator and 0.5 psychiatrist. In addition, \$2,205 in equipment and \$8,974 in operating expenses are being requested for a total of \$111,605. The request is to be financed entirely by federal funds.

To receive the desired federal support, the agency is required to develop a program which must be approved by the State Board of Education and the United States Office of Education. At present, the program has not been fully developed nor has it been approved on either the state or federal levels.

We believe that federal programs affecting the special schools should receive a review by the 1966 Legislature. Until this program is developed and approved, however, an analysis and recommendation concerning the requested positions is not possible. We therefore recommend

California School for the Deaf—Continued

that the program be disapproved until the following conditions are met: (a) receipt and approval by the 1966 Legislature of justification for the specific state project; and (b) the approval of federal financing. Justification should be submitted to the Senate Finance and Assembly Ways and Means Committees at the time they consider action on the budget.

We recommend the deletion of 8.1 temporary help positions, 3 teacher positions, \$7,730 in operating expense, and \$5,000 in equipment in the budget request for the California School for the Deaf, Riverside in the amount of \$111,605 unless the requirements outlined in number one above are fulfilled.

The California School for the Deaf, Riverside, plans to participate in the Federal Elementary and Secondary Education Act of 1965, Title I (compensatory education). The budgetary request calls for the creation of a six week summer school program, a pre-school program, and a program to assist students entering the school at an advanced age as well as students of Mexican-American descent with little or no understanding of the English language. We recommend disapproval until the conditions suggested in relation to the similar request for the Berkeley school are met.

Residential Program

The residential program includes room and board and will serve 444 and 465 deaf children at the Berkeley and Riverside schools respectively in the budget year. Counseling and child guidance is provided as well as student lounges and a full extracurricular program similar to that found at the California School for the Blind. The Berkeley school is requesting four counselor positions and one half time psychiatrist. These requests are part of the total program discussed above to be financed under Title I of the Elementary and Secondary Education Act of 1965. The Riverside school has no additional requests for the residential program.

We recommend deletion of \$8,000 in the feeding request at the School for the Deaf, Berkeley and \$11,000 in the feeding request at the School for the Deaf, Riverside for a total of \$19,000.

In recent years, the amounts budgeted for feeding at the two schools for the deaf have been substantially higher than the amounts spent. The table below shows the extent of this overbudgeting.

	Berkeley School				Four year average
	1961-62	1962-63	1963-64	1964-65	
Amount budgeted for feeding program -----	\$91,572	\$91,490	\$88,501	\$84,242	\$88,951
Amount spent for feeding program -----	\$73,806	\$71,461	\$70,050	\$63,115	\$69,608
Excess amount budgeted...	\$17,766	\$20,029	\$18,451	\$21,127	\$19,343

	Riverside School				Four year average
	1961-62	1962-63	1963-64	1964-65	
Amount budgeted for feeding program -----	\$93,012	\$93,357	\$93,263	\$87,420	\$91,763
Amount spent for feeding program -----	\$71,060	\$66,931	\$72,593	\$70,760	\$70,336
Excess amount budgeted...	\$21,952	\$26,426	\$20,670	\$16,660	\$21,427

California School for the Deaf—Continued

Both schools receive surplus foods from the federal government. The dollar values of these contributions have averaged \$10,968 per year at the Berkeley school and \$9,639 per year at the Riverside school between 1961-62 and 1964-65. Federal law requires that schools receiving aid must budget for the amount that would be spent if the aid were not forthcoming. At the schools for the deaf this would be the sum of the amounts actually spent plus the federal aid which has averaged \$80,576 at Berkeley and \$79,975 at Riverside in the above mentioned four years. Actual budgeting has exceeded these totals by \$8,375 at Berkeley and \$11,788 at Riverside. We believe that the proposed reduction will eliminate the over budgeting and more accurately reflect the requirements for feeding at the two schools.

Department of Education**STATE EDUCATIONAL AGENCY FOR SURPLUS PROPERTY**

ITEM 101 of the Budget Bill

Budget page 289

**FOR SUPPORT OF STATE EDUCATIONAL AGENCY FOR
SURPLUS PROPERTY FROM THE SURPLUS
PROPERTY REVOLVING FUND**

Amount requested	\$2,937,961
Estimated to be expended in 1965-66 fiscal year	3,001,897

Decrease (2.1 percent)	\$63,936
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TOTAL RECOMMENDED REDUCTION	None
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GENERAL PROGRAM STATEMENT

The State Educational Agency for Surplus Property, administered by the Division of Public School Administration in the Department of Education provides federal surplus property to schools and other eligible institutions. The expenses of handling and processing items for distribution are financed by the agency and recovered from participating agencies by service charges which are paid into the Surplus Property Revolving Fund. In 1966-67 it is estimated that \$32 million in surplus property will be distributed to schools and other eligible institutions.

ANALYSIS AND RECOMMENDATIONS

An amount of \$2,937,961 is proposed for expenditure by the State Educational Agency for Surplus Property in the budget year; this represents a decrease of \$63,936 below the present expenditure level. A total of nine positions established administratively in 1965-66 are requested for the budget year at a cost of \$55,061 which is offset by administrative adjustments and substantially lower operating expenses.

We recommend approval of this item as budgeted.

**Department of Education
VOCATIONAL EDUCATION**

ITEM 102 of the Budget Bill

Budget page 291

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

Amount requested	\$817,096
Estimated to be expended in 1965-66 fiscal year	747,399
 Increase (9.3 percent)	 \$69,697
 Increase to improve level of service	 \$5,220

TOTAL RECOMMENDED REDUCTION (<i>General Fund</i>)	\$51,416
(<i>Federal funds</i>)	102,762

Summary of Recommended Reductions

	<i>Amount</i>	<i>Budget Page</i>	<i>Line</i>
0.6 Temporary help position	\$6,500 ²	293	8
1 Consultant in health occupations *	12,696 ²	293	56
2 Assistant supervisors—peace officer training *	21,936 ²	293	57
1 Intermediate stenographer *	4,788 ²	293	59
0.9 Temporary help *	10,000 ²	293	60
Bulletin printing—junior college services *	25,000 ²	294	64
Traveling—in-state—junior college services *	10,458 ²	294	66
General Fund support—state matching for super- vision and teacher training program	18,501 ¹	295	9
1 Assistant supervisor—MDTA program *	11,384 ²	296	72
General Fund support for MDTA program	32,915 ¹	297	22
 Total	 \$154,178 ³		

¹ General Fund² Federal funds³ Approximately \$51,416 in General Fund support

* Improved level of service

GENERAL PROGRAM STATEMENT

Vocational Education in California is supported by federal, state and local funds. Federal funds are authorized by the following Acts: (1) the Smith-Hughes Act and (2) the George-Barden Act, which make funds available for salary reimbursements, travel expenses and instructional materials; (3) the Vocational Education Act of 1963 which provides funds for a variety of in-school and nonschool vocational education programs including the construction of area vocational education facilities; and (4) the Manpower Development and Training Act (PL 87-415). Total proposed expenditures for both state level operations and for reimbursements to school districts are summarized in Table I.

Vocational Education—Continued

Table I
Proposed Expenditures for Vocational Education in
California in 1966-67

<i>State level programs</i>	<i>Proposed expenditures</i>
I Fire training program -----	\$133,320
II Administration -----	171,572
III Supervision and teacher training -----	1,655,659
IV Practical nurse training program -----	30,450
V Area vocational education -----	105,540
VI Instructional materials for apprentices -----	20,000
VII Work study program -----	1,700,000
IX Manpower development and training program -----	329,150
Total expenditures: State level	
General Fund -----	\$817,096
Federal funds -----	3,328,595
	\$4,145,691
<i>Reimbursements to school districts</i>	
III Supervision and Teacher Training -----	2,346,367
VIII Vocational Education Act of 1963 -----	11,184,592
IX Manpower Development and Training Program -----	16,000,000
Total reimbursements -----	\$29,530,959
General Fund -----	\$1,830,271
Federal funds -----	27,700,688
Grand total expenditures for vocational education -----	\$33,676,650

In 1966-67 California will spend a total of \$33.7 million in state and federal funds for vocational education and manpower development and training according to the department's proposals. Presently all federal funds provided under the George-Barden, Smith-Hughes and Vocational Education Act of 1963 require 50 percent state and/or local matching. However, commencing in 1966-67 the state and/or local communities will be required to finance one-tenth of the cost of the manpower development and training program according to 1965 congressional amendments. Under the allocation procedure state administrative costs are first deducted from state and federal sources and then the remaining balances are distributed to school districts for support of approved vocational education courses. Proposed expenditures for state level programs and the source of funding for such programs are illustrated in Table II.

Vocational Education—Continued

Table II
Funds for Vocational Education in California
1966-67

I. State-level Operations

<i>Income</i>		<i>Expenditures</i>	
State General Fund -----	\$817,096	Administration:	
Federal funds -----	3,328,595	General Fund --	\$28,985
		Federal funds --	142,587
		Area vocational education	\$171,572
		(federal funds) -----	105,540
		Practical nurse training	
		(federal funds) -----	105,540
		Fire training program (Gen-	
		eral Fund) -----	133,320
		Instructional materials (fed-	
		eral funds) -----	20,000
		Manpower development and	
		training:	
		General Fund --	\$32,915
		Federal funds --	296,235
		Work study program (fed-	329,150
		eral funds) -----	1,700,000
		Supervision and teacher	
		training:	
		General Fund --	\$621,876
		Federal funds --	1,033,783
			1,655,659
		Detail:	
		Supervision and teacher	
		training:	
		Agricultural edu-	
		cation -----	\$270,197
		Business educa-	
		tion -----	18,950
		Distributive edu-	
		cation -----	163,643
		Homemaking	
		education -----	226,590
		Industrial arts	
		education -----	48,609
		Industrial Edu-	
		cation -----	517,533
		Junior college	
		services -----	372,528
		Employees' re-	
		tirement and	
		health and wel-	
		fare -----	83,576
		Less: salary sav-	
		ings and reim-	
		bursements --	-45,967
		Subtotal ---	\$1,655,659
Total income -----	\$4,145,691	Total expenditures -----	\$4,145,691

Vocational Education—Continued

II. Reimbursements to School Districts

<i>Income</i>		<i>Expenditures</i>	
State General Fund -----	\$1,830,271	Agriculture (federal and General Fund) -----	\$296,377
Federal funds -----	27,700,688	Area vocational education (federal funds; Title III, NDEA) -----	619,424
		Business (federal and General Fund) -----	120,504
		Homemaking (federal and General Fund) -----	348,021
		Industrial (federal and General Fund) -----	742,421
		Practical nursing (federal and General Fund) -----	219,620
		The Vocational Education Act of 1963 -----	11,184,592
		Manpower development and training (federal funds) -----	16,000,000
Total income -----	\$29,530,959	Total reimbursements -----	\$29,530,959
Grand total: Expenditures for vocational education in California			
General Fund -----	\$2,647,387	State-level operations -----	\$4,145,691
Federal funds -----	31,029,283	Reimbursements to school districts -----	29,530,959
GRAND TOTAL INCOME -----	\$33,676,650	GRAND TOTAL EXPENDITURE -----	\$33,676,650

ANALYSIS AND RECOMMENDATION

General Fund support for the state level administration and supervision of the vocational education program is proposed at \$817,096, an increase of \$69,697 or 9.3 percent over the current year. Federal fund support for state level operations will total \$3,328,595, an increase of 1.4 percent over 1965-66. The total increase in General Fund and federal funds is \$115,011.

The department's requests for a total of 12.5 new positions and new levels of operating expense are summarized below in the order depicted in Table I:

<i>Program</i>	<i>Positions Requested</i>
I Fire training (General Fund)	1 Fire training instructor
II Administration (General Fund)	0.6 Temporary help
III Supervision and teacher training (General Fund and federal funds)	
Junior college services	1 Consultant in health occupations
	2 Assistant supervisors—peace officer training
	1 Intermediate stenographer
	0.9 Temporary help
Other budget items: \$25,000 in bulletin printing—junior college services	
\$10,458 for traveling in-state—junior college services	
\$45,501 in General Fund support for supervision and teacher training.	
IV—	
VIII No additional positions requested	
IX Manpower development and training program (General Fund and federal funds)	4 Assistant supervisors MDTA
	1 Intermediate stenographer
	1 Intermediate accountant-clerk

Vocational Education—Continued

Other budget items: \$32,915¹ in General Fund support for MDTA program.

In addition to the state level administration of the overall program (Item II above) this budget item contains eight distinct programs which are discussed below with their sources of support.

Programs Supported Entirely by General Fund

I. Fire training program: This is a statewide fire-training program for local fire departments (primarily volunteer fire departments). Fire investigation, firefighting and fire prevention are the main courses offered by the program in addition to in-service training of personnel. In 1966-67 it is estimated that over 200 firefighting schools will be conducted by the department's seven instructors involving 6,000 students. In 1964-65, there were 5,952 students enrolled in such courses. General Fund expenditures for this program in 1966-67 are estimated at \$133,320, an increase of \$870 over the current level.

The department is requesting that one fire-training instructor position, deleted in 1965-66, be restored for the budget year at a cost of \$5,220 in General Funds.

We recommend that the request for an additional fire training instructor be approved for an additional General Fund cost of \$5,220. This position was deleted by the department in 1965 along with 4 other professional positions and 2.5 clerical positions, authorized but not yet established, to conform with an across the board legislative reduction in departmental consultant services. This specific position is needed by the department to provide instruction for an estimated 6,000 students in 1966-67.

Programs Supported by State and Federal Funds

II. Administration: General Fund and federal fund support for the state level administration of vocational education is proposed at \$171,572 representing an increase of 5.8 percent. General Fund support is set at \$28,985, an increase of \$11, and federal support is estimated at \$142,587, an increase of \$8,891.

Included within the budget is an amount of \$6,500 for the establishment of a 0.6 temporary help position.

We recommend disapproval of the request for a 0.6 temporary help position for a savings of \$6,500.

Although the department has not submitted any detailed justification for this request we understand that the position would be used to assist in the preparation of the annual narrative report required by the U.S. Office of Education. It is anticipated that the preparation of this report will require more clerical assistance because of program expansion caused by the Vocational Education Act of 1963. However, it is noted that the administrative unit was authorized two additional clerical positions by the 1965 Legislature to alleviate some of the anticipated increase in administrative workload. The present ratio of clerical positions to professional positions in this section is 1:1, which we believe is more than adequate.

¹ Part of this amount is included in position request.

Vocational Education—Continued

III. Supervision and teacher training: This program, representing the largest amount of state support, finances the cost of six vocational education bureaus within the department which, in turn, provide consultative services to school districts operating specific vocational education programs in agriculture, homemaking, industrial arts, industrial education, business and distributive education. Approximately 1.5 million pupils will be enrolled in school district programs in these subject areas in 1966-67. Of the 1.5 million pupils enrolled in vocational education courses in these subject areas in 1963-64 about 548,000 were enrolled in federally aided vocational education classes.

General Fund support for supervision and teacher training is proposed at \$621,876 in 1966-67 representing an increase of 6 percent. Federal support for this activity is estimated at \$1,033,783 for a total expenditure of \$1,655,659. A detailed financial description of this program is contained in Table II. The department is requesting 4.9 positions for junior college services in this program in 1966-67 that would be financed by a combination of General Funds and federal funds. These positions and our budget recommendations follow.

- 1 Consultant in health occupations
- 2 Assistant supervisors—peace officer
training program
- 1 Intermediate stenographer
- 0.9 Temporary help

Total 4.9

1. One consultant in health occupations is requested for the bureau of junior college services, at a cost of \$12,696.

We recommend disapproval of a request for \$12,696 for one consultant in health occupations for the bureau of junior college services.

This position was administratively established during the current year to coordinate courses offered by the junior colleges in the fields of health occupations, such as medical assisting, dental assisting, nurses' aids, hospital attendants and orderlies. This is a proposed new service which is authorized by the Vocational Education Act of 1963. We believe it would be premature to recommend approval of this position pending the conclusions of Phase II of the Arthur D. Little study of the junior college section and other internal operations of the department.

2. Two assistant supervisors for the peace officer training program are requested for the bureau of industrial education for an additional cost of \$21,936.

We recommend disapproval of a request for two assistant supervisors for the police officer training program for a savings of \$21,936.

The newly established bureau of junior college services is requesting an amount of \$21,936 to establish two additional supervisor positions for the peace officer training unit. The department reports that this unit is responsible for the supervision and coordination of the police officer

Vocational Education—Continued

training programs offered by 44 police academies, 56 junior colleges, and 449 local law-enforcement agencies. In addition, the unit operates two basic recruit schools in areas where junior college training facilities are not available and it operates instructional classes for teacher training personnel.

The department's main justification for this request is that the number of junior colleges offering degrees in police science has increased from six in 1951 to 56 in 1965 and that during this period there has been no increase in staff for this unit.

We do not believe that these additional positions are justified on the basis of the workload data submitted. The department has submitted the following workload material outlining the proposed activities of the police officer training unit should both of the requested positions be approved.

<i>Proposed work activities</i>	<i>Proposed work hours</i>	
I. Consultant calls to police academies, junior colleges, law enforcement agencies -----	473 calls	3,784 hours
II. Coordination of program, teaching courses, administration, travel -----	--	5,200 hours
		<hr/> 8,984 hours

The bureau of junior college services proposes to allocate over 42 percent of the staff time of the assistant supervisors for police officer training for the purpose of making "service calls" to junior colleges, law enforcement agencies and police academies should the two proposed positions be granted. The department's ultimate objective is to make an annual visit to each local law enforcement agency and junior college. It is reported that each "service call" requires a minimum of eight hours of staff time including travel. We question the necessity for annual visits to 449 police departments and 56 junior colleges, and therefore we recommend that this request be disapproved. It is noted this unit will have a total of 5,506 man-hours at its disposal in 1966-67 on the basis of its present staff of three positions. This amount of staff time will be more than sufficient to enable the department to meet its workload requirement of 5,200 hours for coordination, administration and instruction. *We therefore recommend that this request be disapproved.*

We recommend disapproval of a request for one intermediate stenographer for a savings of \$4,788.

This position is requested to provide clerical assistance for the two positions previously recommended for deletion.

4. The department is also requesting a 0.9 temporary help position for an additional cost of \$10,000 for the bureau of junior college services.

We recommend disapproval of this request for a savings of \$10,000.

This sum is requested to employ *ad hoc* project teams "to provide service in the area of occupational preparation in high school . . . this will permit special studies to be conducted directly for this special

Vocational Education—Continued

problem.” We believe that it would be unwise to recommend approval of this request for “special studies” without further justification. It is also noted that the State Board of Education has recently created an advisory committee to review departmental requests for increased staff and studies to be financed by Title V of the Elementary and Secondary Education Act of 1965. *We recommend that the Bureau of Vocational Education submit its requests for special studies with more specific justification to this body for review.*

We recommend that an amount of \$25,000 for bulletin printing be deducted from the operational expenses for the bureau of junior college services to permit an increase from \$2,750 to \$4,550.

The department is requesting an amount of \$32,300 for bulletin printing for this bureau in 1966-67; this represents an eleven-fold increase over the amount of \$2,750 budgeted for this purpose in the current year. This increase is requested for the development of the following types of curriculum materials for the junior colleges.

Ornamental horticulture—a suggested curriculum

Culinary arts—a suggested curriculum

The technical secretary curriculum

Instrumentation—a suggested curriculum

Dental hygienist—a suggested curriculum

The bureau's responsibility in curriculum development has not been made clear. However, it is noted that this proposal for the development of specific curriculum for courses of limited application would contradict the department's general role of making available to school districts “general guidelines” for courses of study rather than detailed curricula. Moreover, this proposal does not represent an economical expenditure of state funds, since the junior colleges as independent units are not obligated to conform to curricula developed by the department. In addition, the State Board of Education has recently approved several research projects financed by federal money for the development of general frameworks for the instruction of English, foreign languages and the natural sciences, etc. However, the main purpose of these research projects is not to develop specific curricula but to develop general frameworks for the improvement of instruction in specific areas. Finally it is noted that the State Board of Education has approved the establishment of a Junior College Advisory Committee to study the present curricula offered by the colleges. This study will be financed by over \$75,000 in federal funds from Title V of the Elementary and Secondary Education Act of 1965. We therefore recommend that this budget item be reduced by \$25,000. This reduction would still permit the department to increase its expenditures for bulletin printing from the present level of \$2,750 to \$4,550, a substantial increase.

We recommend that an amount of \$10,458 be deleted from the operational expenses for the Bureau of Junior College Services for in-state traveling.

Vocational Education—Continued

The department is requesting an amount of \$41,250 for this bureau's instate traveling expenses in 1966-67; this represents an increase of \$14,080 over the current level of \$27,170. Included within the proposed sum is an amount of \$6,000 for advisory committee expenses which the department has not justified. It is noted that the State Board of Education recently approved the establishment of a new program and development unit financed by federal money for the department for the purposes of establishing and coordinating *ad hoc* advisory committees to research educational problems statewide and to provide research assistance for continuing departmental programs. We suggest that the bureau of junior college services submit detailed justification for the proposed advisory committee to the program and development unit before this request is approved. The balance of the \$10,000 recommended reduction in traveling expenses relates to the two proposed positions for this bureau which we previously recommended be disapproved.

We recommend that an amount of \$18,501 in General Fund support be deleted from the budget for supervision and teacher training.

We believe that the Department of Education has been budgeting substantially more General Fund support for this program than is required by the federal regulations. An amount of \$621,876 in General Fund support is proposed for the supervision and teacher training program in 1966-67; this represents an increase of \$35,501 above the current level. Federal funds to be received by California are estimated at \$1,033,783 in the budget year.

According to the new federal regulations established for the Vocational Education Act of 1963:

"... for each dollar of federal funds expended under the state plan, at least a dollar of state or local funds or both, must be expended for the same purpose. . . . Such matching may be on a statewide basis."¹

Matching purposes are defined by the regulations to include such items as the maintenance and training of teachers and supervision for agricultural, trade and industrial subjects, etc. In addition the regulations specify the purposes for which reimbursements to school districts may be expended.

Under the department's budgetary procedures many components of the state level operations of the program, such as research, supervision and teacher education are budgeted on a 50-50 General Fund-federal fund matching basis, even though the federal regulations permit the state to use local matching money for this purpose. We are recommending that the Department of Education maximize the use of existing local expenditures to meet the matching requirements of the federal act before additional state support is budgeted for this program. That this recommendation is feasible is illustrated by the fact that the federal government permitted the department to add a total of 22 positions at the state level in 1965 without requiring an increase in

¹ Part 104—Administration of Vocational Education—Rules and Regulations, August 28, 1964.

Vocational Education—Continued

state support; these positions, all of which were for either the state level administration of the program or for supervision of teacher training were financed by \$234,840 in federal funds from the Vocational Education Act of 1963. To meet the 50-50 matching requirements of the federal law no state General Fund money was expended; existing local expenditures for vocational education were used instead for this purpose. Our recommended reduction of \$18,501 would maintain the state's level of General Fund support required to meet the federal matching requirements for the supervision and teacher training program at the 1965-66 level. In addition it permits the department to increase its General Fund support for operational expenses by \$17,000 to finance the cost of the spring industrial arts fair which is being transferred from the State Fair and Exposition budget to this budget.

Programs Financed Entirely From Federal Funds

IV. Practical nurse training program: An amount of \$30,450 is budgeted for this program in 1966-67 for the purpose of developing curricula and instructional material for the field of nursing through contractual arrangements with the University of California.

It is recommended that the amount of \$30,450 for the practical nurse training program be approved.

V. Area vocational education: This program formerly supported by National Defense Education Act funds under Title VIII provides federal assistance for technical vocational education programs operated by the junior colleges. In 1966-67 it is estimated that 75,000 to 80,000 students will participate in the program; representing a slight increase over the 73,000 students who participated in the program in 1964-65. Federal fund support for this program in 1966-67 is set at \$105,540, a slight decrease below the present level of \$109,340. This decrease is primarily caused by lower expenses for personnel services. No new positions are requested and the level of service will remain unchanged.

We recommend approval of this program as budgeted.

VI. Instructional materials for apprentices: The purpose of this program is to prepare instructional materials such as teachers manuals and workbooks for use by apprentices in trades in which there are a minimum of 100 apprentices. With the exception of federal support for trades having fewer than 100 apprentices the program is entirely self-supporting from reimbursements. In 1966-67 it is estimated that approximately 20,000 students will be enrolled in apprenticeship programs, a slight increase over the current level. An amount of \$95,600 is proposed for this program in the budget year, an increase of \$5,100 over the current level, which is primarily for bulletin printing. Re-

Vocational Education—Continued

imbursements from publications sales will increase to \$75,100 and federal support will remain constant at the present level of \$20,000. No new positions are proposed for this activity in the budget year.

We recommend approval of this program as budgeted.

VII. Work study program: This is a new program, authorized by the Vocational Education Act of 1963 which is intended to financially assist vocational education students to complete their vocational educations. Employment opportunities for pupils are provided by the local school district or by other local public agencies. Maximum payments of \$60 per month are authorized for students between the ages of 15 and 21 years who participate in the program. Approximately 4,000 pupils are presently participating in the program, 2,300 at the secondary level and 1,700 at the junior college level. It is estimated that California will receive \$1,700,000 for this program in 1966-67, which is equal to the current level. Commencing in 1966-67 school districts will be required to supply 25 percent of the wages paid students with the remaining amount to be reimbursed by program.

We recommend approval of this program as budgeted.

VIII. Vocational Education Act of 1963: In 1966-67 California will receive approximately \$11 million in federal support under this new program, an increase of \$3 million over 1965-66. This program now accounts for over 73 percent of total federal vocational education funds received by California. Funds may be used for several purposes including vocational education programs for high school youth, out-of-school youth, and employed individuals. In addition the money may be used for the construction of area vocational school facilities and for ancillary services. The program is quite flexible in that it permits transfers between program categories, whereas the previous regulations governing vocational education, for the Smith-Hughes and George-Barden Acts, required that specific amounts be spent for specific purposes. Funds are actually allocated to school districts according to a state plan on the basis of project applications. Although this budget item appears in the local assistance portion of the budget rather than the support budget for vocational education, we have included it in this section because of its increasing importance. The department's requests for increased staff to administer this program have already been discussed under supervision and teacher training. Table III illustrates the total federal and local expenditures for this program by statutory purpose for 1964-65.

