

EDUCATION

California's system of public education is composed of: elementary, high school and unified school districts, the community colleges (formerly junior colleges), the California State Colleges, the University of California, the California Maritime Academy and the state operated schools for handicapped children. Support for education is derived from a variety of sources including the State School Fund, local property taxes, State General Fund appropriations and programs of federal aid.

SUMMARY OF STATE EXPENDITURES FOR EDUCATION

In 1970-71, as in recent years, state expenditures for education will continue to account for the largest share of the budget dollar. Budget summaries indicate that in 1970-71 more than \$2.4 billion will be spent by the State of California for all facets of education. These expenditures represent 39.5 percent of the General Fund dollars that will be expended during the budget year and include (1) continuing support for the University of California, the California State Colleges, the public school system and state special schools, (2) support for special programs such as the Miller-Unruh Basic Reading Act, compensatory education, vocational education, debt service on public school bonds and (3) capital outlay expense for the University, the state colleges and the state-operated schools for handicapped children. Table 1 shows total state operational expenditures from the General Fund for the past fiscal year, estimated expenditures for the current year and the amounts proposed for 1970-71 for state operations associated with education.

Table 1
Expenditures for State Educational Operations
(in thousands)

| | <i>Actual 1968-69</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> | <i>Change from 1969-70 Amount</i> | <i>Percent</i> |
|---------------------------------|---------------------------|------------------------------|-----------------------------|---------------------------------------|----------------|
| State Operations | | | | | |
| Department of Education ----- | \$7,813 | \$9,857 | \$8,377 | \$-1,480 | -15.0% |
| Special schools ----- | 7,040 | 7,830 | 7,994 | +164 | +2.1 |
| University of California ----- | 290,545 | 329,679 | 333,000 | +3,321 | +1.0 |
| California State Colleges ----- | 237,549 | 288,116 | 314,000 | +25,884 | +9.0 |
| Other ----- | 11,038 | 16,605 | 27,398 | +10,793 | +65.0 |
| Totals, State Operations ----- | \$553,985 | \$652,087 | \$690,769 | \$+38,628 | +5.9% |

Table 2 shows capital outlay expenditures for the three-year period.

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General Summary

Summary of State Expenditures for Education—Continued.

Table 2
Educational Capital Outlay Expenditures
(in thousands)

| | <i>Actual</i> 1968-69 | <i>Estimated</i> 1969-70 | <i>Proposed</i> 1970-71 | <i>Change from 1969-70.</i> <i>Amount</i> | <i>Percent</i> |
|--------------------------|--------------------------|-----------------------------|----------------------------|--|----------------|
| Capital Outlay | | | | | |
| University of California | | | | | |
| General Fund ---- | \$28,408 | \$32,131 | \$10,850 | \$21,281 | -66.2 |
| Bond Fund ----- | -- | -- | -- | -- | -- |
| Tideland oil | | | | | |
| revenue ----- | 17,355 | 6,329 | 5,270 | -1,059 | -16.7 |
| State Colleges | | | | | |
| General Fund ---- | 24,592 | 24,043 | 23,277 | -766 | -3.1 |
| Bond Fund ----- | -- | -- | -- | -- | -- |
| Tideland oil | | | | | |
| revenue ----- | 20,323 | 4,699 | 11,515 | 6,816 | +245.0 |
| Community Colleges | | | | | |
| General Fund ---- | -- | 26,914 | 19,064 | 7,850 | -29.1 |
| Bond Fund ----- | 17,234 | 2,393 | -- | -2,993 | -100.0 |
| Special Schools | | | | | |
| General Fund ---- | 37 | 147 | 128 | -19 | -12.9 |
| Totals, Capital | | | | | |
| Outlay ----- | \$107,949 | \$96,656 | \$70,104 | \$-26,552 | -27.4 |
| General Fund -- | 53,037 | 83,235 | 53,319 | -29,916 | -35.9 |
| Bond Fund ---- | 17,234 | 2,393 | -- | -2,393 | -100.0 |
| Tideland oil | | | | | |
| revenue ----- | 37,678 | 11,028 | 16,785 | +5,757 | +52.2 |

The final element of state support for educational purposes consists of subventions, i.e., local assistance programs shown in Table 3.

Table 3
State Subventions for Education
(in thousands)

| | <i>Actual</i> 1968-69 | <i>Estimated</i> 1969-70 | <i>Proposed</i> 1970-71 | <i>Change from 1969-70.</i> <i>Amount</i> | <i>Percent</i> |
|-------------------------|--------------------------|-----------------------------|----------------------------|--|----------------|
| Local Assistance | | | | | |
| Public school support | \$1,315,158 | \$1,449,759 | \$1,434,702 | \$-14,047 | -0.9 |
| Instructional televi- | | | | | |
| sion ----- | 726 | 850 | 875 | +25 | +2.9 |
| Assistance to new | | | | | |
| junior colleges --- | 4,269 | -- | -- | -- | -- |
| Special reading | | | | | |
| program ----- | 15,340 | 23,974 | 18,000 | -5,974 | -24.9 |
| Mathematics improve- | | | | | |
| ment program ----- | 863 | 925 | 925 | -- | -- |
| Compensatory educa- | | | | | |
| tion ----- | 10,482 | 11,000 | 11,000 | -- | -- |
| Children's centers -- | 13,952 | 17,447 | 19,400 | +1,953 | +11.1 |
| Teachers' retirement | 71,500 | 79,000 | 91,000 | +12,000 | +15.2 |
| Grants to teachers of | | | | | |
| the handicapped -- | 125 | 150 | 150 | -- | -- |
| Debt service ----- | 48,452 | 49,077 | 53,531 | +4,454 | +8.3 |
| Free textbooks ----- | 19,632 | 22,989 | 21,300 | -1,689 | -7.3 |
| Assistance to public | | | | | |
| libraries ----- | 1,160 | 1,252 | 1,000 | -252 | -20.1 |
| Vocational education | 875 | 1,330 | 1,330 | -- | -- |
| Totals, Local | | | | | |
| Assistance ----- | \$1,502,534 | \$1,657,743 | \$1,654,213 | \$-3,530 | -0.2% |

General Summary

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Summary of State Expenditures for Education—Continued

Summary information in Table 4 indicates that a total expenditure of \$2,415,086 is estimated for the budget year, which is an increase of \$8,599 over the current year.

Table 4
Total State Expenditures for Education
(in thousands)

| | <i>Actual</i> 1968-69 | <i>Estimated</i> 1969-70 | <i>Proposed</i> 1970-71 | <i>Change from 1969-70</i> <i>Amount</i> | <i>Percent</i> |
|------------------------|--------------------------|-----------------------------|----------------------------|---|----------------|
| State operations ---- | \$553,985 | \$652,087 | \$690,769 | \$+38,682 | +5.9 |
| Capital outlay ----- | 107,949 | 96,656 | 70,104 | -26,552 | -27.4 |
| Local assistance ----- | 1,502,083 | 1,657,743 | 1,654,213 | -3,530 | -0.2 |
| Grand Totals ----- | \$2,164,017 | \$2,406,486 | \$2,415,086 | \$+8,600 | +0.3 |
| General Fund ----- | 2,109,105 | 2,393,065 | 2,398,301 | +5,236 | +0.2 |
| Bond Fund ----- | 17,234 | 2,393 | -- | -2,392 | -100.0 |
| Tideland oil revenue | 37,678 | 11,028 | 16,785 | +5,757 | +52.2 |

Summary of Federal Support to Education

In the 1970-71 budget year it is anticipated that California will receive a total of \$284 million in federal assistance for education for grades K-14 and for adult education. Table 5 outlines the major programs and subprograms of federal assistance and indicates the anticipated amount of funds California will receive under each.

Table 5
Budget Estimate of Federal Aid for Public Schools in
California 1970-71

| <i>Program</i> | <i>California's Federal Aid</i> <i>(Estimate)</i> |
|---|--|
| Elementary and Secondary Education Act | |
| Title I Compensatory Education----- | \$78,954,564 |
| Education of Migrant Children----- | 6,000,000 |
| Title II School Library Resources----- | 4,166,500 |
| Title III Supplemental Educational Centers----- | 8,544,780 |
| Title IV Educational Laboratories----- | 4,000,000 |
| Title V Department of Education----- | 2,000,000 |
| Title VI Special Education----- | 2,277,633 |
| Title VIII Dropout Prevention----- | 500,000 |
| Followthrough Program----- | 841,617 |
| National Defense Education Act | |
| Title III Improvement of Instruction----- | 5,335,635 |
| Title V Guidance and Counseling----- | 1,324,875 |
| Education Professions Development Act----- | 996,363 |
| Vocational Education Act----- | 17,000,000 |
| Adult Basic Education Act----- | 1,690,787 |
| Manpower Development and Training Act----- | 12,900,000 |
| Unruh Preschool Program----- | 9,721,000 |
| Economic Opportunity Act | |
| Operation Head Start----- | 25,000,000 |
| Public Law 874----- | 70,000,000 |
| Public Law 815----- | 10,000,000 |
| Child Nutrition Program----- | 22,736,435 |
| Total Federal Assistance to California----- | \$283,990,189 |

Summary of State Expenditures for Education—Continued

Significant Issues in Federal Support to Education**Consolidated Application Form**

We recommend that legislation be introduced to require the Department of Education to develop a consolidated application form for the disbursement of federal categorical aid funds in 1971-72.

We recommend that the Department of Education be instructed to submit a progress report on the development of a consolidated application form for federal categorical aid funds to the Joint Legislative Budget Committee by November 1, 1970.

In the *Analysis of the Budget Bill 1969-70* we recommended that the Legislature "encourage the establishment of a broad base working committee composed of appropriate state level control agencies in the Department of Education that shall be made responsible for developing a consolidated federal application form and for the development of improved procedures for the application for and disbursement of federal categorical aid funds."

We pointed out at that time that districts wishing to receive federal funds under any of the instructional improvement programs such as Title I of the Elementary and Secondary Education Act are required to submit applications for specific projects or programs to the department. These are subsequently reviewed by the State Board of Education before approval is granted. The application process, or "grantmanship" as it is called by some, is complicated and time consuming for both school districts and the Department of Education. The applications for each program must generally contain a description of the proposed project, a detailed budget, a description of the school district administration responsible for administering the program and assurance that the proposal meets the requirements of the particular law. The complexity of the application process is indicated by the fact that school district administrators are required to have a working familiarity with 450 pages of federal and state directions and guidelines and over 125 pages of application forms for the programs that are listed in Table 5. In the smaller school districts in the state the variety of applications procedures places a substantial burden on limited staff time while in larger districts the separate application procedure for each program does not encourage effective planning and coordination.

It was our understanding that the United States Office of Education was encouraging, on a limited scale, state departments of education to design consolidated program applications for federal funds. The objective of such consolidated applications was to encourage effective planning and coordination of all federal programs at both the school district and state department level, to streamline federal application procedures and to encourage a more effective evaluation of the impact of such programs on the quality of education.

This recommendation was formalized in ACR 127, Resolutions Chapter 385, which requested the Superintendent of Public Instruction to establish the proposed working committee and develop a consolidated application form with the cooperation of the Department of Finance,

Summary of State Expenditures for Education—Continued

Office of the Auditor General, Office of the Legislative Analyst and representatives of the Senate and Assembly Committees on Education.

To date the requested proposal has not been submitted to the Legislature nor have the appropriate control agencies been consulted regarding such a proposal. We believe that there is substantial merit in the establishment of a consolidated application form. We, therefore, recommend that because the request of the Legislature has not been honored, legislation to mandate the development of such a procedure should be enacted.

Title III—Elementary and Secondary Education Act

The Title III program called PACE (Projects to Advance Creativity in Education) is designed to develop imaginative solutions to educational problems, to utilize more effectively research findings, and to create, design and make use of supplementary education centers. The primary objectives of Title III are to translate the latest knowledge about teaching and learning into widespread educational practice and to create an awareness of new programs and services of high quality which can be incorporated into school programs.

The Elementary and Secondary Education Act of 1965 was substantially amended by Congress in 1967. Two important changes were incorporated in the amendment. First, the administration of Title III projects would become the responsibility of the state after a state plan was prepared for Title III projects and the plan was approved by the United States Office of Education for funding. Second, the state educational agency was made responsible for the dissemination of information concerning project results.

The responsibility for the administration of Title III projects was transferred in two stages. In 1968-69 the state administered 75 percent of the state-allotted funds. During the 1969-70 fiscal year the state would administer 100 percent of the funds allocated for Title III upon approval by the United States Office of Education (USOE) of the California State Plan.

Even though California has administrative control over the Title III programs, the state is obligated to fund 12 USOE carryover projects for an expenditure of \$3,306,505 which is approximately 36 percent of the estimated 1969-70 funding level. All of the USOE projects should be completed during the fiscal year 1971-72.

As of February 1, 1970 the State of California cannot be certain of the level of federal funding for 1970-71. It has been estimated that the funding will be \$9,006,455 which is 36.5 percent less than the \$14,169,583 of the previous year. Since the 1965-66 fiscal year, \$57,350,473 has been expended in California for Title III projects. Table 6 indicates the expenditures in California since the enactment of Title III.

Table 6

| 1965-66 | 1966-67 | 1967-68 | 1968-69 | 1969-70 |
|-------------|--------------|--------------|--------------|--------------------------|
| \$6,145,597 | \$11,579,697 | \$16,449,794 | \$14,169,583 | \$9,006,455 ¹ |

¹ Estimated.

Summary of State Expenditures for Education—Continued

An accurate assessment of the benefits of Title III programs in California is not available due to a lack of objective evaluation data. The lack of evaluation has been due largely to the fact that Title III has been administered in the past by the U.S. Office of Education. Now that the state has acquired the administration of this program a major weakness has been removed and current regulations require the state to make a written report of project evaluations to the State Board of Education and the U.S. Office of Education.

Legislative Title III Requirements

The 1968 Legislature, distressed by the lack of progress and evaluation of Title III programs, enacted Chapter 1442, Statutes of 1968. The legislation established an Educational Innovation Advisory Commission composed of representatives from the Legislature, the Superintendent of Public Instruction and 11 members appointed by the State Board of Education.

Projects are initiated by the local educational agency, reviewed for program form and content by the Bureau of Program Planning and Development and presented to the Educational Innovation Advisory Commission for approval. Projects are then recommended to the State Board of Education for inclusion in the state plan funded by the U.S. Office of Education.

The legislation which established the Educational Innovation Advisory Commission also established policy guidelines regarding the allocation of Title III funds, as well as the types of projects which are to be emphasized.

Additional legislation has been enacted which restricts the amount of funds available for regular Title III projects. Table 7 lists the legislation and the amount of funds which will be required by legislative authorization through the 1971-72 fiscal year.

Table 7
Legislation Affecting ESEA Title III Funding

| | 1969-70 | 1970-71 | 1971-72 |
|--------------------------------|--------------------------|--------------------------|---------------|
| I. AB 1865 (1968) ----- | \$9,006,455 ¹ | \$8,105,809 ² | \$8,105,809 |
| II. AB 920 (1968) ----- | --- | 50,000 | --- |
| III. AB 1610 (1968) ----- | 328,000 | 364,000 | --- |
| IV. AB 1035 (1969) ----- | 512,000 | 2,234,000 | 4,459,000 |
| V. AB 887 (1969) ----- | --- | 125,000 | 125,000 |
| Total Required Funds ----- | \$9,846,455 | \$10,928,809 | \$12,639,809 |
| Available ESEA III Funds ----- | 9,006,455 | 9,006,455 | 9,006,455 |
| Difference ----- | \$(840,000) | \$(1,922,354) | \$(3,633,354) |

¹ Represents the total allocation in the approved California State Plan for 1969-70, and reconciles the comprehensive mandates of state law (AB 1865) with the federal continuation obligations required by the U.S. Commissioner of Education; it includes \$38,976 as provided for in the "More Effective Schools Act", SB 40, 1968 (one district only).

² Does not include an unknown amount that might yet be awarded to a second district allowed in SB 40.

If the funding level for Title III remains the same as the 1969-70 amount (column 1, Table 7) of \$9,006,455, there will be insufficient available funds to finance the mandated projects. The available funds deficit is based upon the mandated amount contained in each Bill listed in Table 7. The deficit will amount to \$840,000 for 1969-70, \$1,922,354 for 1970-71 and \$3,633,354 for 1971-72.

General Summary

Education

Summary of State Expenditures for Education—Continued

Currently, Title III has 154 active projects throughout the state. Table 8 is an informational table designed to illustrate the general categories of projects and the accompanying cost.

Table 8
Title III Projects
1968-69

| | | |
|--|-----|--------------|
| New Supplementary Education Centers ----- | 21 | \$1,931,010 |
| Continuation of Centers Projects ----- | 14 | 1,268,254 |
| New USOE Projects ----- | 2 | 495,000 |
| Continuation USOE Projects ----- | 10 | 2,811,505 |
| New General and Handicapped Projects (State) ----- | 33 | 1,339,986 |
| Continuation—General and Handicapped Projects ---- | 74 | 5,355,714 |
| <hr/> | | <hr/> |
| Total Projects ----- | 154 | \$13,201,469 |
| Administration of Title III ----- | | 989,496 |
| | | <hr/> |
| | | \$14,182,781 |
| | | <hr/> |

Title III—Administrative Funds

We recommend that legislation be enacted to provide guidelines for the expenditure of funds allotted for the administration of Title III. Such guidelines should control expenditures for personnel, travel, equipment, contractual agreements, independent studies and consulting services. Federal regulations specify that the cost of administering Title III projects within a state cannot exceed 7½ percent of the state allotment. The cost of administration in California for 1968-69 was \$968,114 which is \$21,382 less than the maximum permissible.

Although there was an overall budget surplus there was a budget deficit for one particular item of \$339,181. The overexpenditure was listed under the category of consulting services. However, a review of this item indicates that the cost was not for consulting services but for funds expended for the development of the Educational Information Service. No approval letters or authorization for the expenditure of Title III funds were made by the Bureau of Program Planning and Development or the Educational Innovation Advisory Commission. It should be noted for comparison purposes that the cost of administering Title III, ESEA is \$968,114 for a \$14,182,781 program, while the cost to administer Title I, ESEA is \$764,079 for a \$79,762,839 program.

During the current year a total of 35 positions are filled in the Bureau of Program Planning and Development and are paid from Title III funds allocated for administration. Of the 35 employees, six are paid (at least in part), by the Bureau of Program Planning and Development, but work in other divisions or bureaus within the Department of Education. It is understandable that some costs will be incurred by other departments as a direct result of the administration of Title III projects. However, there is no record available to indicate the amount of time or cost actually chargeable to Title III.

Summary of State Expenditures for Education—Continued

Title III—Dissemination of Results

We recommend that legislation be enacted to establish objectives for the dissemination of results of Title III ESEA to insure that information on project findings are directed toward the adoption of promising educational practices. The success of Title III, ESEA is largely dependent upon the extent to which innovations demonstrated through Title III projects are adopted by school districts. Toward this end, the most promising projects must be identified, evaluated and disseminated within the state educational framework.

Among other changes, the 1967 amendments to Title III, ESEA transferred responsibility for dissemination to state educational agencies and provided funds for this purpose. Federal guidelines on dissemination restrict local educational agencies from expending funds or developing dissemination programs aimed outside of the local educational agency.

The state educational agency is required to build a program directed toward the dissemination of the results of project evaluation which would lead to adoption of promising educational practices.

The Bureau of Program Planning and Development has made the decision that dissemination should be through the media of printed materials and television programs. From July 1 to December 31, 1969, an estimated minimum of \$27,643 was expended on dissemination excluding the bureau's staff salary and expenses. The expenditure for printed material was \$9,293 and for television productions \$18,350. For the period January 1, 1970 to June 30, 1970, the estimated cost will be \$65,804. The expenditure for printed material is \$26,544 and for television productions \$39,260. A total cost for the fiscal year of 1969-70 is estimated to be \$93,447. It should be noted that these are minimum costs because some of the programs are still in the planning stage. We believe it is difficult to justify this type of expenditure when viewed from the federal guidelines and state legislative intent.

Overlap Among Three Commissions

We recommend that legislation be enacted to redefine the objectives and functions of the commissions and committees outlined in Chapter 1442, Statutes of 1968 (AB 1865), Chapter 1493, Statutes of 1969 (AB 1035) and Chapter 784, Statutes of 1969 (AB 606) in order to eliminate duplication of effort and functional conflicts. Three commissions have been established during the 1968 and 1969 Regular Sessions of the Legislature which have overlapping and conflicting functions.

1. *The Educational Innovation Advisory Commission.*

Chapter 1442, Statutes of 1968 (AB 1865) established this commission to administer the State Plan for Innovative Educational Programs under the Elementary and Secondary Education Act, Title III. The commission is required by federal law. It is required to advise the State Board of Education on policy matters, determine criteria for approval of applications, review, and evaluate innovative educational programs.

Summary of State Expenditures for Education—Continued

2. *The Educational Research Commission.*

Chapter 1493, Statutes of 1969 (AB 1035) established this body to administer the Innovative Schools Program and provided it to be funded from Title III, ESEA funds. The commission can hire personnel, receive and expend funds, operate innovative schools and determine the program of instruction.

3. *The Advisory Committee on Program and Cost-Effectiveness.*

Chapter 784, Statutes of 1969 (AB 606) established a special committee to evaluate and advise the State School Board of Education on projects to be approved for Titles I and III of ESEA, the Miller-Unruh Basic Reading Act.

Of the three commissions, the first is federally mandated and latter two are state mandated. Table 9 shows the source of funding, each commission's function, basic program and illustrates the duplication of policy and evaluation.

The purpose of the ESEA, Title III (AB 1865) program is to find innovative solutions to educational problems by programs *within a district*. The purpose of the Educational Research Commission (AB 1035) is to find innovative solutions to educational problems *within a designated innovative school*. Both commissions are attempting to perform essentially the same function. What distinguishes these two commissions is that one (the AB 1865 commission) reports to the State Board of Education while the other commission (AB 1035) reports to the Legislature. Each commission is required to evaluate projects for program achievement and cost-effectiveness and to make recommendations on programs to be funded or expanded.

The Advisory Committee on Program and Cost-Effectiveness has a function that cuts across the programs and has functional characteristics of the AB 1865 and the AB 1035 commissions. In fact, the AB 606 commission evaluates, on a cost-effective basis, projects that have already been evaluated on a program basis, and may make recommendations on programs which may be in direct conflict with recommendations of the other commissions.