Table III
State of California
Department of Education
Vocational Education Section
P.L. 88-210 Expenditures by Local Districts
1964-65

<i>Statutory Purpose</i>		<i>Total</i>	<i>Local</i>	<i>Vocational Education Act of 1963</i>	<i>Percent of total</i>
Vocational education for persons in high school-----	3.1	\$10,342,590.06	\$6,598,886.19	\$3,743,703.87	46.85
Vocational education for persons who have completed or left high school and are available for full-time study-----	3.2	5,281,492.52	3,726,703.71	1,554,788.81	19.46
Vocational education for persons already in the labor market-----	3.3	1,648,786.01	1,004,720.54	644,065.47	8.06
Vocational education for persons with special needs-----	3.4	218,552.28	128,697.35	89,854.93	1.13
Construction of area vocational school facilities-----	3.5	5,943,231.82	4,413,507.73	1,529,724.09	19.14
Vocational education ancillary services-----	3.6	1,038,843.91	610,338.16	428,505.75	5.362
Total—regular program -----	--	\$24,473,496.60	\$16,482,853.68	\$7,990,642.92	100.00
Total—work-study -----	3.7	\$6,648.87	\$1,510.00	\$5,138.87	
GRAND TOTAL -----	--	\$24,480,145.47	\$16,484,363.68	\$7,995,781.79	
Expenditures for state supervision-----	--	--	--	97,616.21	
Total expenditure of federal funds-----	--	--	--	\$8,093,398.00	

Vocational Education—Continued

Policy option: Consideration could be given to directing the Department of Education to allocate the total amount of \$11 million in federal funds available under the 1963 Vocational Education Act to 10 or 15 priority areas of the state which exhibit the highest dropout rates and highest degree of unemployment among out-of-school youth. This \$11 million federal allocation matched by a like amount from the local priority areas would result in a total program of \$22 million. We believe that it would be considerably more effective to concentrate these funds in a relatively few areas of the state than to allocate them statewide to 266 different local programs as is presently done. In addition, it would be more effective and economical to provide a concentrated training program for one group, such as out-of-school unemployed youth, than to spread these funds among six different purposes as is presently done.

It is noted that the federal government believes that the problem of out-of-school youth is so important that it requires that a maximum of 33 percent of the federal allocation received by states to July 1, 1968 be expended for programs involving out-of-school youth and/or for the construction of area vocational education facilities.

IX. Manpower Development and Training Act: The educational features of this program are also administered by the bureau of vocational education. The main purpose of the program is to train the unemployed manpower of the state and retrain underemployed individuals. Congressional amendments to the program in 1965 permit increased emphasis on special projects for unemployed, out-of-school youth and members of minority groups. The Department of Health, Education and Welfare administers the federal responsibility for educational aspects of the program, and the Department of Labor administers the federal labor aspects of the program dealing with employment opportunities, payment of training allowances and job placement.

In California the program is jointly administered by the Department of Employment and the Department of Education. The Department of Employment is responsible for determining the job requirements of local areas of the state, selecting the trainees, and for providing subsistence allowances for trainees. Local training programs are established by the Department of Education in cooperation with local school districts and county superintendents of schools. In 1966-67 it is estimated that 23,000 trainees will be enrolled in the program for a total instructional cost of \$16,100,000.

Since the initiation of the program in 1962 the entire cost has been federally funded. However, in 1966-67 the states and/or local communities will be required to finance 10 percent of the total program cost in cash or in kind. Although the federal regulations governing this matching arrangement have not yet been published, an amount of

Vocational Education—Continued

\$32,915 in General Funds is contained in the support budget for vocational education to match federal funds for administration. This is in addition to an amount of \$56,152 that is requested for four new professional positions and two clerical positions.

The manpower development and training program has several problems which we believe must be resolved before substantial General Fund support is provided for the program. These problems are related to the high cost per graduate, the characteristics of enrollees particularly in relation to relatively low participation by males, the percentage of job placements and the apparent lack of coordination with other departmental and community retaining programs.

A. Cost of Program Per Enrollee and Per Graduate

Table IV illustrates the actual number of trainees enrolled in the MDTA program and the educational cost per trainee for 1964-65 and the estimated figures for 1966-67.

Table IV
Instructional Costs Per MDTA Trainee

	Actual 1964-65	Estimated 1965-66	Estimated 1966-67
Projects approved	390	490	520
Number of trainees	19,070	23,000	23,000
Amount of training costs	\$11,551,123	\$16,100,000	\$16,100,000
Average instructional cost per trainee ---	\$606	\$700	\$700

The instructional costs per trainee do not appear unreasonably high in view of the program's difficult objective, i.e., training the unemployed. However, these cost figures are misleading since they reflect the cost per trainee only rather than the cost per graduate. Table V illustrates the cost of instruction and welfare benefits for each person who graduated from the program (completed a training course) between 1962-63 and 1965-66.

Table V
Costs of Welfare Benefits and
Instruction Per MDTA Graduate
1962-63 to 1965-66

Total number of graduates	12,668		
Total instructional costs		\$34,739,697	
Average instructional cost per graduate			\$2,742
Total welfare benefits paid		9,739,697	
Average benefits paid per graduate			768
Total average cost per graduate			\$3,510

B. Educational Attainment of MDTA Enrollees

Recently there has been considerable discussion concerning special programs for the hard-core unemployed having little education. One of

Vocational Education—Continued

the main purposes of the MDTA program is to retrain such individuals. However, it does not appear that the manpower development and training program is having much effect on this problem. Table VI depicts the percentages of trainees who have been enrolled in the program according to their levels of education.

Table VI
Educational Attainment of MDTA Trainees
July 1962 to November 1965

<i>Educational attainment</i>	<i>Male enrollees percentage</i>	<i>Female enrollees percentage</i>
Less than 8th grade -----	10	1
8th grade -----	7	2
9th to 11th grade -----	30	26
12th grade -----	40	53
More than 12th grade -----	14	18

The figures illustrate that less than 10 percent of male enrollees and only 1 percent of the female enrollees had less than an 8th grade education during this period. In other words, the program is simply not reaching the hard-core unemployed, many of whom are functional illiterates. The Department of Education estimates that there are more than 800,000 individuals statewide who have less than eight years of education.

C. Job Placements

The Department of Employment reports that 3,450 individuals graduated from MDTA courses in 1964-65. Of this number 54 percent or 1,863 individuals obtained employment in training-related activities and 9 percent or 310 individuals obtained employment in nontraining-related activities. It is noted that many of the individuals who have completed training but who are not yet employed may find employment within the next year based on past experience. Since September 1962 approximately 70 percent of the MDTA graduates have obtained employment. However it appears that the percentage of job placement could be improved. It is noted that this problem is not unique to the MDTA program; we understand that many of the community-operated job training programs established under the provisions of the Economic Opportunity Act are experiencing similar difficulties in placing graduates. These retraining programs illustrate a great lack of state level coordination.

D. Lack of Coordination With Other Educational Programs, the Unemployed and Disadvantaged Youth

In our discussion of the general activities budget for the Department of Education, we noted the lack of coordination between the educational programs supported by federal funds. The MDTA program is also illustrative of this lack of coordination with other programs.

Vocational Education—Continued

For example, one might assume that the manpower development and training program would be coordinated with the federal compensatory education program in order to identify those areas of the state which have the highest dropout rates and problems involving out-of-school youth. This would permit the Departments of Employment and Education to establish priorities for the establishment of retraining programs and maximize the effect of the expenditures. However, this is not presently being done.

Request for Supervision for MDTA Program

The department is requesting an amount of \$56,152 for four assistant supervisor positions, one intermediate stenographer position and one intermediate account clerk position for the manpower development and training program.

We recommend approval of the request in the amount of \$44,768 for three assistant supervisor positions, one intermediate stenographer position and one intermediate account clerk position for the manpower development and training program.

These positions were established administratively during the current year because of an increase in the number of MDTA projects for which the department is responsible. This increased workload is depicted below:

	Actual		Estimated	
	1963-64	1964-65	1965-66	1966-67
Projects	158	360	490	490
Number of trainees	7,685	18,000	23,000	23,000

We recommend disapproval of the request for an amount of \$11,384 for 1 assistant supervisor for the manpower development and training program.

This position is requested to help design special MDTA projects for training the hard-core unemployed and economically disadvantaged individuals who require basic literary education. Such projects were authorized by the 1965 amendments to the act. It is noted that the department will have more than 20 individuals acquainted with basic education in 1966-67 in the division of compensatory education. We believe that it would be more economical for the MDTA section to fully utilize the department's available existing basic education personnel before it requests its own staff for this purpose. Utilization of existing departmental staff would also insure a higher degree of coordination with other departmental programs for the disadvantaged than presently exists.

We recommend that a request for \$32,915 in general funds for the manpower development and training program be deleted from the budget.

This sum is requested to meet the provisions of the federal law which require that the states and/or local communities match 10 percent of total federal expenditures for the administration of this program be-

Vocational Education—Continued

ginning in 1966-67. We believe that it would be premature to approve General Fund participation for this program until regulations governing the matching requirements are available. It is possible that the regulations will permit the states to meet this requirement by "in kind" services in which case this budgeted sum will not be needed. This appears to be a reasonable possibility since another relatively new program, the Economic Opportunity Act of 1964 permits this arrangement. We are recommending that this sum be deleted to encourage the department to search for matching services which could be used to meet the federal requirements if this arrangement is permitted.

Policy option: A policy option could be considered for the Manpower Development and Training Act, which would allocate the total amount of \$16 million in federal funds to be received by California in 1966-67 to 10 or 15 hard-core poverty areas exhibiting the highest rate of unemployment. Funds would only be allocated to those areas that agree to establish centralized training facilities for support of a continuing program. Presently these funds are distributed to over 200 school districts statewide for almost 500 different projects. We believe that a few centralized MDTA training facilities located in high priority areas would be able to lower the present high cost of instruction per graduate, and more important it would be able to provide enrollees with more ancillary services such as guidance and counseling which would reduce the present high dropout rate.

This option would be a difficult one to implement since it would require that the Department of Employment cooperate with the Department of Education and local school districts to determine the location for the centers, the availability of minimum facilities and the cooperative arrangements with local districts for staffing the centers. Maximum economies from this option would be obtained if it were consolidated with the centers for training out-of-school youth which was proposed for the Vocational Education Act of 1963. It was previously mentioned in our discussion of the National Defense Education Act that partial staffing for these facilities could be provided by California's additional NDEA allocation under Title III-b of \$400,000 if matched by a like amount of General Fund support.

**Department of Education
DIVISION OF LIBRARIES**

ITEM 103 of the Budget Bill

Budget page 298

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

Amount requested	\$1,377,237
Estimated to be expended in 1965-66 fiscal year	1,292,779
Increase (6.5 percent)	\$84,458
Increase to improve level of service	\$23,883
TOTAL RECOMMENDED REDUCTION	\$59,767

Division of Libraries—Continued

Summary of Recommended Reductions		Budget	
	Amount	Page	Line
1. 2 Librarian I -----	\$12,240	299	7
2. 2 Intermediate typist-clerks -----	8,688	299	8
3. 0.2 Temporary help -----	1,000	299	9
4. 0.5 Librarian I * -----	3,060	298	78
5. 0.5 Intermediate clerk * -----	2,172	298	79
6. 1 Junior clerk * -----	3,756	299	11
7. Law book purchases * -----	14,895	299	57
8. 1 Stock clerk -----	5,028	299	13
9. 1 Photocopyist -----	4,788	299	14
10. 1 Book repairer -----	4,140	299	15
		\$59,767 General Fund	
11. 2 Library consultants * -----	19,896	16	301
12. 1 Librarian II * -----	6,432	17	301
13. 1 Intermediate typist-clerk -----	4,344	18	301
		\$30,672 Federal Funds	

* Improved level of service

GENERAL PROGRAM STATEMENT

The State Library, headed by the State Librarian, has several responsibilities. It provides basic reference services for the Legislature and the executive branch of government, it maintains a collection of California historical material, and it provides the usual library services for the public. It also administers the state and federal programs for public library development which are intended to extend and improve public library services statewide. In addition to administration the library is composed of four bureaus; these units and their proposed budgets for 1966-67 are:

Bureau	Proposed budget for 1966-67
1. Reader Services Bureau-----	\$628,332
2. Law Library -----	125,554
3. Technical Services Bureau-----	356,009
4. Library Consultant Services-----	63,853
Administration of California Library Development Act	50,541
Library Services and Construction Act-----	(4,114,232) ¹
Adjustment -----	152,948 ²
Total General Fund-----	\$1,377,237

¹ Federal funds not included in total, not yet funded for 1966-67.² Includes administration, salary savings, staff benefits, reimbursements for library service bureaus supported by the General Fund.

ANALYSIS AND RECOMMENDATIONS

General Fund support for the State Library in 1966-67 is proposed at \$1,377,237, an increase of \$84,458 or 6.5 percent over the current level. Included within the proposed budget is an amount of \$44,872 for 9.2 new positions to be supported entirely from General Funds. The proposed new positions are listed below. An additional 4.2 federally funded positions are also requested at a cost of \$31,172.

Division of Libraries—Continued

Reader Services Bureau
 2 Librarian I
 2 Intermediate typist-clerk
 0.2 Temporary help

Law Library
 0.5 Librarian I
 0.5 Intermediate clerk
 1 Junior clerk

Technical Services Bureau
 1 Stock clerk
 1 Photocopyist
 1 Book repairer

9.2 Total

The balance of the increase is comprised of salary adjustments and a request for \$14,895 for supplemental law book purchases. An amount of \$4,114,232 is budgeted for federal funds authorized by the Library Services and Construction Act although Congress has not yet made the 1966-67 appropriation for this program.

1. Reader Services Bureau

1965-66	1966-67	Increase	
		Amount	Percent
\$592,165	\$606,404	\$14,239	2.4

The Reader Services Bureau administers seven public service units which provide typical direct library services for patrons and inter-library loans. A legislative reference section, a rare books unit, a general circulation section, and a books for the blind unit are representative of the units contained in this bureau. During 1964-65 the seven sections in this bureau performed the following functions.

Activity	Man-years expended
Reference	11.51
General circulation	3.75
Paging and shelving	3.75
Cataloging and indexing	2.63
Reader advisory services	1.20
Administration and supervision	7.70
Total	30.54

A budget of \$606,404 is proposed for this bureau in 1966-67 representing a 2.4 increase over the present year. An amount of \$21,928 is proposed for 2 professional positions, 2 clerical positions and a 0.2 temporary help position to alleviate a workload increase in three of this bureau's sections.

We recommend disapproval of the request for 2 librarian I positions, 2 intermediate typist-clerk positions and a 0.2 temporary help position for the Reader Services Bureau for a General Fund saving of \$21,928.

Division of Libraries—Continued

Although we believe that these additional positions are justified on the basis of workload we recommend that they be funded from federal money available under the Library Services and Construction Act.

It is noted that California may receive over \$1.6 million from federal funds in 1966-67 under the provisions of Title I of the Library Services and Construction Act for the purpose of improving library services statewide. The State Library, since it serves all areas of the state, is eligible to use these funds for improving its internal operations. As of September 30, 1965, there existed a balance of Title I funds in the amount of \$1.6 million which could finance all of the library's position requests. Of this amount slightly more than \$400,000 has already been committed for the budget year primarily for local library demonstration projects. Thus a balance of approximately \$1.2 million exists which may be used to finance these positions.

One librarian I position is proposed for the administrative legislative reference section at a cost of \$6,120 in General Funds to alleviate a workload increase connected with the processing of reference transactions. The following workload data is submitted in justification of this request.

<i>Year</i>	<i>Reference transactions</i>	<i>Man-years</i>	<i>Work units per man-year</i>
1964-65	7,691	3	2,564
1965-66	9,375	3	3,125
1966-67 (est.)	11,719	3	3,906

The figures illustrate that the professional workload of this section is expected to increase by 50 percent over the 1964-65 level. The State Library estimates that this unit will need four professional positions to handle the 11,719 reference requests estimated to be received in 1966-67 on the basis of 2,500 requests per position.

This unit also requests one 0.5 junior intermediate clerk at a cost of \$2,172 to handle the estimated increase in references which must be "searched" for the professional librarians in 1966-67. This workload estimate follows.

<i>Year</i>	<i>References searched</i>	<i>Man-years</i>
1964-65	11,500	3.2
1965-66	15,000	3.2
1966-67	20,000	3.2

An 0.5 librarian I position and a 0.5 intermediate typist-clerk position are requested for the books for the blind section within the bureau. The library states that the 0.5 librarian position would be consolidated with a similar 0.5 position to enable the unit to compile subject lists in braille and talking books and to permit the individual to become familiar with new material.

The 0.5 intermediate typist-clerk position is requested to make one full-time position to alleviate a workload increase connected with the circulation of talking book magazines. The library reports that the average daily circulation of this section has increased from 74 items in 1960 to 234 items in 1965; an increase of 207 percent. This has

Division of Libraries—Continued

necessitated diverting another clerical position from other activities to assist in the circulation of these materials.

The California section, which is in charge of state historical material, is requesting an 0.5 librarian I position at a cost of \$3,060 in General Funds to assist in the preliminary processing of historical books and manuscripts. The library reports that this is a time-consuming job since the author's name and the date of publication must first be determined before the material may be cataloged. It is estimated that there is a 10-year backlog of such material.

The Sutro Library, responsible for maintaining the Sutro collection of rare books and the library's collection of local history is requesting one intermediate typist-clerk to alleviate a general increase in this unit's workload as depicted by the following table.

Year	Circulation per month	Interlibrary loans per month
1964-65	6,300	6,877
1965-66	6,930	7,357
1966-67	7,600	8,307

An amount of \$1,000 in temporary help is requested for the government publications section and the California sections to take care of peak workloads for these sections which occur during the summer. *We believe that the workload increase for this section justifies these position requests; however, we recommend that they be financed with federal funds.*

2. Law Library		Increase	
1965-66	1966-67	Amount	Percent
\$96,378	\$116,566	\$20,188	20.9

This bureau is a legal research and reference center for law enforcement agencies, the Legislature, the bench, the bar and the public. During the 1964-65 fiscal year the professional staff time of this unit was devoted to the following activities.

Activity	Work units performed	Man-years expended
A. Reference	14,236 (inquiries)	1.25
B. Cataloging	5,394 (volumes)	1.13
C. Book selection and administration	--	.62
Total	--	3.00

A sum of \$116,556 is proposed for this unit's expenditures in 1966-67; this represents an increase of 20.9 percent over the current year. A book price increase of 8.6 percent is included in the budget. During 1965-66 a 0.5 librarian I position and a 0.5 intermediate clerk position were administratively established to periodically provide law information to county law libraries under the provisions of Chapter 1385, Statutes of 1965. The Library is requesting that these positions be continued in the budget year. In addition, an amount of \$14,895 in General Fund is requested for supplemental law book purchases. One junior clerk is requested at a cost of \$3,756 to handle the estimated workload increase connected with the book augmentation.

Division of Libraries—Continued

1. *We recommend disapproval of the request for an 0.5 Librarian 1 position and for an 0.5 intermediate clerk position for a General Fund saving of \$5,232. We believe that the request is justified but that the positions should be financed from federal funds.*

2. *We recommend disapproval of the request for 1 junior clerk position for a General Fund saving of \$3,756. The Law Library's staff has already been augmented by two half-time positions this year to administer Chapter 1385, Statutes of 1965. We do not think it wise to increase the Law Library's staff further until the workload connected with the new legislation can be determined. It would appear that the two half-time positions will be able to administer the bill and assist the bureau's present staff of seven individuals to process the additional law books proposed to be purchased.*

3. *We recommend disapproval of a request for \$14,895 in General Funds for supplemental law book purchases for the Law Library. We recommend that this item be financed by federal funds. A sum of \$14,895 is proposed for the purchase of primary and secondary sources of law material in addition to the amount of \$51,471 that is budgeted for purchase of continuations and law book purchases. The library states that these materials are necessary to correct certain deficiencies in the law library's present collections.*

3. Technical Services Bureau		Increase	
1965-66	1966-67	Amount	Percent
\$331,044	\$342,053	\$11,009	3.3

There are seven units within this bureau which acquire, catalog, process and maintain library materials. One unit, the processing center, purchases catalogs and classified books on a contractual basis for 22 municipal and county libraries under the provisions of the federal library assistance program. The following table depicts the activities performed by the professional and clerical staff of the seven units within this bureau for 1964-65.

Activity	Man-years
Preparation and maintenance -----	5.1
Repair of library materials and mounting maps -----	5.8
Cataloging and classifying material -----	8.1
Ordering material -----	3.8
Shipping and receiving material, maintaining inventory -----	11.5
Photo services -----	2.0
Total -----	36.3

An increase of \$11,009 over estimated expenditures in 1965-66 is proposed for this unit's budget in 1966-67 to a level of \$342,053. Three new positions are requested, a stock clerk, a photocopyist and a book repairer for an additional General Fund cost of \$13,956 which is offset by higher salary savings.

Division of Libraries—Continued

1. *We recommend disapproval of the request for one stock clerk position and one photocopyist for a General Fund saving of \$9,816. We further recommend that the positions be financed by federal funds.*

The stock clerk position is requested to alleviate a workload increase connected with shipping and receiving talking books for the blind. The increased circulation workload of the books for the blind section was previously discussed under the Readers Services Bureau. The increase in the shipping workload of this activity is depicted below.

	1962-63	1963-64	1964-65
Incoming talking books-----	132,097	157,253	175,613
Outgoing talking books-----	133,603	154,205	173,602

The photocopyist position is requested to reduce a work backlog connected with the microfilming of newspapers. The State Library estimates that there exists a backlog of 12,705 volumes of newspapers covering the years 1870-1940 which will be microfilmed. The addition of one photocopier position would enable this unit to microfilm and process about 514 volumes per year and record the issues which are deteriorating.

2. *We recommend disapproval of the request for one book repairer for a General Fund saving of \$4,140.*

This position is requested to enable the library to reduce its backlog of 22,000 books and other library materials which must be repaired. The library reports that 4.7 man-years were expended in 1964-65 to repair 15,349 volumes. Thus additional assistance for this section seems to be justified because of the work backlog.

However, we believe that the present staff of this unit should be able to substantially reduce the book backlog without adding an additional position because of a reduced workload that will be experienced by this unit in another area. Presently this unit binds about 1,600 newly purchased monographs each year. In 1966-67 the library intends to send these monographs to a commercial bindery for binding which will result in a saving of \$3,192. This proposal will thus free a 0.77 staff position which can be diverted from this unit's binding program and may be used to reduce the book repair backlog.

3. *We recommend that the budget of the book repair section of the Technical Services Bureau be augmented by an amount of \$990 in federal funds for the purchase of a Bostich Boston book stitcher.*

The State Library estimates that this machine would result in a savings of 188 man-hours per year for the book repair section. The machine would expedite the repair of pamphlets which are presently hand stitched. We estimate that the use of this machine would free an 0.1 staff position to assist the staff to reduce the book repair backlog.

4. Library Consultant Services		Increase	
		Amount	Percent
1965-66	1966-67		
\$63,593	\$63,853	\$8,262	0.4

Division of Libraries—Continued

The Library Consultant Services Bureau provides direct consultant services for the state's public libraries. Its responsibilities include making surveys of local and regional library operations which are designed to improve such operations and administering the state and federal local library assistance programs.

During the 1964-65 fiscal year the professional staff within this unit devoted its time to the following activities.

<i>Activity</i>	<i>Work units performed</i>	<i>Man-years expended</i>
A. Consultant visits -----	268	5.08
B. Supervision of state and federal local assistance programs -----	—	3.79
Total -----	—	8.87

An amount of \$63,853 is proposed for this unit's activities in 1966-67, which is a 0.4 percent increase over the present level. During 1965-66 a 0.2 temporary help position was administratively established to develop an equalization aid formula for the allocation of State Library assistance money. This study, authorized by Chapter 1820, Statutes of 1965, is discussed in the local assistance section of the analysis. No new positions supported entirely by General Fund money are requested for this unit in 1966-67 and the level of service is expected to remain unchanged.

However, the State Library is requesting 3 additional professional positions and 1.2 clerical positions at a cost of \$31,172 in federal funds to assist this unit in administering the federal Library Services and Construction Act.

In the 1965-66 Analysis of the Budget we recommended that the State Library submit a report to the 1966 Legislature outlining the accomplishments of the Rural Library Services Act in California. A summary of this report follows.

Between 1956-57 and 1963-64 the library received \$1,611,616 in federal funds for the improvement of rural library services. The library reports that these funds have been primarily used to establish "demonstration projects" in rural areas having inadequate library services. Such projects supervised and coordinated by State Library personnel are intended to demonstrate the value of library service to the local population so that they will support library services when the project terminates, normally at the end of a two-year period. Federal funds have also been used to assist small rural units to contract with larger units for library services. Projects have been carried out in the following areas:

Butte County bookmobile project -----	1956-59
Santa Barbara reference project -----	1957-59
Amador County project -----	1957-59
Lassen and Plumas-Sierra County project -----	1958-59
San Diego bookmobile demonstration project -----	1958-60
San Joaquin Valley information service -----	1959-63
North Bay cooperative library system -----	1959-present
Mendocino County library demonstration project -----	1961-65
Calaveras County library demonstration project -----	1965-66
Tuolumne County library demonstration project -----	1965-66

Division of Libraries—Continued

The library reports that upon termination of the library demonstration projects in Butte, Mendocino, San Diego and Amador Counties the local population voted to either continue the experimental service with local funds or to improve its present services. It is believed that the San Joaquin Valley project contributed heavily to the establishment of the San Joaquin Valley cooperative library system which was subsequently formed under the California Library Development Act.

Other purposes for which federal money was expended included the establishment of the processing center, and the establishment of a scholarship and intern program for potential librarians.

In 1964-65 an entirely new program was initiated under Title II, Construction, of the Federal Library Services and Construction Act. During that year an amount of \$2,730,041, representing the entire allocation for this purpose was allocated to eight library systems; these libraries are:

- Santa Rosa-Sonoma County Free Library
- Hanford-Kings County Library
- Mill Valley Public Library
- San Jose Public Library
- Santa Clara Public Library
- Contra Costa County Library, Pittsburgh Branch
- Los Angeles County Public Library, Rio Honda Branch
- Los Angeles County Public Library, West San Gabriel Valley Regional Library

In allocating federal funds for library construction the State Library is adhering to a system of priorities established under the state plan. The highest priority is assigned to situations in which two or more formerly independent libraries consolidate. The remaining funds are allocated to libraries on the following basis: two or more independent libraries sharing the same building; a headquarters building for an existing system and branch buildings for existing systems serving a minimum population of 100,000 people and which meet the program requirements of the California Library Development Act.

1. *We recommend disapproval of the request for two library consultant positions, one Librarian II position and one intermediate typist-clerk position for a federal fund saving of \$29,672.*

The two library consultant positions would augment the library's present staff of six consultants and, according to the State Library, would enable the library consultants to visit each of the state's 212 libraries at least once a year compared to the 114 units presently visited.

The library reports in its budget justification that "many of these visits were made by new consultants on orientation or 'get acquainted' visits; such trips do not yield a 'consultation of sufficient intimacy and duration' to deal with specific needs and problems."

It was previously noted that the main purpose of such trips is to make local and regional studies of library services to assist local jurisdictions to improve their internal operations and to promote inter-library cooperation. Although we do not dispute the value of such

Division of Libraries—Continued

activities for situations in which the local units are not able to competently perform such studies with local staff we do not believe that it is necessary for the library staff to visit each local library every year. It appears that regional conferences could be used to disseminate information more economically than individual library visits. It is also noted that no additional information illustrating a work backlog has been presented which would justify these positions.