Table 9
Duplication Among Commissions
(Policy, Evaluation and Program)

| <i>Educational Innovation Advisory Commission (ESEA Title III— Federal)</i> | <i>Advisory Committee on Program and Cost- Effectiveness (AB 606—State)</i> | <i>Educational Research Commission (AB 1035—State)</i> |
|---|--|--|
| <i>Funding</i> Federal: ESEA Title III | <i>Funding</i> State: AB 606 (1969) | <i>Funding</i> Federal: ESEA Title III |
| <i>Commission's Function</i> A. Advises the State Board of Education on: 1. Policies and guide- lines for approving experimental or in- novative projects. | <i>Committee's Function</i> A. Advises the State Board of Education on: 1. Policies and guide- lines for approving experimental or in- novative projects. | <i>Commission's Function</i> A. Reports to the Legis- lature on: 1. Policies and guide- lines for approving innovative and expe- rimental programs for the Innovative Schools Program. |

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General Summary

Summary of State Expenditures for Education—Continued

Table 9—Continued
Duplication Among Commissions
(Policy, Evaluation and Program)

| <i>Educational Innovation Advisory Commission (ESEA Title III— Federal)</i> | <i>Advisory Committee on Program and Cost- Effectiveness (AB 606—State)</i> | <i>Educational Research Commission (AB 1035—State)</i> |
|--|---|--|
| <i>Funding</i> Federal: ESEA Title III | <i>Funding</i> State: AB 606 (1969) | <i>Funding</i> Federal: ESEA Title III |
| <i>Commission's Function</i> B. Advises the State Board of Education on: | <i>Committee's Function</i> B. Advises the State Board of Education on: | <i>Commission's Function</i> B. Reports to the Legis- lature on: |
| 2. Reviews and evalu- ates innovative or experimental proj- ects. | 2. Reviews and evalu- ates innovative or experimental proj- ects. | 2. Reviews and evalu- ates innovative or experimental proj- ects. |
| 3. Makes a determina- tion of the degree of program achieve- ment and cost-ef- fectiveness. | 3. Makes a determina- tion of the degree of program achieve- ment and cost-ef- fectiveness. | 3. Makes a determina- tion of the degree of program achieve- ment. |
| 4. Prepares and sub- mits a report of ac- tivities, recommen- dations and evalua- tions. | 4. Prepares and sub- mits a report of ac- tivities, recommen- dations and evalua- tions. | 4. Prepares and sub- mits a report of ac- tivities, recommen- dations and evalua- tions. |
| <i>Programs</i> Research, experimenta- tion, and innovation to solve educational prob- lems with an emphasis on reading and math. | <i>Programs</i> Not applicable | <i>Programs</i> Research, experimenta- tion, and innovation to solve educational prob- lems with an emphasis on reading and math. |

Title V—Elementary and Secondary Education Act

Title V of the Elementary and Secondary Education Act authorizes a system of grants from the federal government to "stimulate and assist states in strengthening the leadership resources of their educational agencies, and to assist those agencies in the establishment and improvement of programs to identify and meet the educational needs of the states." The federal legislation places few restrictions on the utilization of Title V funds but indicates that appropriate expenditures might include educational planning, data collection, dissemination of information, research and demonstration, publication, teacher training and consultative services. Projects which are 100 percent federally funded are initiated, reviewed and approved by the State Board of Education on the advice of the Department of Education. In 1968 Title V was amended to provide that each state shall include in its application for federal support a plan for distributing "in an equitable manner on the basis of need among local agencies 10 percent of the total amount appropriated to the state."

Table 10 reviews the projects and expenditures of Title V throughout the five years of its operation in California.

General Summary

Education

Summary of State Expenditures for Education—Continued

Table 10

Title V ESEA Funding

Expenditures, fiscal years 1965-66 through 1968-69

| <i>Abbreviated Title of Project (Funded Since Program Inception)</i> | <i>1965-66 Expenditures</i> | <i>1966-67 Expenditures</i> |
|--|---------------------------------|---------------------------------|
| A. D. Little Survey----- | \$202,770 | \$5,749 |
| Committee of Seven----- | 4,571 | -- |
| Program Planning Unit----- | 83,919 | 153,817 |
| Advanced Placement----- | 12,285 | 61,750 |
| English Framework----- | 4,030 | 34,207 |
| Social Sciences Framework----- | 31,772 | 79,947 |
| Science Framework----- | 9,704 | 27,147 |
| Bill of Rights----- | 48,481 | 64,614 |
| State Comm. Pub. Education----- | 44,763 | 188,190 |
| School Bus. Admin. Workshops----- | 2,639 | 24,407 |
| Transportation Supervision----- | 855 | -- |
| School Planning----- | 15,430 | 36,245 |
| Test Kitchen----- | 7,000 | 17,005 |
| J. C. Advisory Panel----- | 19,403 | 63,756 |
| Data Processing Educational Info Systems----- | 70,835 | 110,821 |
| Innovation Exchange----- | 1,651 | 4,645 |
| Mexican American Children----- | 15,061 | 74,986 |
| Teacher Supply-Demand----- | 53,040 | 473 |
| Instructional TV----- | 4,376 | 28,177 |
| Arts and Humanities----- | 3,458 | 26,047 |
| Staff Inservice Training----- | 1,074 | 30,084 |
| Intergroup Relations----- | 2,674 | -- |
| Study of Desegregation----- | 1,162 | 5,481 |
| Junior High Schools----- | 12,607 | 29,781 |
| Review Education Code----- | 44,822 | -- |
| Economics Education----- | 16,407 | 25,071 |
| Editor Services Project Talent----- | 10,472 | -- |
| Adult Spanish Surnames----- | 9,399 | 20,828 |
| Conservation Education----- | 3,117 | 1,593 |
| Teacher Records----- | 148,033 | 28,025 |
| Strengthening Admin. Services----- | -- | 34,065 |
| Health Instruction Guidelines----- | -- | 32,000 |
| Reading Grades 1 & 2----- | -- | 27,000 |
| 1st Grade Reading Test Analysis----- | -- | 8,100 |
| Textbook Evaluation Study----- | -- | 25,408 |
| Progress, Physically Underdeveloped----- | -- | 18,000 |
| Special Education Data Collection----- | -- | 40,000 |
| State Board Clerical Assistance----- | -- | -- |
| NDEA III Strengthening Crit. Subjects----- | -- | -- |
| NDEA X Imp. Stat. Services----- | -- | -- |
| Departmental Reorganization----- | -- | -- |
| Accreditation Workshop----- | -- | -- |
| Curriculum Mentally Gifted----- | -- | -- |
| Adult Education Adv. Committee----- | -- | -- |
| Continuation Education Workshops----- | -- | -- |
| Curriculum Abstracts----- | -- | -- |
| Education Prof. Development Act Admin.----- | -- | -- |
| P. E. Framework----- | -- | -- |
| Model Inservice Programs----- | -- | -- |
| Drug Abuse Education Program----- | -- | -- |
| Reading Workshops----- | -- | -- |
| Foreign Language Framework----- | -- | -- |
| Civic Education----- | -- | -- |
| Distribution to LEA's----- | -- | -- |
| Totals ----- | \$885,810 | \$1,327,419 |

Education

General Summary

Summary of State Expenditures for Education—Continued

Table 10—Continued
Title V ESEA Funding

Expenditures, fiscal years 1965-66 through 1968-69

| Abbreviated Title of Project (Funded Since Program Inception) | 1967-68 Expenditures | 1968-69 Expenditures |
|--|-------------------------|-------------------------|
| A. D. Little Survey----- | -- | -- |
| Committee of Seven----- | -- | -- |
| Program Planning Unit----- | \$178,323 | -- |
| Advances Placement----- | 78,282 | \$31,273 |
| English Framework----- | 60,650 | 99,742 |
| Social Sciences Framework----- | 79,917 | 29,195 |
| Science Framework----- | 35,803 | 28,586 |
| Bill of Rights----- | 42,325 | -- |
| State Comm. Pub. Education----- | 92,850 | -- |
| School Bus. Admin. Workshops----- | 13,625 | 24,263 |
| Transportation Supervision----- | 2,433 | 7,223 |
| School Planning----- | 37,153 | 92,436 |
| Test Kitchen----- | -- | -- |
| J. C. Advisory Panel----- | 56,334 | -- |
| Data Processing Educational Info. System----- | 174,264 | 151,383 |
| Innovation Exchange----- | 1,645 | 1,770 |
| Mexican American Children----- | 72,694 | 85,851 |
| Teacher Supply-Demand----- | -- | -- |
| Instructional TV----- | 31,894 | 37,065 |
| Arts and Humanities----- | 54,927 | 66,566 |
| Staff Inservice Training----- | 37,574 | 72,168 |
| Intergroup Relations----- | -- | -- |
| Study of Desegregation----- | 27,321 | 25,168 |
| Junior High Schools----- | -- | -- |
| Review Education Code----- | -- | -- |
| Economics Education----- | 32,974 | 13,980 |
| Editor Services Project Talent----- | -- | -- |
| Adult Spanish Surnames----- | 27,850 | 19,575 |
| Conservation Education----- | 22,309 | 33,086 |
| Teacher Records----- | -- | -- |
| Strengthening Admin. Services----- | 56,773 | 75,720 |
| Health Instruction----- | 41,000 | -- |
| Reading Grades 1 & 2----- | -- | -- |
| 1st Grade Reading Test Analysis----- | -- | -- |
| Textbook Evaluation Study----- | -- | -- |
| Progress Physically Underdeveloped----- | 5,000 | -- |
| Special Education Data Collection----- | -- | -- |
| State Board Clerical Assistance----- | 6,394 | 20,115 |
| NDEA III Strengthening Crit. Subjects----- | 195,891 | 178,535 |
| NDEA X Imp. Stat. Services----- | 27,338 | 32,669 |
| Departmental Reorganization----- | 10,963 | 38,164 |
| Accreditation Workshop----- | 2,452 | 3,030 |
| Curriculum Mentally Gifted----- | 79,702 | -- |
| Adult Education Advisory Committee----- | 15,989 | 45,586 |
| Continuation Education Workshops----- | 10,000 | 21,059 |
| Curriculum Abstracts----- | 2,644 | 13,592 |
| Education Prof. Development Act Admin.----- | 10,481 | 12,384 |
| P. E. Framework----- | 1,544 | 13,297 |
| Model Inservice Programs----- | -- | -- |
| Drug Abuse Educational Program----- | 3,500 | -- |
| Reading Workshops----- | 54,016 | -- |
| Foreign Language Framework----- | 21,820 | -- |
| Civic Education----- | 33,000 | -- |
| Distribution to LEA's----- | -- | 198,080 |
| Coord. State Fed. Preschool Program----- | -- | 24,629 |

General Summary

Education

Summary of State Expenditures for Education—Continued

Table 10—Continued
Title V ESEA Funding

Expenditures, fiscal years 1967-68 and 1968-69—Continued

| Abbreviated Title of Project (Funded Since Program Inception) | 1967-68 Expenditures | 1968-69 Expenditures |
|--|-------------------------|-------------------------|
| Selection of Test Instruments | --- | 66,058 |
| Bulletin Laws Except Child | --- | 5,000 |
| Departmental Administration | --- | --- |
| Blind/Multihandicapped | --- | 20 |
| Common Data Base | --- | 51,546 |
| Think-In on Gifted | --- | 3,520 |
| Role Ethnic Minorities | --- | 10,000 |
| Student Councils | --- | 10 |
| Tests for Certification | --- | 29,655 |
| Test Bilingualism | --- | 24,000 |
| Analysis State Test Results | --- | 14,000 |
| Totals | \$1,739,654 | \$1,699,999 |

In reviewing Table 10 it should be noted that (1) individual Title V projects involve a small portion of the state's total allocation, (2) once established, projects are seldom terminated and (3) there is no particular emphasis on central direction to the projects. Table 11 reviews projects by division and demonstrates that the trends established in the past have continued in the current year.