The one librarian II position and the one intermediate typist-clerk position are requested to support the activities of the present consultant staff and the two new professional positions already mentioned. The librarian II position would compile material for the consultants prior to field trips and research problems concerned with public library development. In addition the librarian would occasionally accompany the consultants on field trips and take photographs for the slide collection.

We recommend approval of the request for an 0.2 temporary help position at a cost of \$500 in federal funds on the basis of workload.

Department of Education

STATE TEACHERS' RETIREMENT SYSTEM

ITEM 104 of the Budget Bill

Budget page 303

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

Amount requested	\$1,047,533
Estimated to be expended in 1965-66 fiscal year	932,124
Increase (12.3 percent)	\$115,409
Increase to improve level of service	\$27,618

TOTAL RECOMMENDED REDUCTION \$4,344

Summary of Recommended Reductions

	Amount	Page	Line
1 Intermediate typist-clerk	\$4,344	304	57

GENERAL PROGRAM STATEMENT

The State Teachers' Retirement System was established pursuant to Section 13801 of the Education Code. The system as it is presently constituted was established by Chapter 13, Statutes of 1944, Fourth Extraordinary Session.

The system is administered by a retirement board consisting of the Director of Finance, the Superintendent of Public Instruction, three members of the system, a member of a local board of education, a bank officer and an insurance officer. The board appoints an executive officer who administers the staff of the system which currently consists of 109.6 authorized positions.

The programs administered by the system have as their basic objective providing retirement allowances for service or disability and other related benefits for California public school teachers. The system is unable to give a cost breakdown of its programs. The basic programs

State Teachers' Retirement System—Continued

conducted by the system are (1) administration, (2) accounting, (3) membership, and (4) benefits.

ANALYSIS AND RECOMMENDATION

The 1966-67 budget proposes an expenditure of \$1,047,533 which is \$115,409 or 12.3 percent more than is estimated to be expended during the current fiscal year. Included in the increase is a program augmentation amount of \$27,618 for the conversion of the present member identification system to social security numbers.

Not included in this budget proposal is an amount of \$94,604 for eight programmer positions, one accounting officer, and operating expenses for the start of converting the system's accounting system to automated data processing. The \$94,604 is proposed in the "ADP Consolidated Program" package in Item 317 of the Budget Bill.

For the 1964-65 fiscal year, the system was appropriated \$834,502 from the General Fund and received \$25,754 in salary increase funds. The year end savings amounted to \$55,839.

For the current fiscal year, 1965-66, the system was appropriated \$448,481 from the General Fund and was to receive the same amount from the State Teachers' Retirement Fund as a result of legislation introduced during the 1965 General Session. Assembly Bill No. 1729 as introduced would have provided one-half the support of the administration of the system from the interest earnings of the member contributions. The legislation failed passage.

With failure of AB 1729 \$448,481 has been allocated from the Emergency Fund for the support of the system during the current year. A deficiency appropriation will be proposed during the 1966 legislative session to compensate for the emergency allocation.

Administration Program

Included within the administration program are the actuarial activities, investment activities, and general administration. General administration includes the executive force inclusive of the legal staff and, in addition, covers the agency personnel and payroll functions and the secretarial and typing services and mail activities.

During the current fiscal year a 0.5 time actuary position was administratively added to the budget. The system previously had been budgeted for one-half of the time of the actuary for the State Employees' Retirement System. The actuarial workload of both systems has grown to the point where the position was made full time in each system. The 0.5 position is proposed on a permanent basis for the 1966-67 fiscal year.

0.5 Actuary (budget page 304, line 50)-----\$6,972

We recommend approval of the actuary position.

The system is requesting the addition of the following two clerical positions in the office services unit of the administration program.

State Teachers' Retirement System—Continued

2 Intermediate typist-clerks (budget page 304, line 57)-----\$8,688

The two clerical positions are requested on the basis of (1) increased central typing pool workload, (2) personnel transactions, and (3) for manning the public counter.

We recommend the deletion of one intermediate typist clerk at a savings of \$4,344.

We have reviewed the workload of the clerical operations of the system and agree there is a need for one additional person, but can find little justification for two. The public counter is presently manned and with minor staffing adjustments relief can be provided when needed.

Accounting Program

The operations of the accounting division during the year will make a double posting of contributions and interest to the accounts of approximately 329,000 members. In addition, refunds to some 11,500 members will be made and monthly retirement allowances will be paid to over 32,400 retirants. The accounting operations, inclusive of the data processing unit, function as a service to the entire agency and virtually all transactions affecting a member are processed in this division.

The following two positions are requested for the normal workload expansion accounting program.

2 Accounting technician II (budget page 304, line 55)-----\$10,056

One position is requested for the calculation of the increase in the number of service credits and for the continuing audit of discrepancies. The other position is requested for the anticipated workload resulting from a policy change authorized by the Board of Administration affecting the redeposit contributions by former members returning to the system.

We recommend approval of the requested positions.

Data Processing

Although this item does not contain the funding, the budget also proposes to provide 9 positions and operating expenses at a cost of \$94,604 to provide the programming required to change the accounting system to automated data processing. The funds to support this proposal are in Item 317 of the Budget Bill.

The budget narrative (budget page 304, line 25) points out that this proposal represents a significant change in methods and procedures and level of service that will benefit primarily members and school districts.

Since its inception, the system has been operating and basing its calculations upon annual reports submitted by the school districts. Under this procedure each district must report by December 31 a schedule of each teacher's contributions, salary and other specified data for the past fiscal year. This has resulted in a failure by the system to provide up-to-date information on the members participating

State Teachers' Retirement System—Continued

in this program. In fact, the time lag between service rendered and reporting to the member has been as much as two years.

The proposed change to data processing would allow the system to go from annual to monthly reporting. This increased service has two advantages: (1) the members of the system would have up-to-date information concerning their exact status; (2) the districts would be able to provide the required information as a subsidiary to their payroll system which would be more economical and less complex than the present system.

The budget states that legislation will be introduced in the 1966 Budget Session to change the funding of the support of the system from the General Fund to a sharing of costs with the school districts and the members. This is comparable to legislation that failed in 1965.

At the time the Board of Administration of the system and the teachers were opposed to the change in funding. Since then both groups have changed their position on the condition that improved service is provided.

We are in agreement with the change in funding and have so recommended in the past.

We also recommend approval of the conversion to an automated data processing system only, however, if the funding change is made.

As the budget document states, the primary beneficiaries of the improvement in level of service will be the districts and particularly the members, thus there should be a sharing of the cost such as there is with the State Employees' Retirement System.

Membership Program

Approximately 34,000 new members will be issued membership numbers in the 1966-67 fiscal year. Entailed in the workload is the proper member rate of contribution to each member based upon the circumstances relating to that particular individual. Annual reports from the employing districts and counties bearing the members' names, account numbers, and rates of contributions are audited for accuracy.

The system proposes the following four new positions for increased workload in the membership program:

- | | |
|---|---------|
| 1 Supervising clerk I (budget page 304, line 52)_____ | \$5,832 |
| 3 Intermediate typist-clerk (budget page 304, line 53)_____ | 13,032 |

Two of the above positions are requested on the basis of increased filing workload, one on the basis of increased inquiries and correspondence such as new applications, rate requests, and name changes, and one position is for the increased personal interview workload.

We have reviewed the anticipated workload and recommend approval of the positions.

The budget proposes temporary help funds and operating expenses of \$27,618 for the conversion of the identification system to federal identification numbers, i.e., social security numbers. This will provide a common number with school districts, the Controller's Office, and the county superintendents of schools.

We recommend approval of the proposed augmentation.

**State Teachers' Retirement System—Continued
Benefit Program**

1. During the 1966-67 fiscal year, the agency will provide continuing monthly retirement allowances for both service and disability retirement to more than 33,500 former members.

2. It will refund to over 11,500 members approximately \$13 million of contributions formerly made by these terminating members. In addition, over 15,000 former members will make monthly redeposit payments to reinstate service credits canceled by an earlier refund of contributions.

3. It will provide for death benefits in various forms, considerably in excess of \$6 million during the year 1966-67 to beneficiaries of active and retired members.

The budget proposes no increase in workload positions or expansion of services for this program.

HIGHER EDUCATION**DEFINITION AND SCOPE**

The development of California's system of public higher education in recent years has been guided by a master plan known as the Donahoe Higher Education Act of 1960. This act recognizes three segments of higher education—the University of California, California State Colleges and public junior colleges—and defines functions for each to encourage an economical and coordinated approach to meeting California's higher education needs.

General areas of responsibility for the University of California include undergraduate instruction; graduate instruction through the doctoral degree; professional schools such as medicine, law, dentistry, veterinary medicine and architecture; agricultural extension and university extension programs; and organized research. Opportunities to attend the university are available to the upper 12½ percent of high school graduates or transfer students from state colleges; junior colleges or other institutions of higher education who have satisfactory academic records. The university currently has eight general campuses and two medical centers (three including the California College of Medicine) with two more being developed at the San Diego and Davis campuses, plus special research facilities such as agricultural field stations throughout the state. Tentative growth plans being considered by the university include new general campuses at Los Angeles and San Francisco.

California State Colleges offer educational opportunities to a broad base of high school graduates consisting of the upper one-third of high school graduates plus qualified transfers from other colleges and universities. State colleges provide instruction for undergraduates and graduates through the master's degree in liberal arts, the sciences, applied fields and the teaching profession. Doctoral degrees may be awarded jointly with the University of California. Many state colleges have extension programs for adult education. Faculty research must

Higher Education—Continued

be consistent with the primary purpose of the state college system which is teaching students. There are currently 17 state colleges in operation and 1 more scheduled to open in the next 3-5 years.

There are 76 public junior colleges in California. Instructional programs are offered through the 14th grade level in three general areas: (1) standard collegiate courses in preparation to transferring to a four-year college or university; (2) vocational courses; and (3) general liberal arts programs which may lead to an associate in arts degree.

A Coordinating Council for Higher Education was also established by the Donahoe Act to advise the Governor and the Legislature on the progress of each segment within the provisions of the master plan, including coordination with private institutions of higher education.

The University of California is governed by the Regents of the University of California, who, under the terms 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 which have been established by statute and by rule of the State Board of Education, the organization, operation, and policy direction of the junior colleges are vested in local school boards accountable to local voters. Although considerable power and responsibility have been delegated to the governing bodies of each segment and the coordinating council, the Legislature retains discretionary authority by means of budget appropriations and other legislative powers.

Enrollment

Enrollment statistics are the principal factor in determining the amount of support and capital outlay funds which the Legislature is requested to appropriate annually for instructional programs. Estimated enrollment figures represent workload for teaching staff and related instructional expenses, library acquisitions and personnel and student services. Projected enrollment data determine the need for new and enlarged facilities and estimating future support budget needs. Budget needs are also influenced by the distribution of students by level as well as total enrollment because the higher the student advances the more costly his education becomes. Total average annual and full-time enrollment for the university and state colleges is reflected in Table One, for 1962-63 through 1966-67 including a projection to 1974-75. Student distribution figures by level are reflected in the individual budget analyses for the university and state colleges.

Higher Education—Continued

Table 1
Actual and Estimated Student Enrollment

	1962-63	1963-64	1964-65	1965-66	1966-67	<i>Projects</i> 1975-76
A. Average annual enrollment						
University of California ¹	57,183	63,288	70,003	78,091	85,453	130,541
California State Colleges ²	86,719	96,831	108,728	117,430	129,905	196,000
Totals -----	143,902	160,119	178,731	195,521	215,358	326,541
B. Full-time student enrollment ³						
University of California	58,005	64,001	71,267	79,449	90,195	133,205
California State Colleges	71,367	80,021	92,454	98,498	110,500	166,000
Junior colleges -----	121,283	128,221	152,401	188,874	200,000	267,000
Totals -----	250,655	272,243	316,122	366,821	400,695	566,205

¹ Head count.² Full-time equivalent (FTE)³ Fall term.

Average annual enrollment at the university will increase approximately 9.4 percent or 7,362 students in 1966-67. Data for the state colleges reflect an estimated increase of 12,475 students (FTE) or 10.6 percent in 1966-67. Junior college enrollment has increased to an estimated 188,874 in 1965-66, an increase of 36,473 or 23.9 percent over 1964-65. Junior college enrollment is expected to increase by 5.9 percent in 1966-67.

Expenditure Summary

Actual and budgeted state expenditures for higher education for the five-year period 1962-63 through 1966-67 are summarized in Table 2 under the principal budget categories of support, capital outlay and subventions. Total costs for support are estimated to increase by 16.7 percent in 1965-66 over 1964-65. Proposed higher education support budgets for 1966-67 represent another increase of over 16 percent.

Table 2
State Expenditures for Higher Education
(In Thousands)

	1962-63 (000)	1963-64 (000)	1964-65 (000)	<i>Estimated</i> 1965-66 (000)	<i>Proposed</i> 1966-67 (000)
Support					
Coordinating Council for Higher Education ----	\$228	\$299	\$314	\$364	\$419
University of California----	147,623	185,012	179,487	204,190	231,497
Hastings College of Law--	338	326	400	545	630
California State Colleges--	90,259	101,353	115,594	140,488	168,110
Maritime Academy -----	435	491	531	564	562
State Scholarship Commis- sion -----	2,345	2,766	3,702	3,888	5,124
Totals -----	\$241,228	\$263,489	\$300,028	\$350,039	\$406,342
Capital Outlay ¹					
University of California----	\$48,018	\$70,971	\$63,753	\$58,963	\$66,014
California State Colleges--	32,368	41,921	52,809	90,848	60,695
Junior colleges -----	--	--	--	22,427	7,502
Maritime Academy -----	5	28	17	--	9
Totals -----	\$80,391	\$112,920	\$116,579	\$172,238	\$146,168

Higher Education—Continued

Table 2—Continued
State Expenditures for Higher Education
(In Thousands)

	1962-63 (000)	1963-64 (000)	1964-65 (000)	Estimated 1965-66 (000)	Proposed 1966-67 (000)
Subventions					
Junior college support-----	\$36,273	\$45,357	\$58,101	\$61,500	\$66,000
Junior college capital out- lay-----	5,000	2,785	7,737	9,477	--
Totals-----	<u>\$41,273</u>	<u>\$48,142</u>	<u>\$58,521</u>	<u>\$61,616</u>	<u>\$66,000</u>
Total Higher Education ---	\$362,892	\$424,551	\$475,128	\$583,893	\$618,510

¹ Includes bond funds.

Space Utilization

Last year's *Analysis of the Budget Bill—1965-66* recommended that the California State Colleges and the University of California study the feasibility of using computers for student registration and class scheduling. The recommendation was adopted by the Legislature and each segment was required to submit a progress report by December 1, 1965, with plans for a pilot study on one campus by fall 1966. The intent of the recommendation was principally to determine if the use of computers would aid in maximizing the use of current facilities.

Progress reports were received from the university and the state colleges. The university reported that the use of computers in planning for new facilities is more likely to improve space utilization than the scheduling of space after it already exists. It also defined the extent to which computers are already used for purposes related to registration, classroom scheduling and planning for new facilities.

Additionally, the report maintains that space utilization at Purdue University (Purdue uses computers for student registration and classroom scheduling) is not better than that at the University of California. It is agreed, however, that a pilot study should be planned at a campus to determine benefits which might arise from the computerization of student registration and class-scheduling procedures.

Davis has been designated as the campus upon which the pilot study will be conducted. Although indicating that the use of computers for registering student and classroom scheduling has merit, the report stated that the principal value may not be increased space utilization. According to the Davis campus pilot study plan, the benefits will be to save some student and faculty time by simplifying registration, accelerate the availability of a complete schedule of classes and eliminate class cards. Students would retain the right to choose specific sections and instructors. Considerable progress has been made which will permit a complete testing of new procedures for registering students in fall 1966.

The California State Colleges' report supports the concept of exploring the uses of computers for student registration and class scheduling. The chancellor's office does not feel that a pilot project can be conducted until a detailed feasibility study is made. The report contains a budget which estimates that a special \$35,972 emergency ap-

Higher Education—Continued

propriation in 1965-66 would be needed in order to have a pilot study by fall of 1967.

The lack of sophisticated computer equipment at the state colleges may prove to be an important barrier to the automation of student registration and class scheduling procedures in the near future.

We recommend that a feasibility study relating to the use of computers for student registration and class scheduling be a specific assignment of the personnel to be hired in conjunction with the proposed ADPAC (Automatic Data Processing Advisory Committee) program for the state colleges for 1966-67.

The purpose of the ADPAC is to review and coordinate agency planning for automatic data processing systems in state service. As a part of the ADPAC program for 1966-67, a total of eight systems analysts are proposed for the Chancellor's Office to establish a comprehensive data processing system for the state colleges and to study the adequacy of current machine installations and recommend changes. It would be more appropriate to have the feasibility study relating to the use of computers for student registration and class scheduling undertaken as part of this program than to establish a special staff for this purpose.

Year-round Operations

Progress continues toward implementing year-round operations at the University of California and the California State Colleges. Both segments have established time schedules for converting campuses to the quarter system and to year-round operations. The University of California is planning to have all campuses converted to the quarter system by 1966-67 and on year-round operations by 1970-71. The California State Colleges have indicated a desire to move more slowly and not complete the conversion to a four-quarter operation on all campuses until 1974-75. The Coordinating Council for Higher Education, at a special meeting in December 1965, requested that the California State Colleges accelerate conversion plans.

University of California

The university's schedule for initiating year-round operations is reflected in Table 3 which is quoted from information received by the Coordinating Council for Higher Education. The new Irvine and Santa Cruz campuses opened on the quarter system and will start their summer quarter when enrollment is large enough to do so economically. The most mature campuses, Berkeley and Los Angeles, will commence year-round operations in 1967-68 and 1968-69 respectively.

Table 3
Tentative Schedule for Initiating Year-round Operations
University of California

Campus	1964 full-time enrollments	64-65	65-66	66-67	67-68	68-69	69-70	70-71
Berkeley -----	26,438			Q	X			
Los Angeles -----	20,379			Q		X		
Davis -----	6,056			Q			X	
Santa Barbara -----	7,667			Q				X
Riverside -----	2,834			Q				X

Higher Education—Continued

Table 3—Continued
Tentative Schedule for Initiating Year-round Operations
University of California

Campus	1964							
	full-time enrollments	64-65	65-66	66-67	67-68	68-69	69-70	70-71
San Diego -----	531			Q				X
Irvine -----	-		Q		X			
Santa Cruz -----	-		Q					X
Statewide -----		S	S	*				

Explanation of symbols:

Q Conversion to quarter system.

S Funds requested for study preparatory to year-round use.

X Initiation of four-quarter, year-round use.

* Funds (\$125,000) are also requested for 1966-67 for curriculum revision which was not reflected in the coordinating council's table.

The budget for the 1967 summer quarter at the Berkeley campus totals \$4,824,460 of which \$4,309,190 represents state funds. Two weeks of the quarter will be in the 1966-67 fiscal year, thus \$718,250 is included in the proposed Governor's Budget for this purpose. The balance will be requested in 1967-68. Estimated enrollment is 10,325 students or 40 percent of the average annual enrollment for 1966-67. The average cost per student for instruction related general education expenses is \$467 which is substantially lower than the \$685 cost per student per quarter estimated for the Berkeley campus for 1966-67 during the regular academic year. A lower cost per student for the summer quarter probably results from increased production from nonacademic employees who are on the payroll all year but whose workload is heavier during the academic year than during the summer.

The University of California estimated in 1964 for the Coordinating Council on Higher Education that the total cost for Berkeley for the summer of 1967 would be \$4.8 million of which \$4.2 million would be state funds. These estimates were based on an estimated summer enrollment of 7,581 students. The estimated state cost per student was \$554 ($\$4.2 \text{ million} \div 7,581 = \554) or \$137 of state cost per student higher than the current budget request of \$417 ($\$4,309,190 \div 10,325 = \417) per student. Thus the 1964 cost estimates compiled for the Coordinating Council for Higher Education in answer to questions raised in the Analysis of the Budget Bill 1964-65 were high on a cost per student basis. A more accurate appraisal of ultimate needs for additional state support will probably not be possible until the Berkeley campus completes its first summer quarter in 1967.

California State Colleges

The California State College Trustees desire to move cautiously into year-round operations over a 10-year period. The following schedule compiled by the Coordinating Council for Higher Education indicates that the Hayward campus initiated year-round operations in 1965, with the California State College at Los Angeles being next in line in 1967-68 (excluding the two Cal Poly campuses, which have always been on the quarter system and plan to initiate a full summer quarter in 1966-67). The other campuses would implement year-round operations between 1969-70 and 1974-75.

Table 4
Tentative Schedule for Initiating Year-round Operations
California State Colleges

	1964 full-time enrollments	64-5	65-6	66-7	67-8	68-9	69-70	70-1	71-2	72-3	73-4	74-5
Chico -----	4,200							X				
Fresno -----	5,948											X
Hayward (Q) -----	2,511	S	X									
Humboldt -----	2,277			S	Q			X				
Kellog-Vorrhis (Q) -----	3,825			X								
Long Beach -----	9,532									X		
Los Angeles -----	8,395	S	S	Q	X					X		
Palos Verdes -----			Q							X		
Sacramento -----	5,027											X
San Bernardino -----			Q								X	
San Diego -----	10,459											X
San Fernando Valley -----	6,946							X				
San Francisco -----	10,102			S			X					
San Jose -----	13,994	(No date established)										
San Louis Obispo (Q) -----	6,111			X								
Sonoma -----	508											X
Stanislaus -----	83											X
Fullerton -----	2,292										X	
Statewide -----		S	S	S								

Explanation of symbols:

Q Conversion to quarter system.

S Funds requested for study preparatory to year-round use.

X Initiation of four-quarter, year-round use.

Note: Except where indicated otherwise, colleges now on the semester system will convert to the quarter system concurrently with the initiation of year-round operations.

Higher Education—Continued

The California State College at Hayward was the first California public institution of higher education to implement year-round operations. Hayward estimated that enrollment during its first summer quarter would equal 40 percent of the estimated fall 1964 enrollment or 960 FTE students at a cost of \$330,000 or \$344 per student. Actual enrollment was 980 FTE students. California State College at Los Angeles will initiate its first full summer quarter in 1967 with an estimated FTE enrollment of 2,280. Estimated enrollment for the 1966 summer quarter at Hayward is 1,770.

A further discussion of plans and proposed expenditures for year-round operations for the state colleges may be found in our discussion of the state college support items.

COORDINATING COUNCIL FOR HIGHER EDUCATION

ITEM 105 of the Budget Bill

Budget page 306

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

Amount requested -----	\$419,391
Estimated to be expended in 1965-66 fiscal year -----	363,966
Increase (15.2 percent) -----	\$55,425
Increase to improve level of service -----	\$27,250

TOTAL RECOMMENDED REDUCTION -----	None
--	------

GENERAL PROGRAM STATEMENT

The Coordinating Council for Higher Education was created by the Donahoe Higher Education Act of 1960 in accordance with the Master Plan for Higher Education to provide voluntary coordination in the development of higher education in California among the junior colleges, state colleges, University of California and private colleges and universities.

Under the provisions of the Donahoe Act the council is to perform the following functions in an advisory capacity to the governing boards of the institutions, the Governor, the Legislature and other state officials: (1) it is to review and comment upon the annual budget requests of the University and the state colleges; (2) it is to assist in delineating the functions of the University, the state colleges and the junior colleges and to counsel as to the programs appropriate to each segment; and (3) it is to develop plans for the orderly growth of public higher education and to make recommendations as to the need for and location of new facilities and programs. In addition, the council has been designated either by statute or by the Governor to be the statewide agency responsible for the planning and administration of several recent federal programs of aid for higher education. The most important of these at present is the Higher Education Facilities Act of 1963.

Coordinating Council for Higher Education—Continued

By the provisions of Chapter 1774, Statutes of 1965, the council has been increased in size from 15 to 18 members, of which 6 are appointed by the Governor to represent the general public, 3 are appointed to represent the private colleges and universities, 3 are appointed by the Regents of the University of California, 3 are appointed by the Trustees of the California State Colleges and 3 are appointed by the State Board of Education to represent the junior colleges. The council selects its own director and staff which now consists of 17 professional and 13 clerical positions. The council also has established several permanent and temporary committees, composed of representatives of the four segments and of certain state agencies, to provide additional technical assistance.

At present the council staff maintains offices in San Francisco and Sacramento. On the recommendation of the director the council recently voted to reestablish a single headquarters in Sacramento in order to be closer to the state agencies with which it works and to consolidate the staff in one location.

The total proposed budget for the council for 1966-67 is \$518,081, of which \$419,391 is requested from the General Fund and \$98,690 is to be provided from federal funds. The General Fund amount would provide an increase of \$55,425 or 15.2 percent over estimated expenditures for the current year. Actual and estimated expenditures over the past three years, together with projected expenditures, based upon the budget request, are shown in Table 1 below.

Table 1
Total Expenditures
Coordinating Council for Higher Education

		<i>General Fund</i>	<i>Federal funds</i>	<i>Total expenditures</i>
Actual	1963-64	\$284,266	--	\$284,266
Actual	1964-65	314,148	\$57,354	371,502
Estimated	1965-66	363,966	92,921	456,887
Proposed	1966-67	419,391	98,690	518,081
Projected	1967-68	445,000	105,000	550,000
Projected	1968-69	471,000	111,000	582,000
Projected	1969-70	499,000	118,000	617,000
Projected	1970-71	529,000	125,000	654,000

ANALYSIS AND RECOMMENDATIONS

For budgetary purposes the council's responsibilities under the Donahoe Act and for the administration of federal aid programs may be treated as two separate programs. A third program which is included in the Governor's Budget under the Coordinating Council, the Western Interstate Commission for Higher Education, is not in fact under the council's jurisdiction and is therefore not included in the following discussion.

Donahoe Act Programs

In accordance with its responsibilities under the Donahoe Act, the council's principal activities in 1966-67 will include a review of university and state college budget proposals for 1967-68, continuing studies in the areas of admission policies, academic planning, budget

Coordinating Council for Higher Education—Continued

formulation and presentation, junior college finance and statewide administration, part-time enrollment, and further efforts to improve coordination in continuing education and to encourage the development of year-round operation. The council also plans to undertake special studies during 1966-67 with respect to library needs and administration, programs for culturally disadvantaged students and the long-term development of instruction in certain fields such as engineering and agriculture.

The council's proposed budget would provide a total of \$419,391 for these activities and to cover the cost of moving the staff headquarters back to Sacramento. This is an increase of \$55,425 or 15.2 percent over estimated expenditures for 1965-66. The increase is distributed as follows:

Merit increases and benefits, less savings, for authorized positions --	\$4,142
Additional clerical positions—workload (1.5) -----	8,341
New positions and related expense—program augmentation (2.0) --	27,250
Cost of moving to Sacramento -----	8,900
Other operating expense and equipment -----	6,792
Total increase over 1965-66 -----	\$55,425

We recommend approval of the amount requested for this program.