Table 11
ESEA Title V Estimated Expenditures 1969-70
Departmental Activities by Divisions

| | Man- years | Salaries | Contracts | Equip- ment | Other | Total |
|-------------------------------------|---------------|-----------|-----------|----------------|----------|-----------|
| <i>Departmental Administration</i> | | | | | | |
| State Board Clerical | 3.0 | \$19,600 | 0 | \$100 | \$7,300 | \$27,000 |
| Innovative Exchange | 0 | 0 | \$1,500 | 0 | 3,500 | 5,000 |
| Management Information System | 16.0 | 154,509 | 0 | 0 | 20,491 | 175,000 |
| Departmental Reorganization | 2.0 | 28,200 | 1,200 | 0 | 5,600 | 35,000 |
| Strengthening Adm. Services | 10.0 | 79,535 | 0 | 22,812 | 15,653 | 118,000 |
| Staff Inservice Training | 4.0 | 40,428 | 16,000 | 1,930 | 31,642 | 90,000 |
| Subtotal | 35.0 | \$322,272 | \$18,700 | \$24,872 | \$84,186 | \$450,000 |
| <i>Public School Administration</i> | | | | | | |
| Improving Statistical Services | 2.8 | \$26,734 | \$4,221 | 0 | \$14,045 | \$45,000 |
| Textbook Utilization | 1.5 | 20,375 | 0 | \$1,017 | 6,608 | 28,000 |
| Business Adm. Workshops | 2.0 | 25,766 | 1,440 | 0 | 4,794 | 32,000 |
| School Planning Services | 4.7 | 64,810 | 11,055 | 260 | 31,875 | 108,000 |
| Subtotal | 11.0 | \$137,685 | \$16,716 | \$1,277 | \$57,322 | \$213,000 |
| <i>Compensatory Education</i> | | | | | | |
| State/Federal Preschool Coord. | 5.0 | \$55,260 | \$2,000 | \$65 | \$17,675 | \$75,000 |
| Intergroup Tensions | 1.5 | 20,218 | 800 | 0 | 5,982 | 27,000 |
| Subtotal | 6.5 | \$75,478 | \$2,800 | \$65 | \$23,657 | \$102,000 |

Education

General Summary

Summary of State Expenditures for Education—Continued

Table 11—Continued
ESEA Title V Estimated Expenditures 1969-70
Departmental Activities by Divisions

| | Man- years | Salaries | Contracts | Equip- ment | Other | Total |
|---|---------------|-----------|-----------|----------------|-----------|-------------|
| <i>Instruction</i> | | | | | | |
| Title V Admin. Unit----- | 2.0 | \$27,223 | \$4,211 | \$493 | \$9,130 | \$41,057 |
| Adult Educ. Advisory | | | | | | |
| Comm.----- | 2.25 | 25,897 | 2,313 | 0 | 12,733 | 50,943 |
| Student Councils----- | 0 | 0 | 3,000 | 0 | 2,000 | 5,000 |
| Critical Subjects Super- vision----- | 9.0 | 71,714 | 77,977 | 0 | 28,809 | 178,500 |
| Mexican American Educa- tion Research----- | 5.0 | 67,165 | 6,788 | 380 | 25,667 | 100,000 |
| Adult Spanish Surnames | 1.0 | 8,206 | 7,000 | 0 | 8,794 | 24,000 |
| Instructional TV----- | 2.0 | 25,671 | 5,107 | 200 | 9,022 | 40,000 |
| Curriculum Abstracts-- | 0 | 0 | 0 | 0 | 7,000 | 7,000 |
| Health Guidelines----- | 0 | 0 | 5,800 | 0 | 9,200 | 15,000 |
| P E Framework----- | 0 | 0 | 22,500 | 0 | 500 | 23,000 |
| P E Flexible Schedules-- | 1.5 | 18,405 | 1,669 | 1,135 | 6,791 | 28,000 |
| Physical Performance | | | | | | |
| Test----- | 0 | 0 | 25,000 | 0 | 0 | 25,000 |
| Advanced Placement--- | .3 | 2,200 | 18,750 | 0 | 9,050 | 30,000 |
| Arts and Humanities--- | 2.1 | 26,167 | 44,689 | 0 | 24,144 | 95,000 |
| Conservation Education-- | 2.0 | 24,714 | 2,800 | 0 | 7,486 | 35,000 |
| Continuation Education-- | 2.0 | 24,548 | 500 | 0 | 6,952 | 32,000 |
| Economics Education--- | .3 | 4,936 | 2,630 | 0 | 2,434 | 10,000 |
| English Framework----- | 2.0 | 25,401 | 37,469 | 600 | 11,530 | 75,000 |
| Foreign Language | | | | | | |
| Framework----- | .2 | 1,784 | 15,497 | 405 | 4,314 | 22,000 |
| Model In Service----- | 0 | 0 | 15,000 | 0 | 0 | 15,000 |
| Science Curriculum----- | 1.0 | 6,514 | 8,200 | 0 | 15,286 | 30,000 |
| Social Sciences----- | .2 | 1,080 | 22,115 | 0 | 10,905 | 34,100 |
| Subtotal----- | 33.05 | \$362,885 | \$341,715 | \$3,213 | \$207,787 | \$915,600 |
| DEPARTMENTAL | | | | | | |
| TOTAL----- | 85.55 | \$909,446 | \$356,307 | \$29,014 | \$376,733 | \$1,671,500 |
| Distribution to Local Education Agencies----- | | | | | | 200,000 |
| Development of Educational Objectives----- | | | | | | 30,000 |
| Total ESEA Title V Application----- | | | | | | \$1,910,600 |

In general, the quality and results of Title V projects vary greatly. Although some have contributed to strengthening the Department of Education, others are of extremely questionable value. The following excerpts from projects reviewed in the state's *Annual Report for Fiscal Year 1968-69, Title V ESEA, California* demonstrate this point.

\$25,000—State Board Clerical. These funds were expended for clerical assistance to the special assistant to the State Board of Education, most of which was utilized to answer public correspondence to the board.

\$5,000—Innovative Exchange. This was not a single project but a number of activities which included (1) the development of *Guidelines*

Summary of State Expenditures for Education—Continued

for *Moral Instruction in California Schools*, (2) the travel expenses of one staff member to "Stuttgart, Germany to attend the 39th International Congress of Americanists and extend to (that) body an official invitation to meet in California in 1970" and (3) consultant services to develop "a recommendation outlining the responsibilities of school district teaching 'Family Life and Sex Education.' "

\$80,986—Inservice Training Program. Included in this project was driver training for approximately 500 departmental employees, new employee orientation and speakers.

Many Title V projects, however, do deal with areas of public education in which the state could provide significant leadership but, because of the limited scope and lack of priorities, the impact is negligible. For the most part projects involve the employment of departmental consultants and clerical assistants. Further, many of the projects are duplicative in nature with little or no interrelationship. In the current year there are two projects involving Mexican-American education, four projects involving health and physical education and eight projects in the development of instructional frameworks.

We recommend that legislation be enacted to provide guidelines for the Department of Education in the allocation of Title V funds. Such guideline should include (1) state priorities for the allocation of funds, (2) a formalized system of project approval and (3) annual reporting to the Legislature on project funds and results achieved. We believe that many of the weaknesses in Title V ESEA projects can be directly traced to the departmental system of approving projects. Proposals are generally conceived at the bureau level and submitted to the department's cabinet by the operating head of the division involved. There is little in the way of project planning or budget development and no formal application procedure.

It is important to note that a proposal under Title V is an indication of weakness in an area of the department's operation. This could be a damaging admission for a divisional administrator to make to the policy body of the department. This has resulted in the large number of projects of questionable value. When, however, an area is identified, the need to distribute funds throughout the department compounded by the lack of comprehensive assessment of the magnitude of the problem dilutes the funds for the project.

This situation is further complicated by the general inability to terminate projects once they are initiated. In the current year over one-half of the projects established in 1965-66 are still in operation. This results from the fact that the termination of a project involves an indication that the problem no longer exists. Pressure for the continuance of projects is also created by the departmental practice of hiring staff for these activities. In the current year, for example, departmental salaries amount to approximately 54 percent of the project expense.

Summary of State Expenditures for Education—Continued

Further substantiation for the conclusion that Title V lacks direction and in the annual unexpended balances effective supervision can be found in Title V funds as can be seen in Table 12.

Table 12
Unexpended Balances of ESEA Title V
1965-66—1968-69

| | 1965-66 | 1966-67 | 1967-68 | 1968-69 |
|-------------------------|-------------|-------------|-------------|-------------|
| Total Allocation ----- | \$1,005,831 | \$1,437,553 | \$1,895,749 | \$1,908,448 |
| Total Expenditure ----- | 885,810 | 1,327,419 | 1,739,654 | 1,699,999 |
| Amount Unexpended ----- | \$120,021 | \$110,134 | \$156,095 | \$208,449 |

These figures demonstrate that during the four-year period the department has received Title V funds, over \$500,000 has reverted to the federal government in unexpended balances. This represents approximately 10 percent per year.

We believe that policy direction and program priorities are required for more effective utilization of Title V funds and recommend that legislation be enacted to provide this direction. In past years the Legislature has provided similar direction to both Title I and Title III of the Elementary and Secondary Education Act and the Education Professions Development Act. Such legislation should instruct the Department of Education to report annually on the activities funded and results achieved through Title V.

STATE AND LOCAL SUPPORT TO PUBLIC SCHOOLS

While state contributions to public education represent a significant portion of the state budget they constitute a much smaller portion of the total expenditures for education within the state. The other major source of support is the local property tax. It has been suggested that because of frequent changes in state contribution to the total cost of education, a standard measure of state responsibility should be established. The most frequent proposal recommends that the state contribute 50 percent of the total cost of education.

Recommendations of this type usually define the relationship between state and local expense in the narrow sense, i.e., as the percentage relationship of State School Fund apportionments to state and local general fund revenues for public school purposes. Table 13 reviews this relationship since 1930-31.