Of the total increase requested, \$19,275 is based on workload, \$8,900 is for moving the staff that is now in San Francisco to Sacramento and \$27,250 is for program augmentation.

At the suggestion of the staff and with the encouragement of several other state agencies, the council has recently considered the desirability of establishing an office in Washington, D.C., to represent the state in legislative and administrative matters pertaining to higher education and to coordinate the activities of the University and the state colleges in their relations with the federal government. On the recommendation of its staff, the council determined not to request support for such an office at this time, but instead to request one additional professional position to be concerned solely with federal programs.

The principal functions of the new position will be to collect and prepare information on legislation and administrative policies and procedures affecting higher education; to disseminate such information among the segments and to the appropriate state agencies; and to provide necessary information to federal agencies and to congressional committees with respect to California higher education. We believe that these functions will be of increasing importance during the next few years, particularly in view of the work to be done in implementing the federal Higher Education Act of 1965 and the necessity for establishing a sound basis for California's participation in the programs initiated under that act. We agree, however, that it would be premature for the council to establish an office in Washington for this purpose, especially until such time as the segments can agree on an effective method of coordinating their interests and activities with respect to federal programs.

Coordinating Council for Higher Education—Continued

Administration of Higher Education Facilities Act Grants

Under Title I of the Higher Education Facilities Act of 1963, as amended, the federal government provides capital outlay aid for public and private institutions of higher education on a matching basis to be allocated according to state plans drawn up by a designated state agency. In 1964-65, the first year of this program, federal funds amounted to \$23.6 million for California. For 1965-66 a total of \$47.4 million has been made available (the equivalent of a two-year allocation), and approximately the same amount is expected for 1966-67.

Table 2
Federal Aid for Capital Outlay
Higher Education Facilities Act

	1964-65 <i>actual</i>	1965-66 <i>allocated</i>	1966-67 <i>estimated</i>
Junior colleges and technical institutes.....	\$3,770,269	\$7,762,000	\$7,800,000
Four-year institutions	19,877,204	39,200,000	39,200,000
	<u>\$23,647,473</u>	<u>\$46,962,000</u>	<u>\$47,000,000</u>

The council was designated in 1963 as the state agency to prepare California's state plan for participation in this program and to administer the allocation of federal funds among the individual institutions in accordance with that plan. Its specific responsibilities include the receipt and screening of grant applications, the preparation of priority lists for recommended projects and the preparation of any necessary revisions in the state plan. A staff of 10 positions was authorized in 1965 for administering this program for 1964-65 and 1965-66. The full cost of this staff has been provided from federal funds set aside for state administrative costs.

For 1966-67 the council proposes a budget of \$98,690 for the administration of the program, including the cost of moving to Sacramento. This is an increase of \$5,769 or 6.2 percent over estimated expenditures for 1965-66. The increase is distributed as follows:

Personal services	\$1,561
Cost of moving to Sacramento.....	4,400
Other operating expense.....	308
Equipment	<u>—500</u>
Total increase over 1965-66.....	<u>\$5,769</u>

Federal funds are expected to cover all administrative costs, as has been the case for 1963-64 and 1964-65, although the council has been notified of the possibility that a state contribution of up to 50 percent may be required as the result of a scheduled congressional review of the entire program during 1966.

We recommend approval of the amount requested for this program.

The number of authorized staff positions for administration of this act has been reduced administratively from 10 to 7.2 for 1965-66 and 1966-67 in accordance with a revised workload estimate. The principal workload elements are: the processing and evaluation of project appli-

Coordinating Council for Higher Education—Continued

cations; necessary revisions in the state plan in accordance with changes in the federal rules and regulations or as dictated by program experience; special staff studies of plant utilization and capital outlay expenditures of institutions eligible for federal aid; and continuing program evaluation studies. We believe that the present staff, which includes four professional positions, is appropriate for the current workload; however, we suggest that the council not assign to this staff duties which would be funded more appropriately as state-supported activities or as separate federally aided programs.

WESTERN INTERSTATE COMMISSION FOR HIGHER EDUCATION

ITEM 106 of the Budget Bill

Budget page 309

**FOR SUPPORT OF THE WESTERN INTERSTATE
COMMISSION FOR HIGHER EDUCATION
FROM THE GENERAL FUND**

Amount requested	\$15,000
Estimated to be expended in 1965-66 fiscal year	15,000
Increase	None
TOTAL RECOMMENDED REDUCTION	None

GENERAL PROGRAM STATEMENT

The Western Interstate Commission for Higher Education (WICHE) administers the Western Regional Higher Education Compact. This compact was ratified in 1953 with the objective of promoting greater cooperation among the western states in those aspects of higher education related to medicine, dentistry, veterinary medicine and public health programs. All 13 western states are members of the compact and represented on the commission with three members each. WICHE's headquarters and staff are located in Boulder, Colorado.

Since its formation, WICHE has taken on several additional objectives including the improvement of regional training and research in the areas of mental health, nursing, juvenile delinquency and education for handicapped children. In general it is the function of the commission, assisted by the staff, to seek and suggest to the states ways in which regional cooperation can be developed in these areas to provide new or improved educational programs. In several areas, such as nursing, mental health training and juvenile delinquency, special advisory committees have been established to assist the commission on a continuing basis.

Among WICHE's principal continuing programs are the following:

1. Student Exchange Program: To encourage students from states without professional schools of medicine, dentistry or veterinary medicine to attend such schools in other western states.

Western Interstate Commission for Higher Education—Continued

2. **Mental Health Council Programs:** To support a regional council which sponsors interstate cooperation in mental health training and research.

3. **Special Education and Rehabilitation Program:** To assist colleges and universities to develop and expand special education and rehabilitation programs and to stimulate interagency cooperation in this field.

4. **Nursing Council Program:** To support a regional council of nursing schools for the purpose of improving undergraduate and graduate programs in nursing, to stimulate research in the field and to act as a clearing house for information on nursing education needs and resources.

Much of the commission's work consists of conferences, manpower surveys, seminars and publications in these fields for professional personnel, educators and interested state officials.

ANALYSIS AND RECOMMENDATIONS

It is difficult to determine how much benefit California derives from from these programs, especially the many conferences which WICHE sponsors. We have seen little specific evidence of any direct, tangible benefits, and in the absence of such evidence we are of the opinion that California is one of several states which contribute more toward the development of professional services in other states within the region than they receive through WICHE's activities.

For 1966-67, as for the current year, each member state is to contribute \$15,000 as its share of the cost of the "core activities" of the commission and for research and development in areas not fully supported from other funds. Approximately four-fifths of WICHE's funds comes from various private foundations and institutes and from federal agencies. Total expenditures for 1966-67 are expected to be about \$900,000 with an equal amount transferred between member states under the Student Exchange Program for nonresident tuition.

We recommend approval of this item in the amount budgeted.

Although there seems to be little of direct benefit to California in WICHE's activities, this small expenditure appears to be justified as a contribution to regional development in the fields of medicine, mental health, etc.

UNIVERSITY OF CALIFORNIA

ITEMS 107 and 108 of the Budget Bill

Budget page 311

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

Amount requested	\$231,062,041
Estimated to be expended in 1965-66 fiscal year	203,754,770
Increase (13.4 percent)	\$27,307,271
Increase to improve level of service	\$3,830,934
TOTAL RECOMMENDED REDUCTION	\$2,267,071

University of California—Continued

Summary of Recommended Reductions		Budget	
Workload Budget:	Amount	Page	Line
Instruction and Departmental Research:			
Delete 95.7 Teaching Assistants-----	—\$526,350	325	20
<i>New or Improved Programs:</i>			
Instruction and Departmental Research:			
Delete 7 medical school faculty—San Diego-----	—200,552	325	58
Delete 5 nursing school faculty—San Francisco-----	—67,135	331	77
Organized Activities:			
Reduce teaching hospital subsidy—UCLA-----	—363,000	332	17
Libraries:			
Reduce funds for library acquisitions-----	—351,973	334	6
General Institutional Services:			
Add funds for University Press-----	+116,939	330	62
Provisions for Allocation:			
Delete state funds for Work-study Program-----	—225,000	334	41
Delete state funds for the State Technical Services Act -----	—650,000	334	20

GENERAL PROGRAM STATEMENT

State fund appropriations to the University of California are for three general purposes: student education, research, and public service. Since any given university program may serve two or even all three of these purposes, there is no precise breakdown of state appropriations into these three major areas. Because there is a general tendency to relate all University of California state appropriations to student enrollment only, this analysis will attempt to relate the state cost of total programs to the three general purposes. This will be based on our best judgment of the principal purpose of state funds being used to help finance a given program. It is hoped that such a breakdown will at least give a general idea of the relationship between state funds and the university's three objectives of excellence in student education, research and public service.

The proposed support budget of the University of California totals \$343,081,697 of which \$231,496,941 represents the 1966-67 request for state funds including Item numbers 109 and 110 for sea water conversion and dermatology research. Approximately 80 percent of the requested state fund appropriation is *primarily* related to student education, 15 percent to organized research and 5 percent to public service. A total of \$227,666,007 of the state funds requested is for workload and \$3,830,934 for either new or improved programs or continued program development. Proposed state fund support represents an increase of \$27,307,271 which is 13.4 percent over the \$204,189,670 appropriated for 1965-66.

Student Instruction

Enrollment is the best single indicator of institutional workload growth for student education. The budget is based on an estimated enrollment increase during 1966-67 of 6,158 F.T.E. students (8.2 percent), for a total average annual F.T.E. enrollment on all campuses of 80,777.

University of California—Continued

Distribution of enrollment by level of student in Table I reflects the advance of post-World War II babies into the upper division. The lower division is estimated to increase by 1,518 students and the upper division by 3,312.

Table I
University of California
Average Annual Enrollment Distribution
(Head Count)

Year	Enrollment	Percentage distribution		
		Lower division	Upper division	Graduate
1956-57 (Actual) -----	39,402	33.3	42.2	24.5
1961-62 (Actual) -----	52,961	34.8	34.1	31.1
1964-65 (Actual) -----	70,003	32.6	35.4	32.0
1965-66 (Est.) -----	78,091	33.9	34.5	31.6
1966-67 (Est.) -----	85,453	32.7	35.4	31.9

Existing professional schools continue to expand and new schools to develop. The Davis Law School will admit its first class of 80 in fall, 1966; the Los Angeles Center of Health Sciences will increase its first-year medical student class from 72 to 128 and first-year dental school enrollment from 48 to 96. The new medical school at the San Diego campus will begin to operate the San Diego County Hospital and will supervise programs for 32 interns and 50 residents. The Davis campus is requesting the state to subsidize its veterinary teaching hospital and planning for a Medical School at Davis continues. Additional funds for teaching hospitals, San Francisco, San Diego and UCLA, are also requested, including funds for UCLA's new rehabilitation center.

Research

Increased state funds are requested under the concept of core support for some institutes and bureaus. Under this concept the existence of core state support enhances the possibilities of attracting nonstate research funds for research organizations. To the extent that such research provides experience for students, research institutes and bureaus supplement instructional programs. Such research organizations usually provide employment opportunities for some students. State funds are also provided on a formula basis per faculty member to provide research opportunities in areas that normally do not attract private research grants. Additional state funds are requested for agricultural field stations and medical research.

Public Service

Agricultural Extension and University Extension programs are the major public service programs. University Extension estimates a five percent increase in registrations. Examples of other public services include lectures, programs in the arts and special conferences.

ANALYSIS AND RECOMMENDATIONS

Expenditures

The following table summarizes the University of California's proposed budget for 1966-67. Note that there are three totals: Total Edu-

University of California—Continued

cation and General, Total Support Budget and Grand Total of All University Funds. The first total represents the basic costs necessary to operate the University's education, organized research and public service programs. The second total, Total University Support Budget, adds such self-financing services as residence halls, parking facilities, inter-collegiate athletics, campus cafeterias, bookstores, etc., plus student aid programs. The third and final total is all-inclusive and consists of the total support budget plus special research and other grants, contracts and appropriations from various private and public sources which enrich University programs.

Table 2
University of California Proposed Budget 1966-67
Workload and Program Augmentations

	<i>Total</i>	<i>State General Fund</i>	<i>University Funds</i>
University Support Budget:			
1. General administration -----	\$12,598,952	\$10,899,973	\$1,698,979
2. Instruction and department research -----	123,745,466	109,271,114	14,474,352
3. Summer sessions -----	2,416,513	---	2,416,513
4. Teaching hospitals and clinics -----	28,626,265	9,082,514	19,543,751
5. Organized activities—other -----	2,660,848	709,797	1,951,051
6. Organized research -----	34,223,893	31,642,053	2,581,840
7. Libraries -----	16,811,221	15,666,915	1,144,306
8. Agricultural extension -----	8,491,756	6,647,157	1,844,599
9. University extension -----	13,838,745	962,118	12,876,627
10. Other public service programs -----	1,348,840	273,093	1,075,747
11. Maintenance and operation -----	20,956,220	18,678,776	2,277,444
12. Student services -----	14,812,778	4,144,727	10,668,051
13. Staff benefits -----	18,187,326	18,136,326	51,000
14. General institutional services -----	5,598,481	4,399,250	1,199,231
15. Provisions for allocation, less budgetary savings -----	9,061,742	957,111	8,110,631
 Total Education and General -----	 \$313,379,046	 \$231,464,924	 \$81,914,122
Auxiliary enterprises -----	28,488,451	---	28,488,451
Student aid -----	1,214,200	217,017	997,183
 Total Support Budget ----	 \$343,081,697	 \$231,681,941	 \$111,399,756
Sponsored research and other ----	116,133,406	2,566,672	113,566,734
Special Federal (AEC) Research -----	235,191,682	---	235,191,682
 Total -----	 \$694,406,785	 \$234,248,613	 \$460,158,172

Revenue

The following table summarizes estimated revenue related to the 1966-67 support budget of the University. Revenue for Education and General flow either to the University General Fund or Restricted Funds. Comparisons are also made to actual revenue in 1964-65. The substantial estimated increase from nonresident tuition results from legislative action during the 1965 General Session reducing state funds which were used to make up for the granting of nonresident tuition waivers (the effect will be to limit nonresident tuition waivers to 15

University of California—Continued

rather than 25 percent of nonresident students or use nonstate funds to cover the difference). The nonresident tuition revenue estimate also complies with language in the 1965 Budget Act which states that nonresident tuition should increase from \$800 in 1965-66 to \$980 in 1966-67.

Table 3
University of California
Comparison of Revenue Sources
1964-65 and 1966-67

	1964-65 (actual)	1966-67 (proposed)	Percent of total
University General Funds			
State Appropriations -----	\$179,139,750	\$231,062,041	(73.7)
Nonresident tuition -----	4,153,405	8,395,188	
Other fees and tuitions -----	1,881,206	1,414,583	
Other sources -----	1,565,841	1,732,534	
Total General Funds -----	\$186,740,202	\$242,604,346	77.4
Restricted Funds			
Teaching hospitals -----	\$16,275,088	\$19,565,890	
University Extension -----	10,630,163	12,791,800	
Student Incidental Fees -----	9,954,817	17,430,265	
Endowments -----	3,224,357	3,980,396	
United States appropriations -----	3,344,557	3,408,516	
Summer sessions -----	1,855,470	2,416,513	
Other sources -----	2,302,386	3,256,516	
State appropriations ¹ -----	603,548	619,900	
Total Restricted Funds -----	\$48,190,386	\$63,469,797	20.2
Other			
Funds used as income -----	\$5,088,979	\$7,541,920	2.4
Total Education and General -----	\$240,019,567	\$313,616,063	100.0
Auxiliary enterprise revenue -----	19,927,574	29,465,634	
Total Revenue for Support Budget -----	\$259,947,141	\$343,081,697	

¹ Restricted purposes: Sea water conversion, real estate research, and in 1966-67, dermatology research.

1. GENERAL ADMINISTRATION

General administration includes both universitywide and campus administrative responsibilities. Expenditures for administrative services relate to programs within the support budget (including auxiliary enterprises such as parking and residence halls) and also to extramurally funded research not incorporated in the support budget. Campus personnel classified under general administration include chancellors and their immediate staffs, budgeting, accounting and purchasing personnel, architects and engineers, business managers, campus development staff, cashiers, and personnel employees. There is currently no clear definition of what proportion of total administrative expenditures relate to support budget programs as opposed to sponsored research or other nonsupport budget expenditures.

Budget Request

1965-66	1966-67	Amount	Increase	Percent
\$11,801,452	\$12,598,952	\$797,500		6.8

University of California—Continued

The entire \$797,500 (6.8 percent) increase for general administration is related to on-going workload and the continued buildup of administrative services at the newest campuses: Santa Cruz, Irvine and San Diego. The ratio of general administration expenditures to the total support budget plus grants, contracts and other extramural funds will decrease from 3.19 in 1964-65 to 2.99 (See Table 4).

Proposed increases will finance 133 new positions and supporting expenses consisting of \$143,653 for universitywide administration, \$179,085 for the two newest campuses, \$462,210 for the remaining campuses and \$12,549 for the California College of Medicine. Approximately 91 percent of general administration expenditures consists of state funds.

Table 4
Ratio of General Administration to Total Support Budget
Plus Extramural Funds*

Campus	1964-65		1966-67 Proposed
	Budget	Actual	
Berkeley	1.96	1.92	1.91
Davis	2.35	2.40	2.37
Irvine	20.28	18.02	6.07
Los Angeles	1.85	1.89	1.88
Riverside	3.37	3.42	3.07
San Diego	3.27	3.53	3.07
San Francisco	1.73	1.83	1.73
Santa Barbara	3.62	3.76	2.96
Santa Cruz	35.96	38.83	9.70
Universitywide Administration	0.97	0.99	0.85
Entire University	3.15	3.19	2.99

* Includes grants and contracts and other extramural funds not budgeted.

Performance Analysis and Review of Accomplishments—1964-65

During 1964-65 the desirability of further decentralizing Regental and University-wide administrative responsibilities to campus chancellors was studied. Areas of particular concern are the appointment of academic personnel, budget administration, buildings and grounds and contracts and grants. Proposals under consideration have been adopted in principle by the Regents and when implemented will result in the following relative shifts in total scope of administrative responsibility:

	Percent of administrative authority of chancellors	
	Current	Proposed
Academic personnel (appointments, promotions, etc.)	68%	99%
Solicitations for grants and contracts	80%	98%
Budget transfers approved by Chancellor	95%	98%

New chancellors were appointed during 1964-65 at the San Diego and Riverside campuses and administrative responsibilities relating to the Lick Observatory were transferred from the Berkeley to the new Santa Cruz campus.

The ratio of general administration to educational and general activities plus grants and contracts expenditures during the past five years has remained constant at 3.2 percent. Actual expenditures for general administration in 1964-65 totaled \$10,508,477 or \$275,924 (2.7 percent) higher than its budget of \$10,232,553.

University of California—Continued

Recommendations

We recommend approval of state funds for the general administration budget as proposed in the amount of \$10,899,973.

The proposed budget is consistent with past performance and the requested workload increase compares favorably to workload indicators such as enrollment (up 8.2 percent), and increased volume of grants and contracts (up 9.2 percent).

2. INSTRUCTION AND DEPARTMENTAL RESEARCH

Teaching staff and related support for the various colleges, schools and departments on the University of California's eight general campuses, the Los Angeles Center for the Health Services, the San Francisco Medical Center and the California College of Medicine are included in this functional category. Student education is the primary purpose for which funds are provided to support instruction and departmental research.

1965-66	Budget Request		Increase Percent
	1966-67	Amount	
\$111,547,558	\$123,745,466	\$12,197,908	10.9

Total expenditures are subdivided in Table 5. Note that state funds support a larger share of the medical schools and the two new campuses at Irvine and Santa Cruz than the six general campuses. We expect the percentage of state funds at the new campuses to decline gradually in future budgets. Approximately 88.3 percent or \$109,271,114 of the 1966-67 instruction and departmental research budget is state funds.

Table 5
Instruction and Departmental Research
1966-67 Proposed Budget

Subfunction	Subfunction percent of total budget	Total budget	State funds percent of subfunction
1. Six general campuses -----	75.6	\$93,578,269	87.5
2. Two new campuses -----	5.6	6,963,073	96.5
3. Medicine and veterinary medicine -----	18.4	22,656,376	95.1
4. Other -----	0.4	547,748	--
Total -----	100	\$123,745,466	88.3

A. Workload

Over 95 percent of the \$12,197,908 increase for 1966-67 is for workload rather than new or improved programs, according to the Governor's Budget. The workload increase may be broken down as follows:

Instruction and departmental research	Workload increase
Six general campuses -----	\$5,574,259
Two new campuses -----	3,403,923
Medicine and veterinary medicine -----	2,644,713
Other -----	—5,722
Total Workload Increase -----	\$11,617,173

Workload increases consist of increased funds for 547 additional faculty plus related support such as clerical help, 202.6 teaching assist-

University of California—Continued

ants, readers, laboratory assistants, equipment and other instruction-related costs. The determination of how many new faculty positions to request is based on the application of student-faculty ratios to estimated enrollment. Different weights have been established for each level of student in an attempt to recognize that faculty workload on a per student basis increases with the level of student. As students advance, classes become smaller and out-of-class faculty contact between the student and his school work increases. The weights currently applied to differentiate between student levees for budgeting purposes are 1.0 for lower division; 1.5 for upper division; 2.5 for professional schools, masters students and first doctorals; and 3.5 for second-stage doctorals.

1. Six General Campuses

Related enrollment estimates are translated into full-time equivalent students before calculations for budget requests are made. Normally enrollment estimates are then weighted according to student level and the desired weighted student-faculty ratios are applied to estimated weighted enrollment to determine faculty needs. In the 1966-67 Governor's Budget, a weighted student-faculty ratio of 28:1 was used to determine the number of new faculty positions to request for the six general campuses for enrollment increases. The higher-than-average 28:1 ratio was applied against increased enrollment estimates in the Governor's Budget because it is felt that there should be some economies of scale as enrollment increases. The estimated 1965-66 weighted student-faculty ratio is 25.72:1. Tables 6 and 7 reflect enrollment detail and the estimated weighted and unweighted student-faculty ratios for 1966-67 by campus.

Table 6
Estimated Enrollment, 1966-67 Full-time Equivalent Students

Campus	Total	Lower division	Upper division	Graduates	
				1st stage	2nd stage
Berkeley	25,512	5,936	9,580	6,037	3,959
Davis ¹	8,313	3,209	3,289	1,217	598
UCLA ²	22,567	7,213	8,220	5,190	1,944
Riverside	3,973	1,700	1,309	592	372
San Diego ²	1,969	1,184	191	226	368
Santa Barbara	10,022	5,342	3,567	891	222
Totals, six campuses	72,356	24,584	26,156	14,153	7,463

¹ Excludes veterinary medicine.

² Excludes medical centers.

Table 7
Student-faculty Ratios—1966-67

Campus	Weighted ratio	Unweighted ratio
Berkeley	28.46	15.67
Davis ¹	24.88	15.94
UCLA ²	27.41	17.57
Riverside	21.74	14.34
San Diego ²	17.82	10.72
Santa Barbara	20.58	16.02

¹ Excludes veterinary medicine.

² Excludes medical centers.

University of California—Continued

The estimated average annual full-time equivalent enrollment increase for the six general campuses is 3,562 students. The application of the 28:1 weighted student-faculty ratio equals 283.7 additional faculty positions. Accompanying support per faculty member is requested at the rate of \$4,822 per academic staff member and 166.6 teaching assistant positions. The teaching assistant positions consist of 70.9 related to new faculty positions based on actual need and the inclusion of the 95.7 (\$526,350) teaching assistants deleted by the Legislature in last year's budget action. Funds are also requested for year-round operations at Berkeley for the first two weeks of its initial summer quarter in 1967. Most of the 1967 summer quarter will be during the 1967-68 fiscal year.

2. Two New Campuses

The instruction and departmental research workload budgets for the new Irvine and Santa Cruz campuses will increase by \$3,403,923 to \$6,963,073. Student FTE enrollment is expected to more than double from 1,000 to 2,080 at Irvine and 500 to 1,375 at Santa Cruz. The workload increase will provide 165 new faculty, 35 teaching assistants and support funds totaling \$7,000 per academic staff position at Irvine and \$5,263 at Santa Cruz. Student-faculty ratios are lower at these campuses because they are new, but they will increase gradually. In 1966-67 the weighted student-faculty ratio will increase from 11.5 to 12.8.

3. Medical Schools and Veterinary Medicine

Significant increases are proposed for medical schools due to expanding enrollment. Increases for 1966-67 total \$2,644,713 for 96.5 positions and related support.

Table listing summarized proposed new academic positions and estimated enrollment increases follows:

Campus	Number of new faculty proposed	F.T.E. enrollment increases Number	Percent
Los Angeles Center of Health Sciences			
Dentistry	12	98	136.1
Medicine	11	366	47.3
Public Health	1	47	22.5
Nursing	-	-17	-9.7
San Francisco Medical Center			
Medicine	10	50	4.5
Pharmacy	1	1	-
Dentistry	-	-2	-0.5
Nursing	-	3	0.8
Davis			
Veterinary Medicine	6	32	13.4
Medicine	13.5	-	-
San Diego			
Medicine	19	-	-
California College of Medicine	23	63	9.7
Total Increases	96.5	641	14.8

University of California—Continued

The Dental School at the Los Angeles Center for Health Sciences will double its first year class from 48 to 96 and teach its first third year class of 28 students. The size of the first year class of the School of Medicine will increase from 74 to 128. The number of interns, residents and graduate students will also increase significantly.

At San Francisco the third year class at the School of Medicine will increase from 100 to 128 and the number of graduate students and interns and residents will increase by 26.

The School of Veterinary Medicine second year class size at Davis will expand from 52 to 80 and faculty positions are budgeted for planning the new Davis School of Medicine.

Additional funds are requested for the School of Medicine at San Diego to enlarge the basic science faculty and assume supervision of 82 interns and residents at the San Diego County Hospital.

The California College of Medicine requests 23 FTE faculty in order to maintain its accreditation.

B. New and Improved Programs

Program augmentations for Instruction and Departmental Research total \$580,735, subdivided as follows:

	<i>New and improved programs</i>
Six general campuses -----	\$383,594
Two new campuses -----	None
Medicine and veterinary medicine -----	197,141
Other -----	None
	<hr/> \$580,735

1. Six General Campuses

A total of \$100,000 is requested to increase administrative and staff assistance in the College of Letters and Science on the Berkeley campus to improve faculty-student relations. Funds totaling \$46,032 are requested for the Riverside campus to hire a dean and staff to develop a new School of Administration. Similarly, \$47,562 is requested to develop a School of Engineering at Riverside. Because of their increasing proportion of graduate students, \$190,000 is requested for the Santa Barbara and Riverside campuses for additional nonacademic support of departments, principally for laboratory equipment.