General Summary

Education

Summary of State Expenditures for Education—Continued

Table 13
General Fund Revenues of School Districts From
State School Fund and Local Sources
1930-31 to 1968-69 (est.)

| <i>Fiscal year</i> | <i>Total General Fund revenues of school districts (State and local) ^{1,2}</i> | <i>State School Fund ³</i> | <i>Percent State School Fund to total</i> |
|--------------------|---|---|---|
| 1930-31 | \$151,657,836 | \$27,037,158 | 17.8% |
| 1931-32 | 159,025,563 | 28,339,273 | 17.8 |
| 1932-33 | 149,550,938 | 28,339,273 | 18.9 |
| 1933-34 | 125,778,387 | 69,947,572 | 55.6 |
| 1934-35 | 124,117,780 | 69,947,572 | 56.4 |
| 1935-36 | 127,568,111 | 71,619,718 | 56.1 |
| 1936-37 | 133,374,081 | 71,619,718 | 53.7 |
| 1937-38 | 152,191,508 | 72,332,130 | 47.5 |
| 1938-39 | 162,386,349 | 72,332,130 | 44.5 |
| 1939-40 | 174,177,972 | 77,189,539 | 44.3 |
| 1940-41 | 178,075,151 | 77,189,539 | 43.3 |
| 1941-42 | 177,539,061 | 79,821,811 | 45.0 |
| 1942-43 | 185,969,184 | 79,821,811 | 42.9 |
| 1943-44 | 178,730,077 | 97,813,910 | 54.7 |
| 1944-45 | 192,726,916 | 97,813,910 | 50.8 |
| 1945-46 | 213,408,592 | 96,157,108 | 45.1 |
| 1946-47 | 238,627,746 | 101,436,961 | 42.5 |
| 1947-48 | 294,729,778 | 173,521,609 | 58.9 |
| 1948-49 | 385,647,879 | 185,787,370 | 48.2 |
| 1949-50 | 470,420,684 | 199,418,284 | 42.4 |
| 1950-51 | 531,116,387 | 215,255,637 | 40.5 |
| 1951-52 | 656,308,835 | 223,961,450 | 34.1 |
| 1952-53 | 759,625,678 | 270,638,000 | 35.6 |
| 1953-54 | 738,493,801 | 367,182,801 | 49.7 |
| 1954-55 | 804,345,803 | 395,622,803 | 49.2 |
| 1955-56 | 882,855,804 | 428,482,804 | 48.5 |
| 1956-57 | 1,017,748,160 | 461,232,160 | 45.3 |
| 1957-58 | 1,150,157,621 | 498,630,621 | 43.4 |
| 1958-59 | 1,304,831,800 | 575,224,800 | 44.0 |
| 1959-60 | 1,447,958,245 | 638,401,245 | 44.0 |
| 1960-61 | 1,590,411,682 | 680,331,682 | 42.8 |
| 1961-62 | 1,741,834,480 | 717,427,480 | 41.2 |
| 1962-63 | 1,886,167,364 | 762,964,364 | 40.5 |
| 1963-64 | 2,193,337,453 | 839,340,587 | 38.3 |
| 1964-65 | 2,433,975,602 | 937,400,245 | 38.5 |
| 1965-66 | 2,663,827,775 | 997,288,275 | 37.4 |
| 1966-67 | 2,973,706,781 | 1,049,793,833 | 35.3 |
| 1967-68 | 3,403,000,431 | 1,271,933,477 | 37.4 |
| 1968-69 (est.) | 3,590,030,068 | 1,315,158,004 | 36.6 |

¹ Based on expenditures for period 1930-31 through 1952-53 and based on revenues from 1953-54 to present.

² From Controller's reports: Financial Transactions concerning School Districts of California, and state budget documents, 1930 to present.

³ Excludes many items funded outside State School Fund (i.e., free textbooks, child care centers, state school building aid, etc.).

These figures indicate that only seven times in the 39-year period did the state contribute 50 percent or more and the most recent occurrence was in 1947-48. This relationship, however, is an inaccurate picture of the state's effort regarding public education because it does not reflect other educational expenditures appropriated through budget action. Table 14 reviews all state expenditures for education and indicates that the state has assumed a greater share of total educational expenditures than the former, more narrowly defined, relationship would indicate.

Table 14
Revenues for Public School Support from State and Local Sources
1963-64 through 1968-69 (est.)

| <i>State Subventions for Public Schools</i> ¹ | 1963-64 | 1964-65 | 1965-66 | 1966-67 | 1967-68 | 1968-69 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------------------|
| State School Fund Apportionment | \$839,340,587 | \$937,400,245 | \$997,288,275 | \$1,049,793,833 | \$1,271,933,477 | \$1,315,158,004 |
| Teachers' Retirement | 47,239,000 | 52,513,029 | 59,750,000 | 61,000,000 | 61,500,000 | 71,500,000 |
| Free Textbooks | 10,906,962 | 11,980,511 | 7,253,421 | 17,525,648 | 19,145,555 | 19,631,786 |
| Debt Service School Building Bonds | 35,689,535 | 45,411,436 | 50,110,455 | 62,156,543 | 53,175,487 | 48,452,390 |
| Children's Centers | 5,792,605 | 6,413,688 | 7,274,679 | 7,576,415 | 14,467,732 | 13,951,764 |
| Vocational Education | 230,271 | 230,271 | 230,271 | 980,161 | 917,904 | 875,216 |
| Assistance to New Junior Colleges | 2,785,493 | 420,377 | --- | 3,154,398 | 1,774,486 | 4,269,149 |
| Assistance to Public Libraries | 800,000 | 798,509 | 800,073 | 988,043 | 800,000 | 1,159,694 |
| Grants to Teachers of Physically Handicapped Minors | --- | 54,229 | --- | 127,090 | 125,627 | 125,081 |
| Financial Assistance to Public Schools ² | --- | 58,307 ³ | --- | --- | --- | --- |
| Compensatory Education | --- | --- | 904,065 | 12,193,329 | 8,887,008 | 10,481,611 |
| Instructional Television | --- | --- | --- | 544,805 | 647,018 | 726,239 |
| Miller-Unruh Basic Reading Program | --- | --- | --- | 2,021,074 | 7,649,621 | 15,340,769 |
| Cooperative Improvement Program | --- | --- | --- | --- | 100,000 | --- |
| Mathematics Improvement Program | --- | --- | --- | --- | --- | 862,563 |
| Preschool Compensatory Education | --- | --- | 1,149,536 | 2,359,442 | 3,888,516 | 2,434,058 |
| Total State Subventions | \$942,784,453 | \$1,055,280,602 | \$1,124,760,775 | \$1,220,420,781 | \$1,441,512,431 | \$1,504,968,324 |
| Total General Fund Revenues of School Districts from Local Sources³ | \$1,250,553,000 | \$1,378,695,000 | \$1,539,067,000 | \$1,753,286,000 | \$1,961,488,000 | \$2,085,061,744 (est.) |
| Total General Fund Revenues of School Districts (State Subventions plus Local Sources) | \$2,193,337,453 | \$2,433,975,602 | \$2,663,827,775 | \$2,973,706,781 | \$3,403,000,431 | \$3,590,030,068 (est.) |
| Percent of State School Funds Apportionments to Total State and Local | 38.27% | 38.51% | 37.44% | 35.30% | 37.38% | 36.63% (est.) |
| Percent of State Subventions to Total State and Local | 42.98% | 43.36% | 42.33% | 41.04% | 42.36% | 41.92% (est.) |

¹ Reported in Governor's Budget under Local Assistance. Excludes additional state support for public schools through related state activities, e.g., \$7.8 million in 1968-69 to the State Department of Education, \$7.0 million in 1968-69 to Special Schools for the Handicapped, and an undetermined amount for direct and indirect educational services administered by the Departments of Corrections, Youth Authority, Rehabilitation, Social Welfare and Mental Hygiene.

² Resulted from emergency legislation for districts proclaimed disaster areas by the Governor because of storms and floods.

³ Includes income from local and county sources (Controller's Report).

Summary of State Expenditures for Education—Continued

Basic Reform in the System of Public School Finance

Under the existing system of public school support vital tax resources are not being utilized in the most efficient manner. This stems basically from the fact that school districts are completely dependent upon the property tax to produce local revenue. Not only do school districts rely heavily on the property tax, but it is also an important source of revenue to all elements of local government. Table 15 compares school district property tax revenue to other major segments of local government.

Table 15
Property Tax Revenues for Local Government
1968-69

| <i>Purpose</i> | <i>Revenues (In Millions)</i> | <i>Percent of Total</i> |
|-------------------------|-----------------------------------|-------------------------|
| School districts ----- | \$2,449 | 53.6% |
| Counties ----- | 1,317 | 28.8 |
| Cities ----- | 522 | 11.4 |
| Special districts ----- | 282 | 6.2 |
| Total ----- | \$4,570 | 100.0% |

Although school districts are not the only element of local government which is dependent upon the property tax, they do collect more revenues from this source than all other segments combined. Further, total property tax rates have increased largely as a result of increases in school district levies. For example, in 1955-56, school levies totaling \$554 million constituted 43 percent of the total levies while all other segments of local government imposed levies of \$708 million or 56.6 percent. This situation was completely reversed by 1968-69 when the school levies of \$2.4 billion constituted 53 percent while other levies of \$2.1 billion were 47 percent.

We believe that there is a lack of efficiency and equity in the current system which the state should correct. Under present conditions expenditures differ markedly from district to district as demonstrated by Table 16.

Table 16
Range of School District Expenditures per Pupil 1967-68

| <i>District level</i> | <i>Low</i> | <i>High</i> | <i>Average</i> |
|-----------------------|------------|-------------|----------------|
| Elementary ----- | \$364 | \$951 | \$536 |
| High School ----- | 552 | 1,851 | 766 |
| Unified ----- | 454 | 1,739 | 631 |
| Junior College ----- | 568 | 1,220 | 727 |

This difference in expenditure level is basically due to the fragmentation of the tax base by the existence of large numbers of school districts of different levels and widely differing sizes and property values. Table 17 compares the numbers of school districts at each level to the pupil population served.

Education

General Summary

Summary of State Expenditures for Education—Continued

| Table 17 | | | | |
|------------------------------------|------------|-------------|---------|-------|
| Number of School Districts—1968-69 | | | | |
| ADA | Elementary | High school | Unified | Total |
| 0 | 4 | -- | -- | 4 |
| 1-100 | 192 | -- | 1 | 193 |
| 101-500 | 229 | 20 | 21 | 270 |
| 501-1,000 | 85 | 23 | 18 | 126 |
| 1,001-5,000 | 158 | 46 | 88 | 292 |
| 5,001-10,000 | 46 | 17 | 41 | 104 |
| Over 10,000 | 24 | 15 | 66 | 105 |
| Totals | 738 | 121 | 235 | 1,094 |

As a result of this situation there is wide variation in district ability to support educational programs. Table 18 shows the wide differences in tax base that exists among school districts.

Table 18
Assessed Valuation per ADA
1968-69

| | Elementary level | High school level | Junior college level |
|--------|------------------|-------------------|----------------------|
| Low | \$125 | \$10,350 | \$48,761 |
| Median | 12,835 | 35,347 | 141,999 |
| High | 1,156,872 | 339,362 | 377,737 |

The variety of combinations of expenditure per pupil and tax base produces a significant variation in the tax rate which property owners are required to bear. Table 19 reviews this range of tax rates.

Table 19
Range of Total Tax Rates for Public School Districts 1968-69

| District level | Low | High | Average |
|----------------|--------|--------|---------|
| Elementary | \$0.32 | \$6.75 | \$2.15 |
| High school | 0.92 | 3.13 | 1.99 |
| Unified | 1.23 | 6.77 | 4.12 |
| Junior college | 0.35 | 0.94 | 0.61 |

In some cases districts with low expenditure levels have correspondingly low tax rates. In many more cases, however, quite the opposite is true; districts with unusually low expenditures have unusually high tax rates owing to their limited tax base. Table 20 demonstrates this situation in several counties.

Table 20
Comparison of Selected Tax Rate and Expenditure Levels in Selected Counties

| | ADA | Assessed value per ADA | Tax Rate | Expenditure per ADA |
|-------------------|--------|------------------------|----------|---------------------|
| Alameda | | | | |
| Emery Unified | 638 | \$84,778 | \$2.60 | \$1,655 |
| Albany Unified | 2,569 | 9,644 | 5.64 | 651 |
| Los Angeles | | | | |
| Beverly Hills | 5,514 | \$50,444 | \$2.33 | \$1,110 |
| Baldwin Park | 13,019 | 3,579 | 5.23 | 547 |
| Kern | | | | |
| Maricopa Unified | 443 | \$40,422 | \$2.67 | \$1,196 |
| Tehachapi Unified | 1,740 | 14,451 | 4.17 | 694 |

Summary of State Expenditures for Education—Continued

The problems associated with these illogical and uneconomical features of public school finance are not new and the Legislature has taken action in the past in an attempt to improve the situation such as:

1. The Foundation Program: The computational tax is a component of the state aid apportionment formulas which is designed to reduce, to some degree, the inequities produced by variations in the tax base.

2. District Organization: A combination of support and penalties to encourage district unification. This has resulted in a reduction of 389 single purpose districts between 1964-65 and 1968-69.

3. Categorical Aids: A number of special assistance programs defray the particularly high costs associated with instruction in basic subject areas or to provide programs for a specific element of the pupil population.

These actions, however, have been insufficient in relation to the enormity of the problems associated with public school finance. We believe that basic reform is required in the system of public school finance and recommend the following criteria against which any legislation in the 1970 session should be measured.

1. *Greater equalization of school district ability should be provided through the establishment of a statewide property tax for the support of schools.* In the *Analysis of the Budget Bill 1969-70* we pointed out that the uneven distribution of taxable wealth among school districts resulted from the high degree of concentration of business and commercial property. Based on this condition we suggested a split assessment plan, wherein a uniform statewide tax might be imposed on business property, thereby allowing residential property to determine the level of educational program for the district.

While this proposal is conceptionally sound it would require a constitutional amendment and create substantial administrative problems. Consequently, we believe that a general statewide property tax should be established. It is important to note that a property tax for equalization is now mandated in those districts of sufficiently low wealth to receive equalization aid. However, those districts not eligible for such support, i.e., those with the greatest level of assessed wealth, contribute nothing to tax equity throughout the state.

We believe the statewide tax for schools should be supplemented by greater uniformity in local assessment practices. At present, there are wide variations in the assessment ratios among the counties by type of property. If these variations are not reduced, a statewide tax for school purposes could have many inequities. One method of improving assessment practices would be to substitute professionally trained personnel for the elective assessors. The local boards of supervisors would appoint such positions from a list of candidates certified by the State Board of Equalization. If no action is taken to improve the quality of local assessors and their assessment practices, then at some future date the state may have to absorb the local assessment function in order to insure equity in this school tax and the existing state supported homeowner and inventory exemptions. Under existing law these property

Summary of State Expenditures for Education—Continued

tax exemptions will cost the state over \$300 million in 1970-71. This cost could grow substantially if these programs are expanded by the 1970 Legislature. As their magnitudes increase, it becomes imperative for the state to assure that assessment practices are uniform among the counties.

2. *The number of operating school districts should be reduced for efficient organization through legislative mandate.* In only four other states do the number of operating school districts exceed the 1,156 districts in California. Through the use of financial incentives and legislative encouragements the number of districts has decreased by 1,891 over the past 33 years. Inequities still exist. There are 738 elementary districts, 196 or 26.5 percent of which have less than 100 ADA. There are 121 high school districts, 20 or 16.5 percent of which have less than 500 ADA.

The number of districts has not been reduced in recent years and we believe that substantial incentives and much stronger encouragements would be required for further unification. This is basically due to the fact that many small districts represent islands of assessed value which support high cost programs at relatively low tax rates. Therefore, a program should be instituted to lapse small inefficient districts on an orderly basis.

3. *A more meaningful definition of the foundation program should be provided and existing weaknesses in the system of apportionments of public schools should be corrected.*

The present definition of the foundation program, "a minimum acceptable level of school support" for public school pupils financed from state and local sources, is so vague as to be almost meaningless. This loose definition expressed in terms of dollars per ADA means that any foundation program figure once established is subject to criticism, inasmuch as it is neither related to the actual average current expense of education per pupil nor is it related to any category of current expenditures per pupil. The use of a foundation program figure which is not related to actual expenditures results in a rather inflexible apportionment system which fails to consider either inflationary pressures or increases in productivity. These deficiencies in the current foundation program have made it difficult for the Legislature to evaluate the adequacy of any given level of state support for the foundation program or to evaluate demands for additional state aid. The periodic legislative increases in state support for the schools, excluding categorical aid programs, have been generally based on revenue considerations instead of being based upon the adequacy of the current foundation program.

We believe state support should be based on a category of educational expenditures deemed critical to the basic education of every child such as teacher salaries, the adequacy of which could be periodically evaluated to determine the deserved level of state support.

This approach depends upon a foundation program defined in terms of support for regular classroom teachers' salaries and support for the expense of essential operations related to classroom instruction. The

Summary of State Expenditures for Education—Continued

amount of state support for an individual school district would depend upon the degree to which the district conformed to specified standards regarding teachers' salaries and pupil-teacher ratios. Districts which adhered to the proposed standards would justify the full apportionment of state support while districts which failed to meet the standards would correspondingly obtain a reduction of school apportionments.

The foundation program so defined would represent the cost of classroom instruction under average conditions. However, where special situations such as high concentrations of educationally disadvantaged children from low income families resulted in the requirement of a greater classroom expenditure, the components of this cost such as the addition of a teacher's aid or specialized equipment could be identified as required adjuncts to the base level program. It is interesting to note that even with the shortcomings of the present foundation program definition the Office of Compensatory Education has developed information which indicates that an additional expenditure of \$300 per pupil is required to produce significant educational results. On a classroom basis this information could be refined in terms of the most effective expenditure elements.

Finally, the existing system has two additional shortcomings. First, since assessed valuation is growing rapidly and school attendance is growing slowly, the equalization formulas shift support from the state to the local districts through the computation of district aid. Second, the foundation levels are established in the Education Code and are static amounts; therefore, any increases in the cost of education which result from inflation are not taken into account. We believe these elements should be corrected in any program which is designed to improve school finance.

School District Fiscal Review

Chapter 784, Statutes of 1969 (AB 606 Veysey), directed the Joint Legislative Budget Committee to conduct an independent fiscal review and analysis of projects funded by Titles I and III of the Elementary and Secondary Education Act of 1965 (as amended by P.L. 90-247, 1967), the Miller-Unruh Basic Reading Act of 1965 (Chapter 58, 1966 Statutes), Chapter 106 of the 1966 Statutes of the First Extraordinary Session (as amended by AB 938, Chapter 1596 of the 1969 Statutes), and the Education Improvement Act (AB 606, Chapter 784 of the 1969 Statutes).

Although these programs represent an annual expenditure of approximately \$150 million, and a total expenditure of \$582 million since their inception, there has been no satisfactory assessment of the effectiveness of the programs. Table 22 which follows identifies the nine programs involved and summarizes the basic fiscal data.

In order to obtain first hand knowledge of the utilization of the funds for these programs, we have developed a review team approach. These teams are now in the field examining classrooms in operation and are analyzing the effectiveness of these categorical aid programs.

The brief statements which follow summarize the objectives of the programs and then express the general observations we can make at this stage of the review.

Table 22
Program Included in Fiscal Review

| Program | Year program started | 1969-70 estimated number of students participating | 1969-70 number of participating districts | Funding source by percentage | | Estimated budget 1969-70 fiscal year | Estimated total expenditures since program started ² |
|---|----------------------------|--|--|---------------------------------|---------|---|--|
| | | | | State | Federal | | |
| ESEA Title I (compensatory education) -- | 1965-66 | 251,311 | 932 (1968-69) | -- | 100% | \$75,000,000 | \$372,988,443 |
| ESEA Title III (innovative education) --- | 1965-66 | 154 ¹ | -- | -- | 100 | 9,681,939 | 58,025,957 |
| Migrant education (part of Title I ESEA) (P.L. 89-750, 1966) ----- | 1966 | 32,800 | 184 | -- | 100 | 6,000,000 | 6,000,000 |
| Preschool education (AB 1331, 1965 Statutes) ----- | 1965-66 | 16,000 | 125 | 25% | 75 | 15,300,000 | 58,086,620 |
| McAteer Act and Chapter 106, 1966 Statutes | | | | | | | |
| Research in Teacher Education (RATE) | 1965 | -- | 14 | 100 | -- | 1,000,000 ³ | 5,623,755 |
| Demonstration programs in reading and mathematics (SB 28) ----- | 1966 | -- | 14 | 100 | -- | 3,000,000 | 11,967,202 |
| Teacher employment ----- | 1966 | -- | 40 | 100 | -- | 6,500,000 | 22,177,993 |
| Miller-Unruh Basic Reading Act of 1969 -- | 1965-66 | 100,968 | 313 | 100 | -- | 23,974,324 | 47,964,155 |
| Education Improvement Act of 1969 (AB 606) ----- | 1969 | -- | 146 | 100 | -- | 5,000,000 | -- |

¹ Expressed in numbers of projects, not numbers of students.

² These figures include the estimated 1969-70 budget.

³ Does not include \$500,000 to fund EPDA (AB 928).

Summary of State Expenditures for Education—Continued
Program Statements

1. *ESEA Title I*

Title I provides funds for compensatory education programs for disadvantaged children of low-income families. The primary objective of compensatory education is to break the cycle of poverty by raising the achievement level of disadvantaged pupils in reading and language development.

2. *ESEA Title III*

Title III is implemented through program PACE (Projects in Advance Creativity in Education) which is designed to develop innovative educational programs. After review for form and content, programs are presented to the Educational Innovation Advisory Commission and the State Board of Education for approval and inclusion in the Title III state plan.

3. *Migrant Education*

The California Plan for the Education of Migrant Children (under Public Law 89-750) provides supplementary educational services to migrant children in over 170 school districts.

The plan also provides support for interstate projects to insure educational continuity and coordination. Migrant education programs are limited to the six months or less of the higher impact of migrants, and to only those services in excess of normal district support.

4. *AB 1331—Unruh Preschool* (Chapter 1248, 1965 Statutes and Chapter 1209, 1967 Statutes).

The Unruh Preschool Act provides children aged three to five who are actually or potentially recipients of AFDC with educational services designed to compensate for possible social, economic, or environmental deprivations.

Administered jointly by the State Departments of Education and Social Welfare, 75 percent of this program's costs are paid by the federal government through Title IV of the Social Security Act with the remainder supplied by state budgetary appropriation.

A maximum pupil-teacher ratio of 15:1, variable pay scales, additional medical attention and nutritional services are combined for a cost per child-year of nearly \$1,050 for 1967-68.

5. *McAteer Act: Research and Teacher Education (RATE)*

The RATE Program is designed to develop innovative teaching techniques by involving higher education institutions with other public and private institutions and school districts.

Fourteen projects for 1968-70 attempted to find new answers to significant educational problems, to incorporate these answers into teacher education programs, and to provide opportunities in teaching for people from lower socioeconomic levels.