2. Medicine and Veterinary Medicine

The Governor's Budget requests \$93,989 for the School of Nursing at San Francisco for 7 academic positions because of the recent establishment of a program leading to a Doctor of Nursing Science degree and an estimated 16 student increase in graduate programs from 136 to 152. For the School of Dentistry at San Francisco \$81,844 is requested for 2 faculty positions (\$30,800) plus additional support funds (\$51,044) to enrich teaching programs and increase the level of support per FTE academic position by \$570 to \$4,793.

A total of \$21,308 is requested as the state's share of an intensive study of mental retardation at the Los Angeles Center for the Health Sciences.

University of California—Continued

Performance Analysis and Review of Accomplishments 1964-65

Actual expenditures for Instruction and Departmental Research in 1964-65 totaled \$88,598,463, or \$2,856,113 (3.1 percent) less than the revised \$91,454,576 budget estimate. Instruction and Departmental Research expenditures represented 35.2 percent of the total support budget.

A total of 14,835 degrees were granted during 1964-65, a 13.2 percent increase over 1963-64. Table 9 compares degrees granted during the last two actual years. The 23 percent increase in Ph.D. degrees conferred is particularly noteworthy.

Table 9
Degrees Conferred
1963-64 and 1964-65

Type of degree	1963-64	1964-65	Percent increase
Bachelor	8,643	9,788	13.2
Master	3,227	3,611	11.9
Doctor	1,210	1,405	16.1
Ph.D.	(773)	(951)	23.0
M.D.	(161)	(171)	6.2
Other	(276)	(283)	2.5
Honorary	26	31	19.2
Totals	13,106	14,835	13.2

Enrollment was underestimated 1,344 students. Actual enrollment totaled 70,003 compared to the 68,659 upon which the 1964-65 budget was based. Variances between budgeted and actual enrollment are summarized in Table 10. The difference was less than 2 percent.

Table 10
Total FTE Enrollment
Comparison of Budget Estimates to Actual—1964-65

	Enrollment		Percent of total	
	Budget	Actual	Budget	Actual
Lower division	23,284	22,810	33.9	32.6
Upper division	23,038	24,775	33.6	35.4
Graduate	22,337	22,418	32.5	32.0
	68,659	70,003	100	100

Actual student-faculty ratios were generally higher than budget estimates in 1964-65 because of the underestimated enrollment.

Table 11
Comparison of Budgeted to Actual FTE
Student-faculty Ratios

Campus	Unweighted		Weighted	
	Budgeted	Actual	Budgeted	Actual
Berkeley	16.54	16.75	28.93	29.24
Davis (Excl. DVM)	13.44	15.24	20.97	23.39
UCLA	18.20	18.18	28.20	28.10
Riverside	12.83	12.06	18.31	18.08
San Diego	5.29	6.01	11.78	13.88
Santa Barbara	15.98	17.24	19.42	21.52

University of California—Continued

The following cost-per-student data relate to instruction and departmental research only and do not include proportionate shares of other university costs related to student education. Estimated costs appearing in the 1966-67 Regents Budget are higher than budgeted costs for 1964-65.

Table 12
Average Cost Per Student
Instruction and Departmental Research

	1964-65	1964-65 (est.) ¹	1964-65 (est.) ²
Lower division -----		\$802	\$820
Upper division -----		1,031	1,095
Graduate -----		1,609	1,562
All levels -----		\$1,122	\$1,185

¹ 1965-66 Regents Budget.

² 1966-67 Regents Budget.

The average cost per student dropped at the Los Angeles Center for Health Sciences during 1964-65 as enrollment continues to grow. It will probably decrease further, level off and when enrollment growth stabilizes, start to rise again.

Table 13
Comparison of Average Cost Per Student

	1963-64 and 1964-65	1963-64 (est.)	1964-65 (est.)
Los Angeles Center for the Health Sciences -----		\$5,514	\$5,323
San Francisco Medical Center -----		3,655	4,199

Differences between budgeted and actual enrollment at University of California Medical Centers are illustrated in Table 14. Differences in medicine were significant considering the high cost of medical education. Most of the medical school places were filled, however, thus, the differences are related to interns and residents and possibly graduate students.

Table 14
University of California Medical Schools and Centers
Comparison of Budgeted to Actual FTE Enrollment
1964-65

	<i>San Francisco</i>		<i>Los Angeles</i>	
	<i>Budgeted</i>	<i>Actual</i>	<i>Budgeted</i>	<i>Actual</i>
Medicine -----	1,074	1,047	819	757
Dentistry -----	364	358	30	28
Nursing -----	300	347	206	159
Pharmacy -----	348	352	--	--
Public Health -----	--	--	215	226
Totals -----	2,086	2,104	1,270	1,170

In Instruction and Departmental Research, all departmental costs other than the salaries of faculty (excluding teaching and research assistants) are budgeted and translated into an average per F.T.E. aca-

University of California—Continued

demic position. The following table compares budget to actual averages for support funds.

Table 15
Average Support Per FTE Academic Position
Comparison of Budgeted to Actual 1964-65

Campus	1964-65	
	Budget	Actual
Berkeley -----	\$4,761	\$4,940
Davis -----	4,573	5,449
Irvine -----	7,000	12,193
UCLA -----	4,745	4,828
Riverside -----	3,672	4,092
San Diego -----	7,142	8,729
Santa Barbara -----	3,134	3,475
Santa Cruz -----	4,500	8,018

Differences at Berkeley and Los Angeles are due to endowment fund allocations and salary increases. Additional allocations were made to Davis and Santa Barbara to meet higher than budgeted enrollments. Special allocations were made to the Riverside campus for equipment, curriculum revision and salary increases. At San Diego, additional funds were allocated to provide computer services, for curriculum revision and salary increases. At the new campuses the differences between budget estimates and actual averages are mainly related to budget transfers from the General Administration function.

Special Reports to the Legislature

A. San Diego Medical School

Both the Senate Finance and Assembly Ways and Means Committees adopted a recommendation in the "Analysis of the Budget Bill—1965-66," that the University of California prepare a financial plan for the new medical school at San Diego including cost projections to 1970-71. The report was to be submitted to the Joint Legislative Budget Committee by December 1, 1965. It was received January 10, 1966.

The report outlined the history of the development of the medical school and summarized the academic plan which will guide its development. Capital outlay projections are included to 1970-71 and support projections to 1973-74. Also included are estimates of revenue by source, teaching hospital costs, enrollment data, faculty staffing requirements and pertinent library information.

The medical school will be housed in facilities on the San Diego campus although clinical instruction will initially be at the San Diego County Hospital and when constructed also at a university teaching hospital and a federally constructed veterans' hospital.

The first year class in 1968 will total 32 students (see Table 16). By 1970 the first year class will reach its currently planned capacity of 96 students. Graduate academic students and postdoctoral fellows will be admitted in proportion to faculty size. Interns and residents at the San Diego County Hospital will come under the supervision of the University of California starting July 1, 1966.

University of California—Continued

Table 16
University of California, San Diego Medical School
Enrollment Projections

Enrollment:	1966-67	1967-68	1968-69	1969-70	1970-71
Medical students -----	---	---	32	96	192
Graduate academic ¹ -----	83	166	240	298	343
Teaching and research					
post-doctoral fellows ¹ -----	39	92	146	198	243
Interns and residents -----	82	82	85	85	125
Total students -----	204	340	503	677	908
Total faculty -----	39	92	146	198	243

¹ The number of graduate and postdoctoral student places will vary according to the size of the faculty.

Requests for state appropriations are projected to increase from \$2,335,889 in 1966-67 to \$9,215,898 in 1970-71 (see Table 17). State fund appropriations for capital outlay are expected to accumulate to a total of \$17,529,500 by 1970-71.

Nonstate revenue which will help support medical school programs will include research contracts and grants, professional fees, student fees, income from San Diego County for support of the county hospital and probably eventually private gifts and endowments. Professional fee income and a portion of the grant and control funds will pay for part of the strictly full-time salaries of the clinical faculty. The university will operate the San Diego county hospital but will be reimbursed on a per diem basis for county patients.

B. Teaching Assistants

The 1965-66 "Analysis of the Budget Bill" raised several questions about the use of and method of budgeting for teaching assistants at the University of California. Subsequent discussions at budget hearings resulted in both the Assembly Ways and Means and the Senate Finance Committees requesting the university to develop a basis acceptable to both the Legislative Analyst and the Department of Finance for requesting teaching assistant positions on the basis of actual need. A report was to be submitted to the Joint Legislative Budget Committee by December 1, 1965.

The report describes the broad purposes for which teaching assistant positions are used and generally supports current policies regarding their use. It also suggests that the current use of teaching assistants might be improved through better planning, training, selection, evaluation and supervision. Current problems identified include poor performance by some individuals, lack of training and supervision, more student interest in research positions and unclear reappointment policies.

The report does not contain any formula or recommended method for budgeting for teaching assistants which will more nearly reflect actual need, although it outlines in general terms how such a formula may be determined and concludes that budget procedures do need improving. The report implies but does not state specifically that the university will continue to pursue this complex problem of how to re-

Table 17
San Diego Medical School Projected State Fund Needs
1966-67—1970-71

	1966-67	1967-68	1968-69	1969-70	1970-71
<i>Capital Outlay</i> -----	\$1,161,400	\$2,938,500	\$9,251,300	\$2,105,700	\$2,072,600
<i>Operating Budget</i>					
Instruction and departmental research -----	1,377,342	2,847,815	4,207,555	5,502,035	6,482,955
Teaching hospitals -----	553,000	934,000	1,000,000	1,134,000	2,161,000
Vivarium -----	103,756	40,756	40,756	50,000	50,000
Organized research -----	--	39,100	62,050	84,150	103,275
Biomedical library -----	301,791	339,224	376,460	395,216	418,668
Total state funds for school of medicine operating budget -----	\$2,335,889	\$4,200,895	\$5,686,821	\$7,165,401	\$9,215,898

University of California—Continued

late budget requests to actual need, actual need meaning the purposes for which the university intends to use teaching assistants.

It appears that the questions and comments contained in last year's "Analysis of the Budget Bill," the subsequent legislative action which requested the university to develop budgeting standards which more nearly reflect actual needs, and the related budget cut has stimulated action. In the long run both the university and the Legislature will benefit as budget requests for teaching assistants become more realistic.

Currently, however, there is an immediate problem in the 1966-67 proposed budget. The Legislature deleted teaching assistant positions from the 1965-66 Budget to emphasize its desire for finding a solution to this problem as quickly as possible. Some of the funds were used to provide additional faculty positions to improve the student faculty ratio at UCLA, which has been accomplished. However, the Governor's Budget has reinstated the deleted teaching assistant positions for 1966-67 even though no method has been recommended for budgeting for teaching assistants on the basis of actual need.

Recommendations

We recommend a reduction in instruction and departmental research of \$526,350.

This amount represents 95.7 teaching assistant positions which were deleted by the Legislature during the 1965 General Session which have been reinstated in the Governor's workload budget. No justification has been submitted for their reinstatement. The budget simply states that they are replacing previously deleted positions but no attempt is made to relate them to actual need.

It is difficult to understand the basis on which these positions have been included as part of the workload budget in direct contradiction to last year's legislative action.

We recommend the deletion of seven of the proposed new 19 San Diego campus medical faculty and related support for a savings of approximately \$200,552.

The Governor's Budget recommends that 19 new positions be approved at a total cost of \$729,784 to increase the total medical school faculty from 20 to 39 positions in 1966-67. Seven of the proposed new positions are for the basic science departments and 12 are requested to supervise the clinical departments at the San Diego County Hospital.

We recommend against the approval of the seven proposed new basic sciences staff for the following reasons:

1. The existing 15 positions should be adequate for planning basic science curriculum and other responsibilities during 1966-67 to prepare for the first class of 32 students in 1968.

2. There are substantial recruiting problems in filling these types of positions. For example, only 4 of the 15 positions were filled on January 1, 1966, although there are tentative commitments on some of the others.

3. The past budgets of the San Diego Medical School have been unrealistically high.

University of California—Continued

The three types of students who study under basic sciences staff are first and second year medical school students, graduate academic students, and postdoctoral fellows. The San Diego Medical School desires to staff fully its seven basic science departments by 1969-70 (a total of 50 positions). Since the size of the enrollment of graduate academic students and postdoctoral fellows is determined by the size of the faculty, plans also call for the rapid development of graduate and postdoctoral programs to their maximum levels of 150 and 50 scholars, respectively, by 1969-70. By 1969-70, however, medical student first and second year enrollment will only have reached 50 percent of planned capacity (See Table 18).

Table 18
San Diego Medical School
Basic Science Faculty and Students

	Faculty	Graduate Academic Students	Post- doctoral Students	Total First and Second Year Medical Students
1965-66	15	--	--	--
1966-67 (Proposed)	22	66	22	--
1967-68 (Projected)	37	111	37	--
1968-69 (Projected)	47	141	47	32
1969-70 (Projected)	50	150	50	96
1970-71 (Projected)	50	150	50	192

The deletion of the seven proposed basic science faculty should not hinder plans to receive the first year class of 32 students in 1968-69.

If all 22 positions could be filled by 1966-67 (a highly unlikely assumption), deleting seven of the positions would limit the number of graduate academic students to 45 and the number of postdoctoral fellows to 15 rather than the 66 and 22 reflected in the above table.

Table 19 compares San Diego Medical School budget allocations to actual expenditures from 1961-62 through the proposed budget in 1966-67. The deletion of the seven basic science positions and related support would decrease the 1966-67 budget to \$1,176,790.

Table 19
San Diego Medical School Comparison of Budgets to Actual Expenditures
1961-62 to 1966-67

Year	Budget	Actual
1961-62	\$100,000	\$435
1962-63	250,000	6,889
1963-64	471,798	68,003
1964-65	474,526 ¹	105,510
1965-66 ²	628,212 ¹	--
1966-67 (Proposed)	1,377,342	--

¹ U.C. Departmental Allocations Document for 1965-66.

² Actual expenditures from July 1 through December 31, 1965, totaled \$137,290.

We recommend the deletion of the program augmentation request for the School of Nursing at San Francisco which consists of five FTE faculty positions and related support for a saving of \$67,135.

The school of nursing will initiate a graduate program leading to the Doctor of Nursing Science degree in fall, 1966. A total of five FTE faculty positions are requested because of the program. The number of graduate students is expected to increase by 16 but this will be partially

University of California—Continued

offset by a 13-student decline in undergraduate enrollment. Total enrollment will be 369 compared to 366 estimated in 1965-66.

We see no justification for adding new faculty positions for the School of Nursing at San Francisco when graduate nursing enrollment at UCLA is estimated to decline. It would appear much more efficient to either transfer vacant positions from UCLA to San Francisco or redirect some new graduate students to Los Angeles.

The following table (20) reflects the decreasing trend in nursing school enrollment between 1962-63 and 1964-65:

Table 20
UCLA Nursing School Enrollment

Year	Undergraduates	Graduates	Total
1962-63	127	74	201
1963-64	83	88	171
1964-65	89	70	159
1965-66 (Est.)	69	107	176
1966-67 (Prop.)	74	85	159

3. SUMMER SESSIONS

Summer sessions are currently offered on five general campuses and the San Francisco Medical Center. During the summer of 1965 there were two summer sessions offered at Berkeley, Davis and Los Angeles, one at Santa Barbara and Riverside, and three summer sessions and a summer term at San Francisco.

Budget Request		Increase	
1965-66	1966-67	Amount	Percent
\$2,225,508	\$2,416,513	\$191,005	8.6%

Summer sessions are self-supporting. The estimated 8.6 percent increase for the summer of 1966 is based on the estimated increase in fee income. The increased revenue will come from a projected enrollment increase and an increase in summer session fees from \$85 to \$90. Enrollment is to increase 2.0 percent, from 25,288 to 25,800.

Performance Analysis and Review of Accomplishments 1964-65

Summer session enrollment from 1962-63 through the estimated enrollment for 1966-67 is contained in Table 21. Enrollment leveled off during the summer of 1965 and is not expected to increase significantly in 1966 except at the Riverside campus.

Table 21
Summer Session Enrollment 1962-63-1966-67

	1962-63 Actual	1963-64 Actual	1964-65 Actual	1965-66 Actual	1966-67 Estimated
Berkeley	10,483	11,008	11,775	11,268	11,200
Davis	466	653	696	902	1,000
Los Angeles	5,993	9,680	10,993	10,477	10,600
Riverside	--	--	--	631	900
San Francisco	327	273	327	358	300
Santa Barbara	982	1,326	1,356	1,652	1,800
Total	18,251	22,940	25,147	25,288	25,800
Percent increase over previous year	--	25.7%	9.6%	0.6%	1.8%

University of California—Continued

The 1965-66 Governor's Budget predicted an 11.4 percent enrollment increase for the summer of 1965 which, as the table shows, did not materialize. Perhaps some analysis of why summer session enrollment is stabilizing is in order. Whether or not there are any implications applicable to year-round operations should also be determined.

Recommendations

Since no state funds are requested to help support summer sessions, no recommendations relating to the summer session budget are necessary.

4. ORGANIZED ACTIVITIES—TEACHING HOSPITALS AND CLINICS

Included in this category are the costs of operating hospitals at the Los Angeles Center for Health Sciences and the San Francisco Medical Center plus psychology clinics and the Marion Davies Children's Clinic at UCLA and the Dental Clinic at San Francisco.

1965-66	1966-67	Increase	
		Amount	Percent
\$26,413,104	\$28,626,265	\$2,213,151	8.4

The 1966-67 Budget requests \$9,082,514 in state funds (31.7 percent of total) to subsidize teaching hospital operations. Subsidy funds are usually used to provide hospital care for indigent persons who provide valuable teaching material. The total budget request is based on a state support level of \$13,340 per clinical student at Los Angeles and San Francisco compared to \$12,790 at San Francisco and \$11,200 at UCLA in 1964-65. Most of the nonstate revenue supporting teaching hospitals comes from private patients who pay for their own care. The total increase of \$2,213,151 over 1965-66 includes a request for \$1,726,000 in additional state funds.

A. Workload

A total of \$237,000 in state funds is requested for the teaching hospital at San Francisco to partially offset an expected further decline in the ratio of nonprivate to private patients in 1966-67 over 1965-66. Even with increased state support, the percentage of nonprivate patients is expected to decline from 53.6 to 48.5 percent.

A state subsidy of \$12,000 per clinical student at Los Angeles is requested at an increased state cost of \$298,000. This will permit the percentage of nonprivate patients to increase from the 52.2 percent estimated for 1965-66.

The San Diego Medical School will assume responsibility for the operation of the San Diego County Hospital in 1966-67. A teaching hospital subsidy of \$553,000 is requested to permit the university to sponsor selected patients for teaching purposes for 32 interns and 50

University of California—Continued

residents. The per clinical student cost would be \$6,750. The state subsidy is projected to increase to \$1.6 million by 1970-71.

B. New or Improved Programs

An additional \$638,000 of state funds is requested for UCLA to increase the per clinical student subsidy to the San Francisco level of \$13,340. A total of \$363,000 would be used to permit an increase in the percentage of nonprivate patients to 57.5 percent and the remaining \$275,000 would help finance four clinics at the new Rehabilitation Center.

State funds have been requested to subsidize the veterinary medicine teaching hospital at Davis. Currently, the veterinary hospital serving the veterinary medicine educational program for training veterinarians is operating inefficiently due to its nearly total reliance on fee income. The amount of state funds requested is \$67,000 which would represent approximately one-third of the teaching hospital budget for 1966-67. The proportion of state support would decrease to approximately 25 percent by 1970-71, but the amount of the subsidy is expected to increase to about \$400,000. A new and greatly enlarged veterinary teaching hospital facility is under construction and will be completed by 1968. The increased state funds would be used to add nonacademic positions to the present (13.25 FTE) hospital staff.

Performance Analysis and Review of Accomplishments—1964-65

Teaching hospital costs at the San Francisco Medical Center and the Los Angeles Center for Health Sciences totaled \$24,141,962 in 1964-65. The total state subsidy was \$7,214,466 or 29.9 percent of the total, and the state subsidy per student was \$11,200 at UCLA and \$12,790 at San Francisco. A five-year trend analysis in Table 22 indicates that the percentage of state subsidy to total costs is declining slightly.

Table 22
Teaching Hospital Workload Data, Five-year Trends
San Francisco and UCLA Teaching Hospitals

	<i>Total teaching hospital costs</i>	<i>State subsidy</i>	<i>Percent of subsidy to total</i>
1962-63 -----	\$20,745,721	\$6,198,917	29.9
1963-64 -----	22,628,265	7,157,858	31.6
1964-65 -----	24,141,962	7,214,466	29.9
1965-66 (est.) -----	26,778,086	7,331,707	27.4
1966-67 (prop.) -----	28,776,439	8,509,707	29.6

The following table indicates that the hospital occupancy percentage was better than originally anticipated at UCLA, but down to 75.8 percent at San Francisco. As a result, the cost per patient day was higher than budgeted at San Francisco and lower at UCLA.

University of California—Continued

Table 23

Teaching Hospital Workload Data
1966-67 Governor's Budget and Comparison of 1964-65 Budgeted to Actual

	<i>Number of beds</i>	<i>Percent of occupancy</i>	<i>Cost per patient day</i>	<i>Cost per outpatient unit</i>
San Francisco:				
1966-67 (est.) -----	567	81.2	\$70.28	\$14.52
1964-65 (actual) -----	565	75.8	65.70	13.30
1964-65 (budgeted) ----	565	77.6	62.43	13.31
Los Angeles:				
1966-67 (est.) -----	388	84.8	80.14	14.91-17.18
1964-65 (actual) -----	325	84.8	77.83	15.58
1964-65 (budgeted) ----	325	80.0	80.97	15.63

The number of students using the San Francisco teaching hospital is remaining constant in contrast to the steady growth at Los Angeles (see Table 24). The percentage of nonprivate patient days of use (care paid from the state subsidy for needy persons who are considered to be good patients for teaching purposes) has decreased at both San Francisco and Los Angeles. This theoretically indicates a decrease in the proportion of the best type of patient from the standpoint of teaching material because the university claims that selectivity is more limited for private patients.

Table 24

Teaching Hospital Workload Data
Five-year Trends

<i>Year</i>	<i>Enrollment ¹</i>	<i>State Subsidy Per Student for Teaching Hospitals</i>	<i>Percent of Nonprivate Patient Days of care</i>
San Francisco			
Teaching Hospital			
1962-63 -----	356	\$10,895	57.3
1963-64 -----	351	11,830	59.0
1964-65 -----	347	12,790	55.2
1965-66 (est.) -----	350	12,645	53.6
1966-67 (prop.) -----	350	13,340	48.5
Los Angeles			
Teaching Hospital			
1962-63 -----	213	\$10,890	58.0
1963-64 -----	225	13,360	62.0
1964-65 -----	248	11,200	59.0
1965-66 (est.) -----	265	10,965	52.2
1966-67 (prop.) -----	288	13,340	57.5

¹ Third and fourth year medical students plus university teaching hospital interns and residents.

Special Legislative Reports

The University of California submitted a report on teaching hospital costs to the Joint Legislative Budget Committee in response to a request by the 1965 Legislature. The request called for comparisons of per diem hospital rates, university policies regarding nonprivate patients, policies regarding the maintenance of private practices by clinical faculty and an explanation of who receives physicians' service fees.

Data on inpatient hospital rates, including comparisons to other local hospitals, are included in the report. In general the report points out that rates have not strictly been established on the basis of cost, but that

University of California—Continued

the objective has been to balance total revenue and expenditures. However, the trend is moving toward identifying actual costs. Teaching hospitals at the University of California use the California Hospital Association uniform accounting system.

Patients are classified as either private or nonprivate. Private patients pay their own hospital costs plus physicians' fees to the patients' private physician. The fact that a patient's physician is also on the clinical staff of the university on either a part-time or full-time basis does not affect whether he can charge private patients for his services and keep the revenue.

Nonprivate patients are those who cannot pay all or any of their own medical expense. Any portion of teaching hospital costs which cannot be covered by insurance, welfare programs or other means are covered by state subsidy funds. Fees for physicians' services are not charged unless some source of revenue exists, such as insurance, to pay such fees. Interns and residents usually attend nonprivate patients under the supervision of a member of the clinical staff.

University policies are very general regarding how much time a full-time faculty member of schools of medicine may spend on private practice. Some private practice is desirable for professional development and income augmentation according to the report. The following quote in the report was taken from the university's *Handbook for Faculty Members*:

"Certain commitments directly affecting other persons for example, classroom teaching and administrative engagements, will naturally involve specific schedules, but the University, in general, leaves to the discretion of the individual the allocation of his remaining time for such activities as study, writing, research, committee service, and public service. It is assumed, however, that full-time members of the faculty are devoting their hours and energies (full "Working Time") to the service of the University.

"Instructors in professional subjects may engage in practice to maintain professional competence, and all faculty members are free to engage in scholarly pursuits for compensation *if and when these activities can be conducted without prejudice to University duties.*

"A member of the faculty may serve occasionally as a professional consultant in connection with a University research project in which he is not regularly engaged, in an administrative post, or in teaching outside his regular department, school, or college, subject to the approval of the President or his authorized representatives. When consultations or outside services are such as to interfere with recognized University duties, they may be undertaken only on the basis of a leave of absence, without University salary, for the period involved."

The University of California has alternative plans under which medical school staff may be employed. One is a geographic full-time appointment which permits a limited amount of private practice. Another is a higher salaried strictly full-time appointment in which private

University of California—Continued

fees are used to help pay for faculty salaries (San Diego and possibly Davis will use this plan). Finally, there is a third in which a ceiling, in effect, is placed on private practice income with excesses reverting to the university to help support the teaching hospitals.

To the extent that physicians' fees are collected from nonprivate patients such revenue is deposited in a medical education and research fund. A Medical Staff Association exists to collect such fees. Expenditures are controlled by a special faculty committee, members of which are appointed annually by medical school chancellors. Funds are used for individual or departmental research grants, student fellowships, and scholarships, teaching aids, and travel allowances for interns and residents to attend scientific meetings.

The report also contains general cost data on the San Francisco and Los Angeles teaching hospitals and other hospitals in their respective communities. The average length of stay was longer at San Francisco, 9.28 days, than at other local hospitals, 6.44. At the UCLA hospital the average length of stay was 7.43 opposed to 5.45 in other local hospitals. The combination of the shorter length of stay and, as noted in Table 23, the higher occupancy percentage at UCLA raises the question of whether or not the medical staff attention at the UCLA hospital is more efficient than San Francisco despite UCLA's higher costs per patient day.

The report generally substantiates claims that per diem costs are higher at teaching hospitals than other community hospitals although available data were not strictly comparable. One reason is that the range of diseases in a teaching hospital is broader which is desirable for teaching purposes. A listing of patient case and per day costs at UCLA was included in the report as an appendix which was classified according to type of case. The cost per day ranged from \$20.50 to \$191.67 and the cost per case from \$63.01 to \$3,254.35, depending upon the disease treated, and the number of days in the hospital.

Recommendations

We recommend the deletion of part of the improved program request for the UCLA teaching hospital for a savings of \$363,000.