Summary of State Expenditures for Education—Continued

6. *Demonstration Programs in Reading and Mathematics (AB 938/Chapter 1596, 1969 Statutes).*

The reading and math demonstration program experiments with new approaches in curricula and methodology for disadvantaged children in grades 7–9. Fifteen demonstration projects in reading and/or math were selected by a team of experts from education and private industry.

7. *Special Teacher Employment (AB 938/Chapter 1596, 1969 Statutes).*

This program is designed to fund the reduction of class size (pupil-teacher ratio) in areas of concentrated poverty and social tension to a ratio of 25:1. Forty districts are participating for 1969–70.

8. *Miller-Unruh Basic Reading Act (Chapter 1233, 1965 Statutes).*

This program funds the employment of reading specialists on a priority basis to those schools with the greatest number of poor readers in grades 1–3 in order to diagnose and correct reading deficiencies at the earliest possible opportunity.

Incentive scholarships and pay are offered to encourage classroom teachers to become reading specialists. Incentive pay is also provided for librarians.

The 2,400 reading specialists work with the classroom teacher in grade one, and use a supplementary pullout program in grades two and three.

9. *Educational Improvement Act*

This act requires that all compensatory education programs become “cost-effective” and directs the Department of Education to discontinue “. . . any project that, upon evaluation, has been shown to be of low effectiveness.”

General Observations

All programs are being reviewed and evaluated within the overall educational context and at four basic levels of administration: state, district, school and community. While it is still premature to make specific recommendations, it is possible to list some general observations concerning the more commonly shared elements.

1. *Funding Cycle*

The misalignment of the funding cycle between fiscal (July 1 through June 30) and academic (September through June) years prevents adequate program planning or personnel recruitment. The current academic year is more than half over, yet funding levels remain undetermined. The uncertainty also encourages the ineffective and hurried expenditure of remaining year-end balances. Districts are continually forced to guess at the eventual levels of financial support. We find cases in which federal and state categorical aid is utilized as simply an additional source of general revenue in the effort to construct a district's annual revenue package.

Summary of State Expenditures for Education—Continued

2. District Budgeting

We have found that a review of the school district budget is of great value in analyzing the impact of the program assigned for fiscal review. The structure of the district budget reveals the actual district attitude towards the various programs. Some budgets, both in structure and expenditure priorities, emphasize instruction and others emphasize administration. Many fail to assess the district's priority needs. Expenditures which are not directly linked to instruction have ranged from 36 percent to 44 percent of the district's allocation.

Present district expenditures criteria are not expressly based on district priorities or program achievements. While current costs of education per average daily attendance (ADA) range from \$702.31 to \$1,032.42 per ADA there is no significant correlation between program effectiveness and level of expenditure.

There is a pressing need to educate school administrators and project directors in the concepts of cost-effectiveness analyses.

3. Program Administration

In the districts visited by the review team to date, it appears that the competency (not to imply size) of the administrative staff has largely determined program quality. The review team is currently analyzing the limited number of training programs for school administrators and the criteria for recruitment and advancement of administrative staff.

Despite many programs being designed as developmental and demonstrative in nature, little attention has been given to the actual dissemination of information and results. There can obviously be little purpose or utility in funding a demonstration that reaches no audience.

4. Supervision and Evaluation

We have frequently observed cases in which the Department of Education has not provided leadership and direction to local districts. For example, the department is admittedly unwilling to suspend payments in the case of an unsatisfactory project, or file suit for repayment of illegal or unauthorized expenditures.

In view of this attitude, and in view of departmental approval of questionable equipment purchases, the review team will examine various alternative means of providing methods of control.

5. Professional Development

One finding in the local programs which has been consistent in the districts we have reviewed is that teacher attitudes and techniques significantly affect program quality. In order to assess the needs in this area, the review team is currently analyzing the many pre- and in-service training components of ESEA Title I, the AB 920 Professional Development Centers, the various McAteer Act teacher education projects, and the teacher training components of the Miller-Unruh Reading Program and ESEA Title III.

Summary of State Expenditures for Education—Continued

6. *California Testing Program*

We find a need for a comprehensive statewide system of evaluation. California tests every pupil in grades 1-3 and grades 6 and 12. These are the only grades tested on a statewide basis. The state testing program is mandated under the Miller-Unruh Basic Reading Act of 1965, and the Statewide Testing Program of 1968.

7. *Community Involvement*

ESEA Title I, preschool and migrant education programs all have mandatory advisory committees of parents and community representatives from within the district.

Although advisory committees have great potential for effective involvement in the planning, operation and evaluation of compensatory education programs, little meaningful involvement has thus far been observed by the review team.

8. *Generalizations on Problem Areas*

To summarize the problem areas revealed by our preliminary investigations, and to indicate the direction our study will take, we include the following list of generalizations.

(1) The funding cycle contributes to unsatisfactory program planning and implementation.

(2) Basic expenditure priorities are usually nonexistent.

(3) Many districts require more effective statewide leadership to insure that funds are expended in the most productive manner.

(4) There is widespread ignorance and confusion within the education profession concerning current legislative guidelines and intent.

(5) There is no effective system of statewide communication in education.

(6) There is inadequate consultant service regarding the selection of tests or evaluation methods available to the districts.

(7) District-supplied information may be unreliable.

(8) There is a distinct unwillingness by the Department of Education to adequately control the expenditure of categorical aid funds for items of questionable utility and/or legality.

Outlook

From the foregoing general observations it can be seen that there are many areas which are in extreme need of improvement. We believe this review project can develop information which can be used to increase both short-range and long-range effectiveness of education in California. We are preparing a preliminary report of our findings for submission to the Legislature in March 1970. A more complete report will be presented to the 1971 Legislature which will include conclusions and recommendations (1) for legislation and (2) for improving administrative procedures which will bring about improved cost-effective techniques in the categorical aid programs.

We plan to examine as many of the 932 districts participating in Title I funds as possible. We have identified 53 of these districts (rep-

Summary of State Expenditures for Education—Continued

representing 59 percent of the expended funds) for priority review and, of these, 15 districts have been selected as being of highest priority. The review team will concentrate on this group during the interim.

Property Tax Expenditure Controls in Local School Districts

Chapter 784, Statutes of 1969 (AB 606 Veysey) stated that:

"The Legislative Analyst shall develop a plan to establish control over school districts' use of the property tax, using an expenditure limitation or such other method as he may recommend. The Legislative Analyst shall present the plan at the 1970 Regular Session of the Legislature."

After a review of possible methods of property tax control our office submitted to the Legislature a report entitled *Property Tax and Expenditure Controls in Local School Districts*, dated January 12, 1970. The major conclusions and recommendations of that report are as follows.

1. The current limitations on the property tax rates have proven inadequate and should be eliminated and other more effective controls on revenues and expenditures should be considered.

2. In order to insure taxpayer control over property tax increases, some form of control should be placed on the level of revenues produced per unit of ADA exclusive of revenues required for repayment of principal and interest on bonds.

3. This control, or limitation, should apply to all districts with high tax rates and high expenditure levels.

4. A cut-off point should be established such as one at which the districts containing 40 percent of the ADA having the lowest tax rates and lowest expenditure levels could raise their tax rates at the local school board's discretion.

5. The limit should be expressed in terms of total revenues per ADA to account for enrollment increases rather than on the basis of gross total revenues.

6. In order to cover annual cost increases, the legal limit each year should consist of the prior year's limit plus a certain percentage increase allowed by a determined cost factor such as a weighted combination of an index of the increases in state employees' salaries and the California Consumer Price Index.

7. Any increase in total revenues per ADA beyond the increase allowed by the cost factor must be approved by a vote of the district's electorate and, if approved, would become the legal limit.

8. In order to keep pace with inflation and to keep state support of local school districts at a consistent level, the foundation program should be increased annually by a percentage equal to the cost factors selected.

We believe that changes recommended would help to alleviate some of the present inequities. Greater control will be given to the taxpayers to determine the quality of their educational programs and the level of their tax rates. Local boards would have greater flexibility in allocating resources and maintaining program quality, especially in

Summary of State Expenditures for Education—Continued

low spending and low taxing districts. The provision for an orderly increase in the foundation program and the disparity between program levels of low wealth and high wealth districts would be reduced.

Study of Superintendents of Schools

Chapter 784, Statutes of 1969 (AB 606 Veysey) stated that:

“The Joint Legislative Budget Committee shall conduct a comprehensive review and study of the office of county superintendent of schools. The purpose of the review shall be to develop recommendations to the Legislature relating to the legitimate role of the intermediate unit in the California educational structure, its basic organization, its functions, and the methods of financing and administering the office.

The Joint Legislative Budget Committee shall conduct the study and report its findings to the Legislature on or before the 30th calendar day of the 1971 Regular Session. Such report shall include its findings and its recommendations concerning any legislation which may be necessary and appropriate to increasing the effectiveness and efficiency of such operations within the public school system.”

To fulfill the legislative directive and develop recommendations regarding the “legitimate role of the intermediate unit in the California educational structure,” our first responsibility is to determine precisely the functions currently performed by the county superintendents of schools. Once these functions have been identified, we will evaluate them in terms of the following questions.

1. Is the performance of these functions necessary to the educational process in California?
2. Is there a more efficient way these functions can be performed?
3. Is there a more effective way these functions can be performed?

Study Design. In seeking to determine the role the county superintendents are currently playing in California's educational structure, we have divided this study into two phases. Phase I is concerned with (a) identifying the relationships between the county superintendents of schools and the California State Department of Education, and (b) analyzing the financing of the intermediate unit. In studying the financing of the county superintendents of schools, we are examining the sources of income available to the county offices, the procedures used to allocate state money to the County School Service Fund, the functions performed by county superintendents which are financed with state moneys, and the controls exercised over county superintendents to insure fiscal accountability.

Phase II of the study will focus on the relationships between the county offices and the local school districts. A primary concern here is to identify the services the county superintendents are making available to the local school districts. From interviews with district personnel, we will be able to determine the relevance and effectiveness of the functions performed by the county office as they are interpreted by

Summary of State Expenditures for Education—Continued

the school districts which receive the services. This procedure will also enable us to determine the extent to which the activities of the county offices have an impact on actual classrooms.

Two additional topics which are covered in Phase II of this study are (a) the relationships between the county superintendents of schools and their governing boards, and (b) the regional agreements and inter-county contracts which are negotiated by the county superintendents of schools.

We also plan to compare California's intermediate unit with those of other states. A number of states have replaced their county offices with regional service units while others have eliminated the county office and operate without an intermediate unit.

Preliminary Observations. While this study has not been underway long enough to permit us to formulate firm conclusions, we have isolated a number of problem areas which merit further investigation. Our preliminary observations include the following:

A. The Funding of the Intermediate Unit

1. Budget requests for County School Service Fund moneys are not being processed within the intent of the provisions in the Education Code.
2. There is evidence to indicate that the process by which moneys are distributed from the State School Fund to the county school service funds does not conform to good management practices.
3. There are few evidences that the Department of Education exercises control over expenditures from the county school service funds.

B. The Organization and Administration of the Intermediate Unit

1. The county superintendent of schools has divided authority and responsibility. He seeks to serve at least three different agencies: The Department of Education, his governing board in the county, and the local school districts. Given the fragmented authority, responsibility and financing that characterize his office, it is doubtful that the county superintendent can serve adequately all of these agencies at the same time.
2. The electoral process may have serious shortcomings as a method for selecting individuals to serve as county superintendents of schools.