We question the magnitude of the teaching hospital subsidy increase for 1966-67 and the basis upon which it has been derived. The scope of the requested increase for UCLA is as follows:

	<i>Subsidy</i>
1965-66 base -----	\$2,905,431
1966-67:	
Workload budget -----	298,000
Improved program -----	363,000
Rehabilitation clinics -----	275,000
Total Request -----	\$3,841,431

The proposed subsidy for UCLA represents a 32 percent increase in a single year. The subsidy per student would increase from \$10,965 to \$13,340. To request such a significant increase in a single year requires additional justification. The proposed increase in the Governor's

University of California—Continued

Budget is based on the assumption that the subsidy level per student should be the same at UCLA and San Francisco. Such an assumption needs to be substantiated because most of the data we have seen about the two teaching hospitals indicates that they are very different and probably not very comparable. The San Francisco teaching hospital is larger, has lower patient day costs, but also a longer length of stay per patient on the average. The number of students will increase at UCLA from 265 to 288 but not at San Francisco (350 students) in 1966-67.

The budget requests a \$695 per student subsidy increase at San Francisco which will increase the per student subsidy from \$12,645 to \$13,340. Since the per student subsidy was much lower at UCLA in 1965-66, a \$2,375 increase would be needed to reach a level of \$13,340.

Our recommendation would permit at \$573,000 increase at UCLA which would increase the subsidy from \$10,965 for 265 students to \$12,078 for 288 students.

5. ORGANIZED ACTIVITIES—OTHER

Many diversified programs are included in this budget category. Examples include county hospital services at San Francisco and Los Angeles (Harbor Hospital) paid for by the counties, support of the veterinary medical clinic at Davis, special engineering projects for the California Highway Patrol at Berkeley, intercollegiate athletics at the smaller campuses, support for nursery and elementary schools connected with schools of education, and a wide variety of medical testing laboratories, vivariums, and other medical services at medical schools.

Budget Request		Increase	
1965-66	1966-67	Amount	Percent
\$2,297,106	\$2,660,848	\$363,742	18.8

Most of the revenue supporting organized activities are either generated from the activities themselves or are supported from student fees. However, state funds help support activities which are necessary to support teaching programs and which cannot by their nature be self-supporting. The major example is the support of a nursery and elementary school at UCLA and an elementary school at Berkeley which are intimately related to schools of education. Other significant examples are vivariums and research and development laboratories.

A. Workload

The 1966-67 workload budget totals \$2,593,116. The increase over 1965-66 is principally related to the development of intercollegiate athletic programs at the smaller campuses which will be financed out of increased student fee income. There are no significant increases in state funds.

B. New and Improved Programs

A total of \$67,732 of state funds is requested for vivariums; \$40,756 in connection with the San Diego Medical School and \$26,976 for UCLA.

University of California—Continued

Performance Analysis and Review of Accomplishments 1964-65

Over 66 percent of the \$2,637,831 expended in 1964-65 for organized activities came from the activities themselves. State fund support was approximately 22 percent (91 percent of university general funds). An analysis of expenditures by campus reveals that over three-fourths of organized activity expenditures occurred at UCLA and the San Francisco Medical Center. An estimated allocation of expenditures by purpose indicates that nearly 40 percent of the expenditures were to support county hospital services in conjunction with University of California intern and residence programs at the San Francisco General Hospital and the Harbor Hospital in Los Angeles.

Organized Activities
Analysis of 1964-65 Operations

1. Sources of Funds	Amount	Percent
University General Funds -----	\$650,705	24.7
Student Fees -----	162,390	6.2
Organized Activity Income -----	1,754,999	66.5
Other sources ¹ -----	69,737	2.6
Total -----	\$2,637,831	100

¹ Includes \$65,024 of state funds for restricted purposes.

2. Expenditures by Campus	Amount	Percent
Berkeley -----	\$540,393	20.5
Davis -----	59,400	2.3
Irvine -----	862	--
Los Angeles -----	985,043	37.3
Riverside -----	36,921	1.4
San Diego -----	475	--
San Francisco -----	1,014,737	38.5
Santa Barbara -----	--	--
Santa Cruz -----	--	--
Total -----	\$2,637,831	100

3. Expenditures by Type (estimated and rounded to the nearest thousand dollars)
1964-65

	University ² general funds	Restricted funds	Total	Percent
County hospital services -----	--	\$1,037,000	\$1,037,000	39.3
School of Education—Special schools -----	\$352,000	42,000	394,000	14.9
Engineering -----	--	287,000	287,000	10.9
Medical testing labs and other medical services -----	163,000	56,000	219,000	8.3
Optometry and audiology clinics -----	--	184,000	184,000	7.0
Vivariums -----	135,000	39,000	174,000	6.6
Art, music, drama activities -----	--	155,000	155,000	5.9
Intercollegiate athletics -----	--	95,000	95,000	3.6
Other -----	--	93,000	93,000	3.5
Totals—Amount -----	\$650,000	\$1,988,000	\$2,638,000	
Percent -----	24.6%	75.4%		100

² Approximately 91 percent of University General Fund revenues are state funds.

University of California—Continued

Recommendations

We recommend approval of the proposed budget request for 1966-67.

The level of state support is nearly the same as for the current fiscal year except for the vivariums and is requested for the same purposes. Continued state support for vivariums, research and development laboratories in medical schools, nursery and elementary schools, physiological services at the San Francisco Medical Center and other organized activities which include state funds appears justified for 1966-67 on the basis that such activities are important adjuncts to student instruction programs and are not activities which can be self-supporting.

6. ORGANIZED RESEARCH

Funds are included in the support budget of the university for organized research only if the research is continuing and the revenue predictable. Excluded is the larger category of organized research called sponsored research which is funded principally from grants and contracts with public or private organizations. Funds for sponsored research projects are not included in the support budget because of the variable duration of such projects and specific purpose of related revenues. In general the organized research included in the support budget consists principally of state fund support for institutes and bureaus, faculty research grants, travel to professional meetings and the permanent subsidy of research in agriculture, forestry and veterinary medicine.

Budget Request

1965-66	1966-67	Increase	
		Amount	Percent
\$33,518,029	\$34,223,893	\$705,864	2.1

The 1966-67 proposed budget of \$34,223,893 includes \$31,642,053 (over 94 percent) in state funds. The \$705,864 (2.1 percent) increase consists of \$263,538 in workload increases and \$442,326 in new or improved programs.

A. Workload

Increases for faculty research grants and travel to professional meetings total \$189,113 and are based on the usual allowance per new faculty position of \$360 and \$60 respectively. For the California College of Medicine, \$250 per faculty member or \$30,235 is provided for faculty research grants.

A \$51,650 increase for scientific publications for manufacturing expenses of monographs is based on increased printing costs and faculty growth.

B. New and Improved Programs

Additional state funds for organized research programs are requested in the amount of \$442,326. Of the total increase for new and improved programs \$326,465 is for institutes and bureaus, principally on the

University of California—Continued

smaller campuses. The remaining \$115,861 is for additional support for various agricultural field stations and represents a 7.3 percent increase.

Proposed increases for institutes and bureaus are listed as follows:

Berkeley and Los Angeles:	
Library research institutes	\$52,000
Other	16,250
Industrial relations	11,216
Davis:	
Governmental affairs institute	53,229
Cyclotron	11,714
Irvine:	
Public policy research	75,000
Santa Barbara:	
Religious studies	26,632
Channel Islands	25,618
Developing nations	15,554
Santa Cruz:	
South Pacific studies	25,000
San Diego:	
Marine resources	14,252
Total	\$326,465

Performance Analysis and Review of Accomplishments 1964-65

According to the following table, actual expenditures exceeded budget estimates for 1964-65 by \$399,211 or 1.3 percent. Increased allocations from endowment income accounts for \$282,133 of the difference, the balance constituting increased federal funds for agriculture.

Table 25
Organized Research *
1966-67 Governor's Budget and Comparison of 1964-65 Budgeted to Actual

	1966-67	1964-65	
		Budgeted	Actual
Institutes and bureaus	\$11,409,433	\$10,676,352	\$10,916,552
Faculty research grants	1,734,650	1,242,145	1,242,145
Travel to professional meetings	354,948	388,410	388,410
Agriculture, forestry, and veterinary medicine	19,072,385	18,003,670	18,199,218
Other	1,652,477	1,504,935	1,468,398
Total	\$34,223,893	\$31,815,512	\$32,214,723

* Excluding sponsored research.

Following is a summary of all organized research expenditures for 1964-65 including not only the \$32,214,723 in support budget items but also \$70,531,047 in sponsored research such as federal grants and contracts.

University of California—Continued

Table 26
Total Organized Research
 (including sponsored research)
Sources of Actual Expenditures 1964-65

	<i>Amount</i>	<i>Percent</i>
Federal contracts, grants and appropriations-----	\$62,786,498	61.1
State Funds:		
General-----	28,550,639	27.8
For restricted purposes-----	2,001,715	1.9
Endowments-----	2,551,867	2.5
Private grants-----	5,745,515	5.6
Other sources-----	1,109,536	1.1
Total-----	\$102,745,770	100

Table 27
Total Organized Research by Subject Area

	<i>State General Funds</i>	<i>University Restricted Funds</i>	<i>Totals</i>	<i>Percent</i>
Agriculture, forestry and veterinary medicine ---	\$16,425,873	\$8,763,391	\$25,189,264	24.5
Medical and related fields---	1,001,231	19,005,899	20,007,130	19.5
Mechanical physics and en- gineering research -----	3,980,969	20,257,413	24,238,382	23.6
Social sciences and other----	7,142,566	26,168,428 *	33,310,994	32.4
Total-----	\$28,550,639	\$74,195,131 *	\$102,745,770	100

* Includes \$509,257 in state funds for restricted purposes.

Recommendations

We recommend approval of the budget as proposed for \$31,642,053 in state funds for organized research.

7. LIBRARIES

Library services support all three basic purposes of the University; student education, research and public service. Although library use is not currently measured by these three purposes, approximate information is available by type of user. The University has indicated that 64 percent of the overall use of library services is by students, 21 percent by faculty and 15 percent by all other users, examples of which include industry and faculty from other institutions.

The oldest and largest libraries are on the Berkeley and Los Angeles campuses. They supplement the resources of other University of California campus libraries through an intercampus loan program.

	Budget Request	Increase
	<i>Amount</i>	<i>Percent</i>
1965-66	1966-67	
\$13,512,658	\$16,811,221	\$3,298,563
		24.4

Proposed library budget increases are based on student enrollment growth, progress toward the achievement of library goals contained in a long-range development plan and preparation of library materials for the new medical schools at San Diego and Davis, and the new law

University of California—Continued

school at Davis. No part of the requested increase is specifically identified as being related to either the research or the public service responsibilities of the University of California library system.

An analysis of the proposed library expenditures indicates that 37.4 percent will be used for books, periodicals and binding (Table 28), which is higher than the 33.3 percent in 1964-65. Expenditures per student and faculty member will increase 10.6 and 11.7 percent, respectively, over actual expenditures in 1964-65.

Table 28
Libraries
Total 1966-67 Budget by Object

	<i>Amount</i>	<i>Percent</i>
Books, periodicals and binding -----	\$6,293,568	37.4
Library staff -----	9,390,417	55.9
Supplies, equipment and other expenses -----	1,127,236	6.7
	<hr/>	
	\$16,811,221	100
Expenditures per FTE faculty * -----	\$2,805	
Expenditures per FTE student * -----	\$199	

* For comparative purposes to 1964-65 data new libraries not yet in use and California College of Medicine data are excluded.

Library collections are budgeted to increase by 617,400 volumes to a total of 8,176,800 or approximately 102 volumes per student and 1,363 per faculty member.

A total of 93.2 percent of the 1966-67 library budget represents state funds. Of the \$3,298,563 (24.4 percent) increase, \$2,102,790 is for workload and \$1,195,773 is for new or improved programs.

A. Workload

The \$2,102,790 workload increase provides a 7.1 percent increase in library collections (535,550 volumes), an allowance for a 9.7 percent price increase per volume, plus related increases in library staff and supplies. Acquisitions and processing staff would increase from 704.18 to 785.88 positions (11.6 percent) and reference and circulation staff from 669.91 to 752.71 (12.3 percent). Nearly 60 percent of the proposed new positions are for the newer campuses at Irvine and San Diego and the rapidly growing Santa Barbara campus.

B. New and Improved Programs

Funds totaling \$251,420 are requested to begin a medical library at Davis in preparation for its new medical school. The funds would provide a staff of 13 and permit the acquisition of 10,000 volumes.

Additional state funds totaling \$944,353 are requested for the general development of campus libraries, a breakdown of which consists of:

Library acquisitions, 71,850 volumes -----	\$632,256
Binding -----	90,475
Reference-circulation staff -----	23,030
Acquisitions and processing staff -----	165,007
Supplies and equipment -----	33,585
	<hr/>
	\$944,353

University of California—Continued

Performance Analysis and Review of Accomplishments 1964-65

Actual library expenditures for 1964-65 exceeded the budget by \$348,672 (3 percent). Approximately 20 percent of the difference represents expenditures from additional nonstate sources of revenue (i.e., endowment income) which were not originally included in the support budget. The balance represents net reappropriations and special allocations from contingency funds.

Approximately 33.3 percent of actual library expenditures were for books, periodicals and other types of library acquisitions and binding expenses (Table 29). This percentage appears unfavorable when compared to 1963-64 (35.6 percent) and the 1966-67 proposed budget (37.4 percent). However, total acquisitions during 1964-65 reached an all-time high of 653,605 volumes. The reason for the apparent inconsistency is that there was an unusually high level of expenditures from extramural (nonsupport budget) funds. Actual expenditures from extramural funds for library purposes totaled \$1,024,737 in 1964-65 compared to \$786,403 in 1963-64 and \$228,352 in 1962-63.

Table 29
Comparison of Budgeted to Actual Library Expenditures
1964-65—Support Budget¹

	<i>Budgeted</i>	<i>Actual</i>	<i>Percent of Actual to Total</i>
Books, periodicals and binding -----	\$3,761,160	\$3,954,052	33.3
Library Staff -----	7,011,121	6,998,697	58.9
Supplies, equipment and other -----	754,301	922,505	7.8
	<u>\$11,526,582</u>	<u>\$11,875,254</u>	<u>100.0</u>
Expenditures per FTE student -----	\$180	\$182	
Expenditures per FTE faculty -----	\$2,437	\$2,511	

¹ Excluding California College of Medicine.

Library workload data (see Table 30) reflects an unusually high number of volumes per student. Although one reason is the high number of acquisitions, another is that libraries were being developed at new campuses, although students were not enrolled until fall, 1965.

Table 30
Library Workload Data Comparison of Budgeted to Actual
1964-65

	<i>Budgeted</i>	<i>Actual</i>
Library volumes per student -----	106	107
Library volumes per faculty -----	1,437	1,480
Acquisitions -----	450,628	653,605
Total library collections -----	6,798,144	7,001,121

The university's campus libraries continue to seek improvements in library efficiency by experimenting with automation. The UCLA library appears to be the leader, although the library at San Diego has developed a successful serials computed program for maintaining records for serials holdings. During 1964-65 the UCLA campus library staff experimented with the use of automatic data processing in its biomedical library for various purposes. This library has be-

University of California—Continued

come an outlet for the MEDLARS bibliographical tapes. Many additional projects have been undertaken in 1965-66 and are planned for 1966-67, some of which are related to the new university research library. These projects are introducing automation to library circulation systems, serials records maintenance and various services designed to improve acquisitions processing.

Some limited data on library use in 1964-65 has been made available. One interesting development at UCLA is that the use of Xerox copying machines is helping to relieve the pressure to withdraw books. The number of Xerox prints increased from 797,632 in 1963-64 to 1,065,106 in 1964-65.

The proportion of off-campus loans declined at UCLA from 19 percent in 1961-62 to 9.76 percent in 1964-65. Volumes circulated to non-U.C. borrowers, however, increased 8 percent in 1964-65. Thus the decline in proportion of outside users probably only means that student and faculty demands for services are increasing faster than those of outside users. Interlibrary lending increased 34 percent both at Berkeley and UCLA in 1964-65.

Recommendations

We recommend approval of the proposed workload budget for libraries. We also recommend that the additional proposed augmentation request totaling \$1,195,773 be approved in the reduced amount of \$843,800 for a net reduction of \$351,973.

This recommendation would reduce proposed library acquisitions from 617,400 to 575,697 for a reduction of 41,703 of the proposed 145,986 volume increase for 1966-67 over 1965-66. Proposed library acquisitions proposed by the Governor's Budget would increase by 29 percent excluding the Davis Medical Library.

	1966-67 Volumes	Amount
1965-66 base -----	471,414	\$3,723,863
Workload increase -----	64,136	705,236
New or improved programs:		
Davis Medical Library -----	10,000	151,500
Improved program -----	71,850	632,256
Total Proposed Acquisitions -----	617,400	\$5,212,855

Our recommendation would arbitrarily limit the growth rate in acquisitions to 20 percent for 1966-67 (excluding the Davis Medical Library) or 94,283 volumes. This represents a 41,703 volume or \$351,973 reduction.

1. Actual library acquisitions have exceeded the rate needed to achieve long-range planned library goals. This has been possible even though the state has not been able to finance total university requests despite the special legislative augmentation last year because the Board of Regents has regularly been allocating special funds from non-state sources to purchase additional books. For example, in September, 1965 the Regents allocated \$800,000 from their Opportunity Fund to take advantage of desirable block purchases of books as such purchases become available.

University of California—Continued

2. A serious backlog of acquisitions processing exists on many campuses which is resulting in delays in making books available to library users. Limiting acquisitions and providing additional staff during 1966-67 should help reduce the backlog. Evidence of the growing magnitude of the problem includes:

(a) The temporary cataloging pool at Berkeley increased from 22,000 to 32,000 volumes during 1964-65 and 28,000 monographs were catalogued by title only.

(b) A total of 13.8 percent of the 319,166 volumes at Santa Barbara at the end of 1964-65 were "brief-listed" (cataloged only by author) which means that additional time will be required to complete the cataloging process while the library staff continues to process new acquisitions.

We recommend that future library budgets be related to the broad purposes and responsibilities of the University of California Library System rather than student enrollment increases alone.

Library budget increases for books and related staff have been requested from the Legislature on the basis that they are needed because of enrollment growth without placing actual library use in its proper perspective. The University Library System exists not only to serve the educational needs of students but also is the major resource center in the state for research not only by resident faculty plus faculties from other higher educational institutions, but also for industry and other community users. In our opinion immediate steps should be taken by the University of California and the Department of Finance to establish bases for budgeting which will properly reflect the actual use of the University's libraries.

8. AGRICULTURAL EXTENSION

The major public service program in agriculture is the Agricultural Extension Service. Agricultural Extension is centered at Berkeley with farm advisor offices in 53 counties. Research facilities are on the Davis, Riverside and Berkeley campuses.

Agricultural Extension serves farmers, food processing and other agricultural related industries, homemakers and 4-H Club members. Program emphasis is on the development and dissemination of information relating to specific agricultural problems. Solutions to problems are developed through the cooperative efforts of farmers, farm advisors and other Agricultural Extension staff and research specialists on various campuses of the University. New information is mainly disseminated through mass media, published reports and demonstration and training classes. Staff home economists serve as sources of objective information about proper food and nutrition and special technical personnel supervise the activities and organization of 4-H Clubs and act as advisors.

Agricultural Extension Services are offered through the cooperative efforts of the U.S. Department of Agriculture, county government and the University of California. State and federal funds are used by the University of California to pay for central services' staff and salaries of local farm advisors and other technical field positions. Counties pro-

University of California—Continued

vide and maintain farm advisor offices plus clerical and other supporting needs. It is roughly estimated that the state share of Agricultural Extension is 62 percent, with federal and county funds constituting approximately 19 percent each.

Although no charge is levied for services rendered, recipients usually aid by contributing resources in kind, such as land, labor and animals. In 1963 the University reports that such contributions for experimental purposes included the lending of 70,827 acres of land, 62,312 dairy animals, 125,525 livestock, 4.5 million poultry, about 3,000 trees and 32,000 plants of various kinds.

The fact that California produces $9\frac{1}{2}$ percent of total agricultural production in the United States and only has $2\frac{1}{2}$ percent of the cultivated land is related to California's generally more sophisticated farming techniques, the development of which is related to agricultural extension, research, experiment stations, student instruction and other agricultural programs offered by the University of California.

Budget Request		Increase	
1965-66	1966-67	Amount	Percent
\$8,488,244	\$8,491,756	\$3,512	-

The \$3,512 increase is related to anticipated printing cost increases for agricultural publications. There are currently 681 positions distributed among the 53 farm advisor field offices and the central office at Berkeley.

Performance Analysis and Review of Accomplishments 1964-65

A complete review of extension performance is published annually on a calendar year basis in two documents, the latest of which are "Highlights of Extension Accomplishments in 1964" and "1964 Report of Work." Examples of the magnitude of extension workload are: 83,000 plant, soil and water analytical services at extension laboratories at Davis and Riverside; 5,000 land managers and owners of four million acres of forest land attended training conferences in forest and wild-land management; a weekly NBC nationwide television series, "Existence," was resumed; short television courses in home economics were developed; 1.5 million copies of 270 reports and other publications were produced; accomplishments listed in the "Highlights" publication by specific subject area such as poultry, vegetable crops, engineering, irrigation, etc. In 1963 agricultural extension was involved with experiments being conducted on 5,889 test and other plots located throughout the state.

During 1964-65 a total of \$1,818,244 in federal funds was appropriated to the University for agricultural extension under the Smith-Lever Act of 1914, which represents approximately a 5 percent increase over 1963-64.

Recommendations

We recommend approval of the agricultural extension budget as proposed.

The recent trend of not requesting additional state funds for agricultural extension because of needs with a higher priority in other

University of California—Continued

university programs is continued in the proposed 1966-67 budget. This does not mean that the agricultural extension program level is remaining completely static, however, because federal funds provided by a formula basis under the Smith-Lever Act are increasing slightly.

9. UNIVERSITY EXTENSION

University extension offers continuing adult education programs of various types throughout the state. Classes, conferences and correspondence courses are the most popular means by which extension services are provided. Classes and other programs are offered on all campuses of the University of California, at off-campus extension centers at San Francisco and Los Angeles and in many areas throughout the state.

	Budget Request		Increase	
	1965-66	1966-67	Amount	Percent
	\$12,865,932	\$13,838,745	\$972,813	7.6

The University extension budget totals \$13,838,745 representing a \$972,813 or 7.6 percent increase over the current fiscal year. State funds totaling \$962,118 or 7.2 percent of the total University extension budget are requested, including a workload increase of \$71,564 over 1965-66. Most of the programs are supported by fee income.

Total registrations are estimated to increase by 5 percent to 240,520. A look at the five-year trend in total registration is inconclusive as a test of reasonableness for the estimated 5 percent enrollment increase.

Program Performance and Review of Accomplishments 1964-65

Actual expenditures for University extension differed by less than 1 percent budget (\$11,592,038) in 1964-65 compared to the \$11,549,028 budget.

There was a 3.4 percent decrease in total registrations in 1964-65 over 1963-64. This decrease was mainly in conferences, discussion groups and special programs. Class registrations increased 5.8 percent and correspondence course enrollment decreased 2.5 percent. The total number of programs being offered increased from 5,942 to 6,939, a 16.8 percent increase, which is nearly identical to the 16.7 percent increase in 1963-64. During 1964-65, 61 percent of the registrations were for credit courses compared to 53.5 percent in 1963-64 and 55.2 percent in 1962-63.

A University Extension Citizens Advisory Board was created to counsel the President of the University and the Dean of University of California Extension on the state's needs for continuing education programs.

An experiment with the quarter system in extension classes was conducted in Orange County under the supervision of the new director of extension at the Irvine campus. The results will aid in planning when the other campuses convert from the semester to the quarter system in preparation for year-round operations. The "University of California Extension Annual Report 1964-65" discusses in detail accomplishments in campus and statewide programs.

University of California—Continued

We recommend that the current method of providing state support be reviewed and alternatives considered by the University of California and the State Department of Finance which would relate state support to specific program needs.

The amount of the state subsidy for University Extension is presently determined on the basis of a flat percentage. It is our opinion that the Legislature should be presented with a report identifying alternative bases for providing state support for University Extension programs prior to consideration of the 1967-68 Budget. Alternative bases for state support should be developed by the University of California in cooperation with the Department of Finance and the office of the Legislative Analyst for consideration by the Legislature.

10. OTHER PUBLIC SERVICE PROGRAMS

Several public service programs which are comparatively minor in scope and are not related to either Agricultural or University Extension are summarized here.

Budget Request		Increase	
1965-66	1966-67	Amount	Percent
\$1,231,310	\$1,348,840	\$117,530	9.5

Most of the funds for the following public service programs come from student incidental fees and revenue generated from the activities themselves. State funds account for approximately 20 percent of the total. Programs for 1966-67 consist of:

Arts, lectures and conferences.....	\$944,527
Public service programs—agriculture.....	48,948
Professional publications.....	77,583
Vocational education.....	164,610
Museums and laboratories.....	89,495
Other.....	23,677
	<hr/>
	\$1,348,840

Recommendations

We recommend approval as budgeted.

11. MAINTENANCE AND OPERATION OF PLANT

This function includes the upkeep of physical facilities at the eight general campuses and three medical schools and centers, plus police protection, grounds maintenance, utilities, refuse disposal and other similar expenses.

Budget Request		Increase	
1965-66	1966-67	Amount	Percent
\$18,320,346	\$20,956,220	\$2,635,874	14.4

The 1966-67 proposed budget for maintenance includes \$18,678,776 (89 percent of total maintenance budget) in state funds. This workload increase of \$2,635,874 over 1965-66 is based on 2.3 million increase (11.9 percent) in square feet of space to be maintained and a two cent per square foot increase in unit costs. Unit cost reductions resulting from expected economies of scale at the newer and smaller campuses will be more than offset by increasing utility costs resulting from increases in air-conditioned buildings and increased proportionate de-

University of California—Continued

mands for electricity and gas. Proposed unit costs by function and campus are incorporated in Table 31.

Table 31
Maintenance and Operation of Plant 1966-67
Budgeted Unit Costs by Function and Campus

1. <i>Function</i>	1966-67	
	<i>Proposed Unit Cost Per Square Foot*</i>	
Superintendence		\$0.044
Building maintenance		0.165
Grounds maintenance		0.114
Janitorial service		0.248
Police		0.057
Refuse disposal		0.018
Utilities		0.247
Miscellaneous		0.019
Major repairs and alterations		0.036
Unit Cost for Total Expenditures		\$0.946

* Budgeted unit costs are not fully comparable to actual cost data from prior years since they do not reflect funds added in the course of each budget year for range adjustments, price increases, contingency funds, and net liens carried forward from the preceding fiscal year. The total of such additions to the 1964-65 Budget increased Maintenance and Operation of Plant costs by 6.5 percent from 90.36c to 94.3c per square foot.

2. <i>Campus</i>	<i>Outside Gross Square Feet 1966-67</i>	1966-67	
		<i>Proposed Unit Cost Per Square Foot</i>	
Berkeley	7,013,222		\$0.834
Davis	3,056,215		0.985
Irvine	481,293		1.559
Los Angeles	6,015,062		0.812
Riverside	1,349,180		1.072
San Francisco	1,043,734		1.124
Santa Barbara	1,435,580		1.100
San Diego	1,209,701		1.286
Santa Cruz	400,100		1.416
All Campuses	22,004,087		\$0.946

Program Performance and Review of Accomplishments 1964-65

Actual expenditures for maintenance and operation for 1964-65 were \$294,270 (1.8 percent) less than the \$16,422,786 adjusted budget. There was less than a 1 percent variance between estimated and actual gross square feet of space and the actual cost per square foot of space was \$0.02 less than the adjusted budget estimate of \$0.963.

Table 32
Maintenance and Operation Actual Unit Costs by Function

<i>Function</i>	1964-65	Unit Cost per Square Foot	
		<i>Actual</i>	
Superintendence			\$0.042
Building maintenance			0.171
Grounds maintenance			0.110
Janitorial service			0.246
Police			0.057
Refuse disposal			0.017
Utilities			0.234
Miscellaneous			0.020
Major repairs and alterations			0.046
Unit Cost for Total Expenditures			\$0.943

University of California—Continued

Table 33

Maintenance and Operation Comparison of Actual to Budgeted
Unit Costs by Campus
1964-65

<i>Campus</i>	<i>Unit Cost per Square Foot Budgeted *</i>	<i>Actual</i>
Berkeley -----	\$0.849	\$0.798
Davis -----	1.073	1.092
Irvine -----	5.356	5.356
Los Angeles -----	0.798	0.819
Riverside -----	1.153	1.143
San Francisco -----	1.264	1.200
Santa Barbara -----	1.279	1.230
San Diego -----	1.335	1.262
Santa Cruz -----	3.818	1.741
All campuses -----	\$0.963	\$0.943

* 1964-65 budgeted unit costs were adjusted for net liens, salary funds, contingencies and price increase funds.

Table 34

Maintenance and Operations Comparison of Budgeted to
Actual Outside Gross Square Feet
1964-65

<i>Campus</i>	<i>Budgeted</i>	<i>Actual</i>	<i>Percent difference</i>
Berkeley -----	6,166,834	6,215,290	0.8
Davis -----	2,449,620	2,387,715	-2.6
Irvine -----	30,000	30,000	--
Los Angeles -----	4,981,248	4,730,539	-4.5
Riverside -----	969,306	932,904	-3.8
San Francisco -----	724,363	720,788	-0.5
Santa Barbara -----	942,802	1,008,666	+7.0
San Diego -----	798,034	844,334	+5.8
Santa Cruz -----	30,000	45,700	+52.3
All Campuses -----	17,062,207	16,915,936	-0.9

The rapid growth in physical facilities during recent years on all the University of California campuses is reflected in Table 35. If the 1966-67 estimate is realized, University facilities will have expanded by 57.8 percent between 1962-63 and 1966-67.

Table 35

Outside Gross Square Feet
1962-63—1966-67

<i>Year</i>	<i>Total Outside Gross Square Feet</i>	<i>Year-to-year Percent Increase</i>
1962-63 -----	13,947,062	5.8
1963-64 -----	15,772,177	13.1
1964-65 -----	16,915,936	7.3
1965-66 (est.) -----	19,657,433	16.2
1966-67 (proposed) -----	22,004,087	11.9

Recommendations

We recommend approval of the \$20,956,220 proposed budget for maintenance and operations for 1966-67.

The proposed 1966-67 budget for maintenance and operations reflects an estimated unit cost of \$0.946 outside gross square foot, which

University of California—Continued

is similar to the actual 1964-65 unit cost of \$0.943. The 1965-66 estimated unit cost per outside gross square foot is estimated to be \$0.926. Unit costs on all campuses except Berkeley and San Diego are estimated to decline from 1964-65 levels. Declines in unit costs will occur on most campuses despite price increases and the increased rate of use of utilities, because of economies of scale resulting from campus growth. At San Diego utility costs are exceptionally high and at Berkeley campus growth is slowing down and the increasing complexity of equipment used in research is requiring a significant increase in electrical power.

12. STUDENT SERVICES

The many programs included under student services are generally classified according to whether they are financed from student sources such as student incidental fees or the general funds of the University. Examples of student-supported programs include student health services, placement, student counseling, recreational facilities and housing services. Roughly two-thirds of the total 1966-67 student services budget is for student-financed programs. Student services constitute about 4 percent of the University's support budget. Principal university-supported functions are financed mainly from state funds and include the registrars, admissions and deans of students offices.

1965-66	Budget Request		Increase	
	1966-67	Amount	Percent	
\$13,344,138	\$14,812,778	\$1,468,640	11.0	

The \$1,468,640 (11.0 percent) workload increase consists of \$565,030 for University and \$903,610 for student-supported services. State funds constitute \$4,144,727 or 28 percent of the total student services budget. Proposed budget increases in University supported functions are related to the 8.2 percent estimated enrollment increase, additional costs resulting from the change to a three-quarter from a semester system which will increase registration and admissions workload, the correction of existing deficiencies at Davis and U.C.L.A., and new campus requirements. Unit costs per student for University funded services will increase from \$51.61 in 1964-65 to \$53.10 in 1966-67. Unit costs for student funded services will increase from \$115.46 in 1964-65 to \$118.89.

Performance Analysis and Review of Accomplishments 1964-65

Expenditures in 1964-65 for student services totaled \$11,706,800 or \$200,737 (1.7 percent) more than the \$11,506,063 budgeted. Actual unit costs were \$115.46 for student-supported services and \$51.61 for University functions. Revised budget estimates for the same year were \$114.55 and \$52.30.

The following table shows that there has been a gradual decline in unit costs for University-supported services and conversely a gradual increase in student-supported services. The trends reflect the transfer of placement services from a University-supported to a student-sup-

University of California—Continued

ported activity and increases in the scope of student supported activities. Decreases in University (state) supported services is mainly due to economies of scale according to the University.

Table 36
Student Services Per Student
1962-63—1966-67

Year	Student Supported Services	University Supported Services
1962-63	\$97.91	\$54.29
1963-64	101.23	52.19
1964-65	115.46	51.61
1965-66	117.15	50.29
1966-67	118.89	53.10 ¹

¹ Conversion to the quarter system and new campus requirements account for this reversal in the trend.

Special Reports to the Legislature

A. Student Health Services

The Senate Finance and Assembly Ways and Means committees requested the University of California to prepare a report on student health services and submit it to the Joint Legislative Budget Committee by December 1, 1965. Specifically, campus-by-campus data was requested for cost of services, utilization of services data, scope of services provided and methods used, staffing patterns and a general analysis of alternative methods of providing services.

An interim report was received from the University which pointed out that a comprehensive study of student health services during the six-year period from 1960-61 through 1965-66 will commence in 1966-67 which will more fully provide the information requested by the Legislature. A copy of a similar six-year study completed in 1960 was also received.

Some general information was included in the interim report which is summarized below.

1. Sources of support—Both operating and capital outlay costs are borne by students through incidental fees and other means except to the extent that private donations are made for capital outlay projects. There are no state funds involved in student health services.

2. Scope of services—Services vary somewhat from campus to campus but are usually quite comprehensive and include minor or major surgery, inpatient hospital care, inpatient and outpatient physicians care, clinical laboratory and X-ray services, emergency dental care, dispensary care, psychiatric care (short-term) and medical examinations. Coverage includes all registered students but treatment excludes chronic conditions, elective surgery for pre-existing conditions and pregnancy.

Methods of providing services vary among campuses depending upon campus size and available community resources.

3. Utilization of Services, Cost of Services and Staffing Patterns—Campus utilization rates and other data were contained in the report and are shown in Table 37 for 1964-65. High utilization at Davis and Berkeley reflects the large number of students living near or on campus. There is high utilization at San Francisco because it is a medical center

University of California—Continued

and thus students are more aware of services and responsive to their utilization, as well as more exposed to illness.

Table 37
Student Health Services
Utilization of Service, Expenditure
Per Student and Staffing—1964-65

<i>Campus</i>	<i>Outpatient visits per student</i>	<i>Inpatient visits per 1,000 students</i>	<i>Average cost per student</i>	<i>FTE staff per 1,000 students</i>
Berkeley -----	12	402	\$77.22	8.6
Davis -----	17	560	67.34	6.6
Los Angeles ---	11	210	53.43	3.6
San Francisco -	21	445	118.49	6.2
Santa Barbara	20	248	59.93	5.1
Riverside -----	8	244	67.61	5.3
Average -----	13	329	\$67.23	6.1

The 1966 report will explore existing and also new campuses in depth. Alternative methods of providing services will also be discussed. The progress report did not describe campus-by-campus differences in current methods of providing student health services.

B. Admissions Procedures

Both houses of the Legislature adopted a recommendation in the 1965-66 Analysis of the Budget Bill which requested the University to study the feasibility and possible financial savings from centralizing the routine procedures relating to the evaluation of applications for admission to a University of California campus.

A report from the University to the Joint Legislative Budget Committee concluded that the complete centralization of admissions procedures would be undesirable from the standpoint of the applicant and the campus he wants to attend. Duplicate records would have to be made in order to retain the student's file at the campus to which the applicant seeks admission. This would involve an extra expense and nullify, according to the University, possible economies from centralizing procedures.

We tend to believe that there is a more fundamental reason why centralizing routine admissions procedures is not being pursued. It is our impression that campuses are reluctant to transfer any procedures relating to admissions which could in any remote way reduce their existing authority to select students. Additionally, the centralization of any function would be contrary to the current trend of decentralizing administrative responsibilities to campuses.

13. STAFF BENEFITS

Staff benefits consist of the employer's share of various retirement programs, state compensation insurance and a \$6 per month contribution toward the payment of employee's group health insurance. State funds pay for over 99 percent of the staff benefits.

The majority of the University of California's employees participate in the University of California Retirement System (UCRS). One not-

University of California—Continued

able exception is nonacademic employees employed prior to October 1, 1961, who may still be covered under the State Employees' Retirement System (SERS).

	Budget Request	Amount	Increase	Percent
1965-66	1966-67			
\$16,570,051	\$18,187,326	\$1,617,275		11.0

Proposed total expenditures for staff benefits consist of the following for 1966-67:

	Amount	Percent of total
A. Retirement Systems		
University of California Retirement System	\$10,692,907	69.5
State Employees' Retirement System	3,619,541	23.5
O.A.S.D.I.	752,624	4.9
Others	330,500	2.1
Total Retirement Systems Budget	\$15,395,572	100.0
B. Other Staff Benefits		
Health insurance	\$1,786,318	
State Compensation Insurance	642,336	
Total for other staff benefits	\$2,428,654	
C. California College of Medicine	\$212,500	
Total staff benefits—workload	\$18,036,726	
D. Staff benefits relating to program augmentations	150,600	
Total staff benefits	\$18,187,326	

The gradual transition of the proportion of nonacademic employees under the State Employees Retirement System to the University of California Retirement System is expected to continue at the approximate attrition rate of older employees under the SERS (9 percent). The University of California Retirement System will increase to 69.5 percent of total expenditures for retirement systems. Employer contribution rates for the SERS will increase from 6.86 percent to 6.87 and OASDI, which increased from 3.62 to 4.20 percent on January 1, 1966, will further increase to 4.40 percent on January 1, 1967. Total annual wages subject to OASDI increased from \$4,800 to \$6,600 on January 1, 1966.

Retirement Programs Employer Contribution Rates	Percent
University of California Retirement System	8.25
State Employees' Retirement System	6.87
OASDI	4.20
Both SERS and OASDI	11.06

A small (1 percent) increase in the proportion of employees participating in the group health insurance program plus the anticipated increase in total employees accounts for a proposed \$129,400 (7.8 percent) increase in employer health insurance contributions at \$6 per insured employee. A net increase of \$70,000 (12.2 percent) is budgeted for State Compensation Insurance.

Performance Analysis and Review of Accomplishments 1964-65

Actual expenditures for staff benefits in 1964-65 totaled \$15,008,672 or \$1,515,200 (11.2 percent) greater than last year's revised budget

University of California—Continued

estimate of \$13,493,472. Retirement system employer contributions accounted for approximately \$12.9 million of the actual expenditures. Of the \$12.9 million, 63.1 percent was for UCRS, 31.6 percent for SERS, 3.6 percent for OASDI and 1.7 percent for other miscellaneous programs.

The \$1,515,200 1964-65 Budget deficiency is broken down as follows:

Table 38 Staff Benefits Breakdown of 1964-65 Budget Deficiency			Percent of estimated budget
	Overexpenditure		
University of California Retirement System-----	\$158,233		2.0
State Employees Retirement System-----	1,001,308		32.5
OASDI -----	174,984		61.1
Other retirement programs -----	-126,365		-36.0
Health insurance -----	85,850		6.2
State Compensation -----	166,257		44.5
California College of Medicine -----	54,933		-- 2
	\$1,515,200 ¹		

¹ Differences are based on 1964-65 estimated compared to actual expenditures as reported in the 1965-66 and 1966-67 Governor's Budgets.

² Not originally included in the 1964-65 University budget item.

The above table shows that the difference between estimated and actual employer contributions by program varies from 2 percent for the University of California Retirement System to 61.1 percent for OASDI. Four out of the six program areas differ from revised budget estimates by more than 30 percent.

In our opinion the differences between revised budget estimates and actual expenditures are excessive and steps should be taken by the University to improve budget estimating.

Recommendations

We recommend approval of the proposed staff benefits budget for 1966-67 in the amount of \$18,187,326.

14. GENERAL INSTITUTIONAL SERVICES

General institutional services includes a wide variety of administrative type services, examples of which include clerical pools, automobile pools, duplicating, mail and messengers, academic senate expenses, publications, public information offices, health and safety insurance, and the University Dean of Educational Relations office. The University General Fund (state) subsidy to the University Press for operating expenses is also included.

Budget Request

1965-66	1966-67	Increase	
		Amount	Percent
\$5,166,004	\$5,598,481	\$432,477	8.4

The \$432,477 (8.4 percent) workload increase consists of \$133,988 (31 percent of the total increase) for new campuses at Irvine and Santa Cruz, \$222,552 for the other campuses, \$51,620 for university-wide purposes and \$25,317 for the California College of Medicine. Approximately 78.6 percent of the General Institutional Services total

University of California—Continued

budget and 94.1 percent (\$407,123) of the workload increase represents state funds. The budget increase may be broken down as follows:

General Institutional Services 1966-67 Workload Increases				
Purpose	New Campuses ¹	Established Campuses	University- wide	Total
Mail and messenger-----	\$7,906	\$30,450	--	\$38,356
Public information-----	33,404	--	--	33,404
Academic Senate-----	10,170	--	--	10,170
Publications-----	33,244	70,087	\$4,200	107,511
Health and safety-----	27,242	109,250 ²	--	136,492
Drafting and duplicating-----	2,214	--	--	2,214
Microscope pool-----	--	40,000	--	40,000
Receiving-----	19,808	25,000	--	44,808
Furniture pool-----	--	(-53,215)	--	(-53,215)
Universitywide Dean of Educa- tional Relations-----	--	--	45,920	45,920
Insurance premiums-----	--	--	3,500	3,500
Actuary services-----	--	--	(-2,000)	(-2,000)
Totals-----	\$133,988	\$221,552	\$51,620	\$407,160
California College of Medicine	--	--	--	25,317
Grand Total-----				\$432,477

¹ Irvine and Santa Cruz.

² Radiation safety programs only.

Program Analysis and Review of Agency Accomplishments 1964-65

Actual expenditures for General Institutional Services for 1964-65 were \$5,614,761 or \$976,085 (21 percent) more than the revised budget estimate of \$4,638,676 which appeared in last year's Governor's Budget. The \$976,085 difference between actual and budgeted expenditures consists of \$639,005 from the University General Fund and \$337,080 from restricted funds.

This is the second year our analysis of the Budget Bill has compared actual expenditures to revised budget estimates for the various functions of the University. Both years there have been substantial differences between budget estimates and actual expenditures in General Institutional Services. This 21 percent difference for 1964-65 is comparable to the 18.5 percent excess of actual over budgeted expenditures in 1963-64. An explanation of the reasons for differences of such magnitude would be in order.

Special Reports to the Legislature

During its review of the proposed 1965-66 Governor's Budget request for the University of California the Legislature requested the University to cooperate with the Department of Finance and the Legislative Analyst to determine a means for establishing an appropriate level of state support for the University of California Press. The University prepared a report which recommends a method of calculating a level of state subsidy to be used as a basis for subsequent discussion with the Department of Finance and our office. The report was received late in December and thus too late in the formation of the Governor's Budget to review the merits of the University's proposal or at

University of California—Continued

least establish some mutually satisfactory recommended level of support for 1966-67.

The University Press selects, edits and publishes the results of selected faculty research which generally are not attractive to private publishers because of limited sales potential but which have value in terms of distributing research results for the benefit of other scholars and interested persons. There are three general categories of publications; monographs, scholarly journals, and books and manuscripts.

Approximately 59 percent of the University Press operation is supported by sales revenue with book income paying about 92 percent of their cost, scholarly journals 63 percent, and monographs only 8 percent. State support is provided for manufacturing costs of monographs through a scientific publications program included within the Organized Research function. The amount of state funds requested for Organized Research to support manufacturing costs is directly related to the size of the faculty. For 1966-67 the amount needed in Organized Research for scientific publications totals \$409,289, a \$46,700 increase over 1965-66.

The principal area of concern, as far as the determination of the appropriate level of state support is concerned, is in determining how much to subsidize operating expenses relating to the three categories of publications. Operating costs consist of the editorial department, warehouse and shipping, sales promotion, production control personnel and general administration.

The University of California suggests that increased state support for operating costs related to monographs should decrease proportionately as manufacturing expenditures increase. The formula recommended would increase operating costs at 75 percent of the rate of increase of manufacturing costs. Thus for 1966-67 the application of the new formula justifies a \$29,053 state subsidy increase for operating costs relating to increases in monograph workload.

State support for the book and journal publishing programs would only be requested for those operating costs which would not be covered by sales revenue. No state support would be provided for manufacturing costs. The university states that the need for state funds for operating costs decreases as sales increase. Therefore the university has calculated that the amount of state support which would be needed if the state paid all operating costs could be reduced by \$0.0464 for every sales dollar. University estimates that a \$225,170 state subsidy would be necessary if there were no sales. However, since sales revenue of \$1,060,000 from sales of books and journals is estimated the state subsidy be $\$225,170 - \$0.0464 \times \$1,060,000$ (\$49,184) or \$175,986. This represents a \$8,014 decrease in the estimated 1965-66 subsidy needs. If sales increase in future years, the amount of the state subsidy will continue to decrease.

The Legislature deleted \$100,000 from the University Press budget in 1965-66 pending this subsequent investigation into University Press operations and recommendations concerning an appropriate level of state support. In order to bring the state subsidy level into balance with the proposed method of budgeting the \$100,000 will have to be

University of California—Continued

restored plus an additional \$16,939 for a total increase in state funds of \$116,939.

Summary of University Press Subsidy Increase

Restoration of 1965-66 cut.....	\$100,000
Correction for overbudgeting in organized research for scientific publications.....	-4,100
Operating Costs:	
Decrease in subsidy for books and journals.....	-8,014
Increase in subsidy for monographs.....	29,053
Net State Subsidy Increase.....	\$116,939

Recommendations

We recommend approval of the proposed increase of \$403,123 in state funds for 1966-67 for General Institutional Services. We also recommend an additional augmentation of \$116,939 for University Press operating expenses.

The workload increase of 8.4 percent appears reasonable because of the need to continue development of basic services at Irvine and Santa Cruz and meet State Public Health Department criticisms that radiation safety programs are unsafe.

A budget increase for the University Press is necessary because it is currently operating at a loss and appropriate because it would demonstrate legislative approval of the new methods recommended by the university and the Office of the Legislative Analyst for determining an appropriate level of state subsidy. The proposed Governor's Budget does not contain any increases for University Press operating expenses.

15. PROVISIONS FOR ALLOCATIONS

These provisions include many items which will be allocated among campuses during the fiscal year. Examples include merit salary increases and promotions, curriculum revision funds and provisions for price increases.

	Budget Request	New or improved programs	Total
Provisions for allocation.....	\$15,825,242	\$875,000	\$16,700,242
Less estimated budgetary savings.....	-7,520,000	-118,500	-7,638,500
	\$8,305,242	\$756,500	\$9,061,742

The proposed increase in state funds for 1966-67 totals \$3,586,378 for workload and \$756,500 for new or improved programs as follows:

Merit increases and promotions.....	\$4,044,000
Price increases.....	178,000
Furniture pool.....	136,000
Student loan program.....	12,000
Endowment income.....	30,380
Curriculum revision.....	-125,000
Budgetary savings.....	-538,500
Budgetary savings realized 1965-66.....	-120,122
Total net state funds increase.....	\$3,586,378
Total net increase for new programs.....	756,400
Total.....	\$4,342,878

University of California—Continued

Recommendations

We recommend approval of the workload budget for provisions for allocations.

We recommend the deletion of the \$325,000 program augmentation request for state funds to finance the University's share of the federal Work-study Program.

The Economic Opportunity Act of 1964, as amended by the Higher Education Act of 1965, established the Federal Work-Study Program which provides federal funds for part-time student employment on a 9:1 ratio. In 1964-65 the University of California reports that 862 students were employed on campus and 271 off campus for a total of 1,133. Salaries paid totaled \$1,001,690 (an average of \$884 per student), of which the university paid \$78,512, off campus sources paid \$25,294 and the federal fund share totaled \$908,150. The three campuses participating in the program in 1964-65 were Berkeley, UCLA and Santa Barbara. Students were usually paid by the hour rather than salaried. Examples of the types of student jobs are: laboratory assistants, readers, research assistants, clerical titles, library assistants, stores helpers, and sports assistants.

The request for a special appropriation of state funds for the work-study program is not justified for the following reasons:

1. Campus departments and other budget accounts should provide the ten percent matching amounts out of their own budgets so they will have a direct financial investment in the student positions they establish and supervise. This should help to minimize temptations such as establishing jobs as a means of providing particular students with financial assistance when the need for additional help is questionable. It is reasonable to expect departmental budgets to supply the matching funds because many of the work-student job titles are jobs which are used in their normal operations. For every existing and new faculty position, the state also provides additional funds (\$4,822 in 1966-67) for general support of campus departments. This would also be consistent with the Department of Finance's Management Memo No. 66-2 which states that state agencies waiting to hire students under the work-study program must provide the matching funds from their own budgets.

2. If campus departments and other types of budgetary accounts cannot provide matching funds, it seems more appropriate to use non-public funds for matching purposes. Alternative sources might be endowment funds or perhaps even some student fee so that students would feel some responsibility toward the program.

3. The program did not have any special state appropriation in 1964-65 or 1965-66 for the 10 percent matching funds.

4. In any event, since there has been some actual experience now with the program, some qualitative evaluation of benefits to students (other than the wages received) and value of the work being performed should precede any commitment by the state to support the program directly.

University of California—Continued

We recommend the deletion of a \$650,000 augmentation request for matching funds to participate in a new federal program established by the State Technical Services Act of 1965 (PL-89-182).

The Governor has designated the University of California as the state agency for administering and coordinating this proposed new program. The general purpose of the program is to provide the means and mechanism for receiving and disseminating scientific and engineering information to business, industry, educational and other non-profit institutions, state agencies and others. Examples of how such information might be distributed include the establishment of a reference service and information center and the sponsoring of workshops, seminars and other extension type programs.

The University of California has the capability of developing such a program with its extensive experience and vast resources, such as research libraries, University Extension experience with special professional programs and University Press with its publishing experience.

We are recommending the deletion of the \$650,000 request for state funds as the requested source for matching purposes because:

1. No specific program proposal has been submitted for review and thus we have no basis for recommending the program.

2. If the specific program being developed is acceptable, careful consideration should be given to sources of matching funds other than just state funds. Turning to the state for matching funds is undoubtedly the easiest alternative, but it may be appropriate to expect the users of the program to aid in its support, as a method of testing the relative value of a program to the users.

3. State support for a completely new program such as this has, in our opinion, low priority compared to the need to continue the development of student education programs which are already in the process of being planned and implemented and whose full cost impact has not yet been felt. Typical examples are the new medical schools at San Diego and Davis.

UNIVERSITY OF CALIFORNIA

ITEM 109 of the Budget Bill

Budget page 343

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

Amount requested	\$334,900
Estimated to be expended in 1965-66 fiscal year	334,900

Increase	None
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TOTAL RECOMMENDED REDUCTION	None
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This research program covers 19 projects seeking to convert brackish and sea water to fresh water at low cost. Such research has been conducted continuously at the University of California since 1951-52 with the support of the Legislature. Regular appropriations from the General Fund for this purpose have been made since 1961-62. The uni-

University of California—Continued

versity has added other funds to bring the total expenditures to approximately \$435,000 in recent years.

Research is conducted at Berkeley, the Richmond Field Station, Los Angeles, San Diego, and recently at Riverside under the direction of a statewide coordinator. The Water Resources Center administers the funds.

The research program has been modified over the years to keep the work responsive to California's needs and rapid technological developments. Fourteen projects relate to distillation conversion processes, two to the electrodialysis process, and two to the reverse osmosis process. These three processes are technically the most promising based on current knowledge and are generally considered to be most applicable in California. A fourth process, freeze separation, has not been successful either at the university or elsewhere and the work at the university should be reviewed for possible termination.

The university's work has emphasized specific problem areas where development of basic information on process operations or chemical and physical properties of saline water is needed. The program also includes operation of two small test desalination plants, one at San Diego and the other at Coalinga. The latter plant operates by reverse osmosis, a process which is considered to be very promising. The university has done much of the development work on this process in past years to demonstrate the technical feasibility of the process and to develop workable membranes for the separation of fresh water from saline water.

During the last two years the university has been receiving substantial grants from the Office of Saline Water, United States Department of the Interior, to finance additional research work. The Office of Saline Water is the federal agency established to develop feasible conversion processes. Its work receives world attention. It is, therefore, noteworthy that several research projects of the university have been selected for supplementation by the Office of Saline Water with federal funds. We consider this to be an endorsement of the quality of the university's program based on technical evaluation of the work.

Approval is recommended.

UNIVERSITY OF CALIFORNIA

ITEM 110 of the Budget Bill

Budget page 343

FOR SUPPORT OF DERMATOLOGY RESEARCH
FROM THE GENERAL FUND

Amount requested	\$100,000
Estimated to be expended in 1965-66 fiscal year	100,000

Increase	None
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TOTAL RECOMMENDED REDUCTION	None
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The 1965-66 Budget included a \$100,000 augmentation to intensify dermatology research, especially toward finding a cure for psoriasis. This proposal would continue such accelerated research efforts which are being conducted at the San Francisco Medical Center.

We recommend approval as budgeted.

HASTINGS COLLEGE OF THE LAW

ITEM 111 of the Budget Bill

Budget page 345

FOR SUPPORT OF HASTINGS COLLEGE OF THE LAW
FROM THE GENERAL FUND

Amount requested	\$629,967
Estimated to be expended in 1965-66 fiscal year	544,799
Increase (15.6 percent)	\$85,168
Increase to improve level of service	\$60,370

TOTAL RECOMMENDED REDUCTION None

ANALYSIS AND RECOMMENDATIONS

Hastings College of the Law has been a law department of the University of California since the year of its founding in 1878. Hastings is governed, however, by its own board of directors.

Enrollment for 1966-67 will be limited to approximately 1,006 regular and 35 FTE summer session students. Regular enrollment for 1965-66 is estimated at 1,024 students.

The total proposed budget for 1966-67 is \$956,649, a 9.5 percent increase over the \$873,419 estimated expenditures for 1965-66. Non-state revenue such as student fees will decrease slightly but the state share, as proposed, will increase 15.6 percent (Table 1). The percentage of state funds to total budget will be 65.8 compared to 62.4 in 1965-66. The gross cost per student will increase from \$845 to \$944.

Table 1
Comparison of Sources of Revenue
1965-66 and 1966-67

Year	State	Student Fees and Other	Total
1965-66	\$544,799	\$328,620	\$873,419
1966-67	629,167	327,482	956,649

The following table divides the 1966-67 proposed budget into three programs, administration, instruction and plant operation.

Table 2
Hastings College of the Law Program Analysis
1966-67

Program	Positions	Proposed Budget	Percent of Subtotal
1. Administration	15.8	\$219,979	23.1
2. Instruction	38.0	627,170	65.7
3. Plant operation	11.3	107,000	11.2
Subtotal	65.1	\$954,149	100.0
Unallocated			
Staff benefits		2,500	
Total Hastings budget		\$956,649	
Student fees and other sources		-327,482	
State funds		\$629,167	

1. Administration. Additional clerical help (1 new position at a net cost of \$2,250) is requested to support proposed new faculty positions.

Hastings College of the Law—Continued

The addition of another full-time secretary would be partially offset by a reduction of 0.7 temporary help.

2. Instruction. New faculty totaling 3.3 FTE positions (\$58,120) are requested to permit the second year class to be split from two to three sections because attrition is decreasing as admissions standards increase.

3. Plant operation. Funds for renting additional office space (\$3,800) is requested and \$2,500 is proposed for maintenance of louvers.

Enrollment averaged 1,055 during 1964-65 plus 45 full-time equivalent summer session students. There were 233 Bachelor of Laws degrees granted compared to 209 in 1963-64 and 161 in 1962-63. Of the Hastings Law School graduates who took the California Bar Examination in the spring and fall of 1965, a total of 82 percent passed on their first attempt.

Actual expenditures totaled \$728,218 or \$45,410 less than the revised budget estimate of \$773,628. Because actual enrollment exceeded the 1,017 estimate used for budgeting purposes, less state funds were needed because of higher revenues from student fees. This is consistent with recent experience.

The following table identifies the state's proportion of actual expenditures since 1962-63. The downward trend of the decreasing percentage of state support will reverse itself in 1965-66 because enrollment quotas are being lowered because of crowded conditions.

<i>Year</i>	<i>Expenditures</i>	<i>State Funds</i>	<i>Percent of Total</i>
1962-63	\$534,520	\$338,166	63.3
1963-64	587,834	325,736	55.4
1964-65	728,218	400,023	54.9

We recommend approval of the budget as proposed.

CALIFORNIA STATE COLLEGES

Our analysis of those items of the Budget Bill which pertain to the California State Colleges (Items 112 through 135) will be submitted in a supplementary report. The serious delays which have occurred this year in the preparation of the state college budget requests has made it impossible for us to submit a careful analysis of proposed expenditures at this time.

According to representatives of the Department of Finance, the individual colleges and the Chancellor's Office were as much as six to eight weeks late in submitting the initial budget documents, and much of the material which was submitted required extensive revision by the department and by the state college officials. We have also observed that the Chancellor's Office and the Department of Finance have taken an exceptionally long time in arriving at decisions as to what to include in the Governor's Budget with respect both to workload items and program augmentations. If this situation is permitted to continue

California State Colleges—Continued

and to grow worse, as it has over the past few years, the Legislature's opportunity for careful scrutiny of this large element of the Governor's Budget will be seriously hampered.

The following summary of proposed expenditures and enrollment is taken from the Governor's Budget without further analysis.

Table 1
Expenditures for Support
California State Colleges

	<i>Actual 1964-65</i>	<i>Estimated 1965-66</i>	<i>Proposed 1966-67</i>
State colleges			
Chico -----	\$4,910,565	\$6,163,647	\$7,567,913
Fresno -----	7,540,246	8,899,425	10,045,132
Fullerton -----	3,500,600	4,883,067	6,256,045
Hayward -----	3,356,513	5,117,151	6,655,701
Humboldt -----	3,834,303	4,529,032	5,149,079
Long Beach -----	10,284,747	13,524,894	15,982,070
Los Angeles -----	11,637,019	13,538,370	15,530,539
Palos Verdes -----	394,901	484,938	1,311,502
Sacramento -----	6,306,973	8,008,071	9,430,244
San Bernardino -----	402,836	1,092,115	1,816,658
San Diego -----	12,190,984	14,244,055	16,091,346
San Fernando Valley -----	8,263,297	10,650,613	12,017,619
San Francisco -----	11,552,178	13,654,081	15,176,156
San Jose -----	15,382,352	18,723,861	19,655,624
Sonoma -----	1,370,398	1,771,588	2,533,068
Stanislaus -----	875,211	1,287,054	1,516,070
State Polytechnic			
Kellogg-Voorhis campus -----	4,749,846	5,635,612	6,619,643
San Luis Obispo campus -----	7,123,015	8,363,596	9,438,402
Totals, colleges -----	\$113,675,984	\$140,571,170	\$162,792,811
Trustees of the California State Colleges			
College support—continuing operations -----	—	—	2,231,494
College support—program augmentations -----	—	—	2,603,608
Chancellor's Office -----	1,385,821	1,737,313	2,214,192
International program -----	231,000	265,508	301,080
Student loan programs			
National defense education loans -----	3,014,663	4,883,510	5,500,000
Student nursing loans -----	—	125,000	125,000
State College Dormitory Revenue Fund			
operations -----	1,816,256	2,012,232	2,046,891
College Auxiliary Enterprise Fund			
operations -----	147,462	159,235	148,541
State College Parking Revenue Fund			
operations -----	—	—	935,964
Net Totals, Support -----	\$120,271,186	\$149,753,968	\$178,899,581
General Fund -----	115,594,270	140,488,495	168,110,338
State college dormitory revenue fund -----	1,816,256	2,012,232	2,046,891
College auxiliary enterprise fund -----	147,462	159,235	148,541
State college parking revenue fund -----	—	—	935,964
Federal funds -----	2,713,198	7,094,006	7,657,847

California State Colleges—Continued

Table 2
Full-time Equivalent Enrollment
California State Colleges

	<i>Actual</i> 1964-65	<i>Estimated</i> 1965-66	<i>Estimated</i> 1966-67
Chico	4,445	5,110	5,730
Fresno			
Fresno campus	6,602	6,820	7,350
Off-campus center (Bakersfield)	—	250	250
Fullerton	3,145	4,290	5,150
Hayward	2,857	3,610	4,450
Humboldt	2,433	2,810	3,125
Long Beach	11,640	12,780	14,400
Los Angeles	12,008	11,680	12,700
Palos Verdes	—	50	310
Sacramento	6,180	6,740	7,730
San Bernardino	—	230	700
San Diego			
San Diego campus	12,142	12,790	13,650
Off-campus center (Calexico)	—	100	130
San Fernando Valley	8,530	9,530	10,700
San Francisco	11,539	12,100	12,650
San Jose	15,465	15,840	16,550
Sonoma	655	870	1,240
Stanislaus	323	520	700
State Polytechnic:			
Kellogg-Voorhis campus			
Regular session	4,026	4,450	4,900
Summer quarter	(140)	(190)	(360)
San Luis Obispo campus			
Regular session	6,526	6,850	7,200
Summer quarter	(317)	(345)	(360)
All colleges	108,973	117,430	129,615
International program	212	201	230
Totals	108,728	117,621	129,845

CALIFORNIA MARITIME ACADEMY

ITEM 136 of the Budget Bill

Budget page 532

FOR SUPPORT OF THE CALIFORNIA MARITIME ACADEMY
FROM THE GENERAL FUND

Amount requested	\$561,910
Estimated to be expended in 1965-66 fiscal year	563,985
Decrease (0.4 percent)	\$2,075

TOTAL RECOMMENDED REDUCTION..... None

GENERAL PROGRAM STATEMENT

The California Maritime Academy, located at Morrow Cove, Vallejo, provides a three-year training program for students who wish to become licensed officers in the Merchant Marine. It is one of four such state-operated academies in the United States.

The curriculum consists of general academic courses with emphasis upon basic skills and specialized training for deck and engineering officers. Bachelor of science degrees are awarded to students in both

California Maritime Academy—Continued

fields upon their successful completion of the appropriate Coast Guard license examination. The training program requires three years, with each year divided into two terms of instruction on shore and one term of training at sea aboard the academy's training ship, the Golden Bear.

The academy is governed by a five-member board of governors consisting of the State Superintendent of Public Instruction and four others appointed by the Governor. The board appoints a superintendent, who is the chief administrative officer of the academy.

Students who apply for admission are selected by examination and are appointed by legislative district and on a statewide basis. Enrollment has been maintained at the level of about 220 to 230 students, including a few from out of state, although the number of applications received annually is reported to have risen from 150 to nearly 800 over the past five years.

Table 1
Average Annual Enrollment

	Budget Estimate	Actual
1962-63 -----	250	231
1963-64 -----	250	220
1964-65 -----	250	227
1965-66 -----	236	—
1966-67 -----	242	—

ANALYSIS AND RECOMMENDATIONS

The 1966-67 Budget provides for a total current expenditure of \$972,577 of which \$561,910, or 57.8 percent, is requested from the General Fund. The balance is to be provided from \$218,400 (22.5 percent) in federal subventions, \$185,997 (19 percent) in student fees and \$6,270 (0.7 percent) in miscellaneous reimbursements. In Table 2 the proposed expenditures for 1966-67 are compared with actual and estimated expenditures for the past three years together with projected expenditures through 1970-71.

Table 2
Total Expenditures for the California Maritime Academy

		State Support	Federal Subventions	Student Fees and Reimbursements	Total Expenditures
Actual	{ 1963-64 ---	\$491,425	\$162,746	\$150,278	\$804,449
	{ 1964-65 ---	531,205	205,702	145,614	882,521
Estimated	{ 1965-66 ---	563,985	215,100	156,435	935,520
Proposed	{ 1966-67 ---	561,910	218,400	192,267	972,577
	{ 1967-68 ---	609,300	218,400	192,300	1,020,000
	{ 1968-69 ---	659,300	218,400	192,300	1,070,000
Projected	{ 1969-70 ---	719,300	218,400	192,300	1,130,000
	{ 1970-71 ---	769,300	218,400	192,300	1,180,000

No significant change in federal subventions is expected for 1966-67. The amount of \$218,400 consists of a flat grant of \$75,000 plus a payment of \$143,400, based on \$600 per resident student, to assist in meeting the cost of student uniforms, books and subsistence. The cost to the federal government of providing the training ship and annual overhaul and major repair is not included within the academy's budget.

Student fee income has been increased substantially as a result of the increase in fees approved at the 1965 session. The annual fee for

Education**Item 137****California Maritime Academy—Continued**

resident students has been raised from \$600 to \$750 per year and the total fee for nonresident students has been raised from \$870 to \$1,050 per year.

Total expenditures per student and net (state) cost per student are shown in Table 3 in comparison with the figures for the four preceding years.

Table 3
Cost Per Student

	<i>Total Expenditures Per Student</i>	<i>Net (State) Cost Per Student</i>
1962-63 -----	\$3,285	\$1,822
1963-64 -----	3,657	2,234
1964-65 -----	3,888	2,340
1965-66 -----	3,964	2,390
1966-67 -----	4,019	2,322

Table 4
Total Expenditures by Function

	<i>Actual 1964-65</i>	<i>Estimated 1965-66</i>	<i>Budgeted 1966-67</i>
Administration -----	\$99,339	\$100,176	\$101,966
Instruction -----	252,155	268,603	293,598
Care and Subsistence -----	246,510	267,946	280,515
Plant Operation -----	135,588	140,376	141,650
Ship Operation -----	148,929	158,419	154,848
Totals -----	\$882,521	\$935,520	\$972,577

Total expenditures are shown by function in Table 4 for 1964-65 through 1966-67. The increase of \$52,999 in total expenditures for 1966-67 over estimated expenditures for 1964-65 is found largely in instruction and in care and subsistence. The academy has requested one new instructional position to expand the curriculum in the field of electronics and automated controls and a half-time substitute instructional position at a combined salary cost of \$13,554. This will increase the total number of teaching positions to 18.5. The increase in the cost of care and subsistence is largely attributable to an augmentation of \$4,444 for medical care to contract for a physician on a part-time basis and \$4,793 to improve the food ration according to a Department of Public Health recommendation.

We recommend approval of this budget in the amount requested.

STATE SCHOLARSHIP COMMISSION**ITEM 137 of the Budget Bill****Budget page 534**

**FOR SUPPORT OF THE STATE SCHOLARSHIP COMMISSION
FROM THE GENERAL FUND**

Amount requested ----- \$5,123,919
 Estimated to be expended in 1965-66 fiscal year ----- 3,888,313

Increase (31.8 percent) ----- \$1,235,606

Increase to improve level of service ----- \$117,395

TOTAL RECOMMENDED REDUCTION ----- \$93,000

State Scholarship Commission—Continued

Summary of Recommended Reductions		Budget	
	Amount	Page	Line
Delete guaranteed loan program -----	\$93,000	534	60

GENERAL PROGRAM STATEMENT

The State Scholarship Commission administers two state student aid programs: the California state scholarship program and the new graduate fellowship program authorized under Chapter 1475, Statutes of 1965. The commission consists of nine members appointed by the Governor to represent public and private institutions of higher education and the general public. It has a small staff under the supervision of an executive director. Although established as an independent agency, the commission submits new program and policy plans to the Coordinating Council for Higher Education for guidance and approval.

The total amount requested for the commission for 1966-67 is \$5,123,919 to be allocated as follows:

State scholarship program -----	\$5,006,524
Graduate fellowship program -----	24,395
Guaranteed loan program -----	93,000
Total -----	\$5,123,919

Actual and estimated expenditures for State Scholarship Commission programs for the past three years, together with budgeted and projected expenditures for the next five years are shown in Table 1.

Table 1
Expenditures for Programs Administered
by the State Scholarship Commission

		Scholarship program	Graduate fellowships	Guaranteed loans	Total expenditures
Actual	1963-64 -----	\$2,766,258	--	--	\$2,766,258
	1964-65 -----	3,702,058	--	--	3,702,058
Estimated	1965-66 -----	3,888,313	--	--	3,888,313
Proposed	1966-67 -----	5,006,524	\$24,395	\$93,000	5,123,919
Projected	1967-68 -----	6,100,000	470,000	75,000	6,645,000
	1968-69 -----	7,200,000	550,000	79,000	7,829,000
	1969-70 -----	8,300,000	625,000	83,000	9,008,000
	1970-71 -----	9,500,000	720,000	87,000	10,307,000

ANALYSIS AND RECOMMENDATIONS

State Scholarship Program

This program was established in 1955 with the objectives of: (1) providing public scholarship funds for California students of high academic merit who have a demonstrable need for financial assistance so as to pursue undergraduate studies at a public or private California four-year institution of higher education; and (2) to permit and encourage the private colleges and universities to absorb a larger proportion of undergraduate enrollment and thereby to reduce the demands on taxpayers for current and capital outlay funds for public institutions of higher education.

State Scholarship Commission—Continued

The scholarships cover tuition and other required fees at the institution of the student's choice. According to statute, the amount of each award may range from \$300 to \$900 plus 90 percent of tuition and other fees over \$900, up to a maximum of \$1,500. The number of awards to be granted each year is now set at the equivalent of 1 percent of the number of high school graduates for the preceding year plus prior awards renewed for continuing students. For 1966-67 it is estimated that there will be 2,700 new awards and 3,700 continuing awards for a total of 6,400, plus approximately 250 awards held in reserve for junior college students.

Of the total amount of \$5,006,524 budgeted for this program for 1966-67, \$4,800,000 is for award funds and \$206,524 is for administration. The amount for award funds has been computed on the basis of 6,400 awards at an average of \$750 per award. The average cost has been estimated according to the proposed level of tuition and other fees for institutions attended by present scholarship holders. The average award cost budgeted for 1966-67 may be compared with the average cost for previous years as shown in Table 2.

Table 2
General State Scholarship Award Funds
1961-62 through 1966-67

	<i>Number of awards</i>	<i>Average award amount</i>	<i>Total general award funds</i>
1961-62	3,200	\$535	\$1,712,241
1962-63	3,840	575	2,208,148
1963-64	4,480	573	2,567,857
1964-65	5,120	691	3,538,807
1965-66 (est.)	5,120	720	3,686,400
1966-67 (est.)	6,400	750	4,800,000

On the basis of past experience it is believed that about 63 percent of new and continuing awards winners will attend private institutions, 32 percent will attend the University of California and 5 percent will attend a state college.

The proposed amount of \$206,524 for the administration of this program would provide a net increase of \$7,611, or 3.8 percent, over 1965-66. The increase is attributable to an increase of \$2,000 for temporary help, \$3,490 for merit increases and staff benefits, \$5,010 for operating expense and a reduction of \$2,889 in equipment.

It is expected that approximately 25,000 applications will be received by the commission for the 6,400 new awards to be granted in 1966-67 and that approximately 3,700 will request renewal of their awards. The proposed administrative cost is the equivalent of \$3.23 per award, as compared with an estimated cost of \$3.89 per award for 1965-66 and \$3.13 per award for 1964-65.

In Table 3 we show selected program data for the four-year period 1961-62 through 1964-65.

State Scholarship Commission—Continued

Table 3
Selected Program Data—State Scholarship Program

Applications and awards	1961-62	1962-63	1963-64	1964-65
Total applications	15,305	15,913	19,920	21,090
New awards granted	1,783	1,844	1,824	1,632
Renewed awards	2,058	2,636	3,296	3,488
Final awards granted	3,840	4,480	5,120	5,120
Qualifying SAT scores				
Minimum score for high school seniors (at large)	1,137	1,142	1,181	1,205
Distribution of winners by class level				
Freshmen	40.8%	37.1%	32.7%	27.4%
Sophomores	28.9	28.9	26.9	27.8
Juniors	15.6	22.5	23.7	24.1
Seniors	14.7	11.5	16.8	20.7
Distribution by type of institution				
Independent institutions	67.6%	65.0%	63.9%	62.3%
University of California	27.3	28.9	30.0	32.2
California state colleges	5.1	6.1	6.1	5.5

We recommend approval of the amount budgeted for this program.

Graduate Fellowship Program

Under the provisions of Chapter 1475, Statutes of 1965, a new graduate fellowship program was established to provide assistance for outstanding graduate students who intend to become teachers in a college or university in California. The principal objective of the program, according to the statute, is to increase the supply of college and university faculty, particularly in those subject fields in which there is a critical shortage of teachers. The commission is charged with the responsibility for determining the relative needs of the various subject fields and must give this consideration in granting awards. The statute further provides that a nine-member commission, composed of college and university teachers and graduate deans, shall be appointed by the State Scholarship Commission to aid and advise it in the administration of this program.

The fellowships are limited to one year, including one summer term, unless "extraordinary circumstances" require a renewal. The fellowships are to be granted on a competitive basis, taking into account an applicant's undergraduate record, his aptitude for graduate study and his financial need (apart from his family's financial ability). The number of awards each year has been set at the equivalent of 1 percent of the number of baccalaureate degrees awarded by accredited California colleges and universities during the next preceding year. The amount of each award is to be determined according to each recipient's need, up to the full cost of tuition and regular fees. Each recipient is to be allowed to receive up to \$1,800 per academic year through a teaching assistantship or other fellowships before any deduction is made in his award.

The Scholarship Commission is requesting an amount of \$24,395 for the first year of administration of this program. This amount will pro-

State Scholarship Commission—Continued

vide \$9,138 for personal services for one clerical position and temporary help, \$13,000 in operating expense and \$2,257 for equipment.

We recommend approval of the amount requested for this program.

Guaranteed Loan Program

Under the provisions of Title IV, Part B, of the Higher Education Act of 1965, the federal government has recently established a new low-interest guaranteed loan program for college students of all income levels. The two principal features of the new program are that the federal government will: (1) provide loan insurance funds to enable private financial institutions to greatly expand student loans at interest rates of no higher than 6 percent; and (2) subsidize student interest costs to the extent of eliminating interest while a student remains in college and limiting it to a maximum of 3 percent thereafter during the repayment period. Any student borrower whose adjusted family income is less than \$15,000 at the time he receives a loan will be eligible for the interest subsidy.

The declared purpose of the program is to make such low-interest loans accessible to all college students by strengthening existing state or nonprofit private guaranteed loan programs, encouraging states which do not now have a guaranteed loan program to establish one or to permit the federal government itself to establish a program in any state which is unwilling to do so. Except where the federal government is required to administer a program directly, the program within each state is to be administered or supervised by a single state agency which is to establish standards within the framework of the federal legislation and regulations, to manage the insurance reserve funds provided by the federal government, to administer the payment of interest subsidies and to coordinate the services of the individual private financial institutions. In general, the law permits the state agencies to administer the program directly or to authorize a private nonprofit agency to do so under the supervision of the state agency. In either case the students will receive their loans from a bank, savings and loan association, credit union or other appropriate private financial institution, and the lender will be responsible for the normal disbursement and collections procedures subject to the state and federal regulations.

It is proposed that California establish a state-administered program and that the State Scholarship Commission be designated as the responsible agency. Although implementing legislation is required to establish the state program, an amount of \$93,000 has been included in the commission's budget for first-year administrative costs. The initial federal appropriation for insurance reserve funds for 1965-66 was \$7.5 million, of which approximately \$650,000 is allocated to California. Assuming a 10-to-1 ratio of reserves to loans and an average loan of \$800, this will provide 8,125 loans. Although it is evident that a state-administered program cannot be put in operation prior to the fall of 1966, by which time an additional federal appropriation may be available, the 1965-66 funds have been used as the basis for estimating the initial scope of California's program.

State Scholarship Commission—Continued

We recommend that the amount of \$93,000 be deleted from this item and carried in the legislation necessary to implement the new program.

We believe it is simply a matter of good fiscal practice to combine initial funding with program authorization in a single bill in order that the two aspects may be considered together by the Legislature. In addition, we note that the proposed funding has been determined prior to the receipt of federal rules and regulations governing the loan program. The new rules and regulations should be available for a more careful estimate of administrative costs by the time the implementing legislation is before the Legislature.

We further recommend that when considering legislation to designate the State Scholarship Commission as the responsible administrative agency for this program, the Legislature also consider the desirability of strengthening the structure of the commission in line with the enlargement of its responsibilities.

We are convinced that under present circumstances the state will be best served by authorizing a state agency to administer the program rather than to permit a private agency to do so by contract or other means. Our reasons for this are: (1) that it would be undesirable to place a significant new program affecting a large number of students outside the existing structure of higher education administration; (2) that there must be a single responsible agency that can be held accountable for the effective management of the program and the high degree of coordination which will be necessary to maintain uniform lending practices among the many participating financial institutions; and (3) that in order for the program to be most effective it must be fully integrated with existing state and institutional student aid programs.

We also believe that the State Scholarship Commission is the appropriate state agency because of its present responsibility for the scholarship and fellowship programs and its established relationship with campus student aid officers. However, we believe that with the addition of this program the commission will require some strengthening. At present we believe that this can be accomplished by augmenting public membership on the commission and by placing the commission's activities within the jurisdiction of the Coordinating Council for Higher Education.

At present the commission consists of nine members appointed by the Governor, with three members representing private institutions, one each for the university, state colleges and junior colleges and three public members. This representation fairly accurately reflects the commission's responsibilities with respect to the scholarship and fellowship programs but appears to give more representation to private institutions than will be warranted with the proposed enlargement of the commission's responsibilities.

It should be noted that the commission's effectiveness thus far has been attributable in large part to the absence of intersegmental rivalry; therefore, we would not recommend a complete reconstitution of the

State Scholarship Commission—Continued

commission which, while elevating the policymaking powers of its members, might also restrict the freedom of its members to serve the state as a whole rather than the individual segments of higher education. We believe that adequate policy direction can be assured by formalizing the existing informal relationship between the commission and the Coordinating Council for Higher Education.

DEPARTMENT OF EMPLOYMENT

ITEMS 138, 139, and 140 of the Budget Bill

Budget page 536

**FOR SUPPORT OF THE DEPARTMENT OF EMPLOYMENT
FROM THE UNEMPLOYMENT COMPENSATION DISABILITY
FUND, THE DEPARTMENT OF EMPLOYMENT CONTINGENT
FUND AND THE UNEMPLOYMENT FUND**

Amount requested, Unemployment Compensation Disability Fund (Item 138) -----	\$10,971,488
Amount requested, Department of Employment Contingent Fund (Item 139) -----	417,990
Amount requested, Unemployment Fund (Item 140) -----	22,528
Total requested -----	\$11,412,006
Estimated to be expended in 1965-66 fiscal year -----	10,906,726
Increase (4.6 percent) -----	\$505,280
TOTAL RECOMMENDED REDUCTION -----	\$25,669

Summary of Recommended Reductions

	<i>Amount</i>	<i>Page</i>	<i>Line</i>
1 special representative -----	\$14,700	539	60
1 executive secretary -----	10,969	539	79

Summary of Policy Options

Transfer of Department of Employment Contingent Fund -----	<i>Analysis page</i> 388
Surplus to the General Fund.	

GENERAL PROGRAM STATEMENT

The department is organized to implement its three major programs of Manpower Services and Utilization, Unemployment Insurance, and Disability and Hospitalization Insurance and their associated activities through approximately 139 local offices and some 40 temporary seasonal offices which serve special farm labor needs. The overall objectives of these programs are to assist with the employment of persons seeking work, to help employers obtain qualified employees, and to lessen the hardships on the involuntary unemployed.

The funding of the proposed total expenditures of \$949,832,166 in the budget year is derived from five sources and the moneys are expended in two categories, support and benefits. In addition to state-appropriated support funds the department, through a federal budgeting procedure, estimates it will receive \$74,820,160 as a federal grant for support.

The amount of the weekly benefits paid individuals for unemployment insurance (\$631,000,000) and disability and hospital benefits (\$232,600,000) are determined by state law but the total expenditures