C. The Functions of the Intermediate Unit

1. There is extensive functional overlap among the Department of Education, the offices of the county superintendent of schools and the local school districts.
2. Many of the services the county superintendents of schools provide are of primary benefit to small school districts. A number of larger school districts prefer to provide their own services and, in general, question the necessity of the county office.

Education

General Summary

Summary of State Expenditures for Education—Continued State School Fund Apportionments

The largest portion of state subventions to public education are the transfers made from the General Fund to the State School Fund for apportionment to local school districts. It is anticipated that approximately \$1.4 million will be expended for this purpose in the budget year. The system of apportionment is an automatic process controlled by constitutional and statutory provisions. This process is generally considered to have three component parts which are: (1) derivation—the total amount authorized for transfer from the General Fund to the State School Fund; (2) distribution—the total derivation rate divided roughly among the programs supported from the State School Fund; and (3) apportionment—the allocation of funds to school districts on the basis of specific formulas.

1. *Derivation.* The annual amount of money authorized for transfer from the General Fund to the State School Fund is referred to as the derivation of the fund. The derivation formulas are based on certain statutory and constitutional amounts per pupil in average daily attendance in the preceding year. The statutory rate bears no relationship to the current level of school district expenditures, rather it is simply an automatic device to facilitate the annual transfer of funds. The elements of derivation are reviewed for the budget year in Table 23.

Table 23
Summary of Statutory Elements of Derivation

| Item | Education Code section | Statutory unit rate | ADA factor | Total |
|---|------------------------|---------------------|------------|-----------------|
| Statutory minimum ----- | 17301(a) | \$180.00 | 5,105,000 | \$918,900,000 |
| Plus additional funds as needed ----- | 17301(b) | 83.14 | 5,105,000 | 424,429,700 |
| Subtotal ----- | | \$263.14 | | \$1,343,329,700 |
| Budgetary increase ----- | | 16.80 | | 85,764,000 |
| Total program-- | | \$279.94 | | \$1,429,093,700 |
| Adjustments ----- | | | | —10,566,700 |
| Reimbursements | | | | |
| Driver training ----- | 17305 | | | 17,000,000 |
| Project-connected pupils ----- | 17307 | | | 175,000 |
| Total State School Fund Derivation --- | | | | \$1,435,702,000 |

2. *Distribution.* After the State School Fund is derived, it is distributed into various categories for educational programs and activities specified by statute as eligible for state support. Programs supported include basic and equalization aid which make up the foundation program, the County School Service Fund, and allowance for special educational programs for exceptional children.

In the current year, for the first time, the distribution rates were higher than the derivation rate specified in the Education Code. This resulted from a complicated interrelationship between the Education Code, the budget and Chapter 784, Statutes of 1969, (AB 606). Table

General Summary

Education

Summary of State Expenditures for Education—Continued

24 reviews the statutory amounts as compared to the budgetary and legislative changes effective in the current year.

Table 24
Derivation Rate for 1969-70

| | (1) | (2) | (3) <i>Chapter 784, Statutes of 1969 (AB 606)</i> |
|---|-----------------------|-------------------|--|
| | <i>Education Code</i> | <i>Budget Act</i> | |
| Basic and equalization aid ----- | \$237.17 | \$243.62 | \$249.82 |
| County school service fund direct services ----- | 1.60 | 0.70 | 0.70 |
| County school service fund other purposes ----- | 3.06 | 3.06 | 3.06 |
| Pupil transportation ----- | 4.00 | 4.40 | 4.40 |
| Special education ----- | 12.85 | 18.20 | 18.10 |
| Mentally gifted ----- | 0.96 | 1.67 | 1.67 |
| Educationally handicapped ----- | 3.50 | 8.29 | 8.28 |
| Miller-Unruh basic reading act ----- | -- | -- | 1.59 |
| Total ----- | \$263.14 | \$279.94 | \$287.57 |

As demonstrated by Table 24 the method of determining state apportionments to the public schools was substantially altered in the current year. In the past increases in General Fund authorization to the State School Fund were accomplished through amendment to the Education Code derivation and distribution rates. For the first time the Budget Act of 1969 prescribed an alternate system of transfers from the General Fund in lieu of the amounts appropriated for transfer by the Education Code. This was equal to the \$96 million increase in apportionments which was specified in the 1969-70 budget document as a program augmentation.

In addition, the Budget Act of 1969 specified in Item 321.5 that an amount equal to the difference between the "free surplus" for 1968-69 which was stated as \$250,400,000 and the comparable free surplus as computed by the State Controller minus \$194,000,000 for cash liquidity would be appropriated to the State School Fund. The net effect of these actions was to authorize for school apportionments about \$96 million plus any General Fund surplus which was not anticipated.

The Legislature further adjusted the distribution rates in Chapter 784, Statutes of 1969, through the addition of \$7.63 per ADA. The act also prescribed a formula for distribution of any funds made available by Item 321.5 to provide a supplementary allowance to the Miller-Unruh Basic Reading Act.

The budget document and Budget Bill Item 258 reflect the intent of the administration to continue the practice of determining the amount of General Funds available to the State School Fund through budgetary action. Table 25 reviews the proposed distribution amounts.

Education

General Summary

Summary of State Expenditures for Education—Continued

Table 25

Elements of Distribution Proposed by Budget Act Item 258

| <i>Item</i> | <i>Proposed unit rate</i> | <i>ADA factor</i> | <i>Total</i> |
|--|-------------------------------|-------------------|-----------------|
| Basic Equalization and Supplemental Support ----- | \$243.62 | 5,015,000 | \$1,243,680,100 |
| County School Service Fund ----- | 3.76 | | 17,194,800 |
| Special education ----- | 18.20 | | 92,911,000 |
| Transportation ----- | 4.40 | | 22,462,000 |
| Educationally Handicapped ----- | 8.29 | | 42,320,450 |
| Mentally Gifted ----- | 1.67 | | 8,525,350 |
| Subtotal ----- | | | \$1,429,093,700 |
| Less Adjustments ----- | | | -10,566,700 |
| Other Expenditures | | | |
| Automobile driver training ----- | | | 17,000,000 |
| Project-connected pupils ----- | | | 175,000 |
| Total State School Fund Distribution ----- | | | \$1,435,702,000 |

3. *Apportionment.* The total amount authorized to the State School Fund is allocated to local school districts on the basis of apportionment formulas. The major component of state support is the foundation program which is designed to guarantee to public school pupils a prescribed level of financial support. This amount is determined through a combination of state and locally raised funds but always includes a basic aid or state guaranteed amount of \$125 per ADA. A district may, depending on its level of assessed valuation per pupil, receive additional state support in the form of equalization aid to reach the total foundation level, i.e., guaranteed amount.

The state also provides supplemental support to the lowest wealth school district's support for the County School Service Fund, pupil transportation, special education allowances for the mentally and physically handicapped, and assistance for the mentally gifted.

Chapter 784, Statutes of 1969, authorized increases in state support to the public schools totaling \$133.4 million. The components of this increase are shown in Table 26.

Table 26

Increases in Apportionments to Public Schools Included in Chapter 784, Statutes of 1969

Foundation Programs

| | |
|----------------------|----------------|
| Elementary ----- | \$54.1 million |
| High school ----- | 17.3 million |
| Junior college ----- | 5.1 million |
| Adults ----- | 1.1 million |
| Kindergarten ----- | 3.1 million |

\$80.7 million

Supplemental Aid ----- 41.2 million

| | |
|------------------------------------|-----------------|
| Subtotal ----- | \$121.9 million |
| Mentally Gifted ----- | 3.5 million |
| Miller-Unruh Reading Program ----- | 8.0 million |
| Total Increase ----- | \$133.4 million |

Summary of State Expenditures for Education—Continued

As reviewed earlier, the Budget Act for 1969-70 in Items 321 and 331.5 authorized the funding for these apportionments. However, for the full \$133.4 million increase a significant surplus under Item 321.5 of about \$38.4 million was required. Surplus beyond that level would first be utilized to fund the newly established Educational Improvement Act and secondly for junior college construction in accordance with Item 317 of the Budget Bill.

Issues for Legislative Consideration in State Support for the Public Schools

We recommend that Item 258 of the Budget Act be held for special consideration when information from the first principal apportionment of the State School Fund is available.

We recommend that legislation be introduced to amend the Education Code to provide for a transfer from the General Fund to the State School Fund, on an ongoing basis, of an amount which is in conformity with the funds necessary to provide for the current apportionment formulas.

The Budget Act of 1969 along with Chapter 784, Statutes of 1969 (AB 606), extensively revised the statutory formulas for the apportionment of state support to the public schools. These provisions, however, are only operative for the current year and without legislative action the maximum amount will revert to the level prescribed by the Education Code or \$263.14 per ADA. This is substantially below the \$287.57 rate established by the Legislature in Chapter 784. In addition, substantial legal complications exist since the Education Code is amended to provide only for the allocation of amounts appropriated by the Budget Act of 1969. Therefore, the law contains no distribution of funds and no statutory direction to govern the provision of any deficiency in the total appropriation at the lower derivation rate.

Budget Act Item 258 continues the practice of determining the total amount available for school support by budget action. As proposed, the amount would be \$279.94 or the same amount contained in the Budget Act of 1969 as signed. The apportionment formulas in the current year require a rate of \$287.57 to support the apportionment formulas. It may be argued that the growth in assessed valuation or changes in average daily attendance will offset the difference but accurate information upon which to project State School Fund apportionments in the budget year will not be available until February of the current year when the first principal school fund apportionment is complete. We therefore believe that consideration of the amount for school support should await projections based on the current year apportionments.

We believe that considerations of state support to the public schools should be included in the Budget Bill so that total fiscal requirements and resources will be considered at one time. We also believe that the year-to-year nature of the budgeting process results in financial hardships to, and detracts from the budgetary planning of, local school dis-

Summary of State Expenditures for Education—Continued

tricts. Historically the school apportionment formulas guaranteed a base level of state assistance which districts could count on for budgetary planning and staffing. Under the current system districts must await final approval of the budget for assurance of the level of state support. We believe that this difficulty could be corrected, however, if legislation were adopted to amend the Education Code to conform with the provisions of the Budget Act of 1969. This in essence would divide the system of school support into two elements. First, through the legislation school districts would be guaranteed continuance of program levels established by Chapter 784, and second through the budget process the Legislature could review, on an annual basis, adjustments in the base level which may be required to account for the impact of inflation, the need to improve programs and the desire to offset local tax support.

Status of Funds Appropriated by Item 321.5 of The Budget Act of 1969. As noted earlier, the Budget Act of 1969, Item 321.5, contained the following provisions:

“321.5—An amount equal to the difference between (a) the ‘free surplus’ for 1968–69 amount shown on Schedule 1, General Budget Summary, page A-5, Governor’s Budget, as amended by the last page of the report of the Director of Finance dated May 26, 1969 to the President of the Senate and the Speaker of the Assembly, subject ‘May Revisions of General Fund Budget,’ which amount was stated as two hundred fifty million four hundred thousand dollars (\$250,400,000), and (b) the amount of such comparable ‘free surplus’ as computed (minus \$194,000,000 from cash liquidity) by the State Controller and reported to the Joint Legislative Budget Committee, no later than November 1, 1969, *is hereby appropriated to the State School Fund for allocation as hereafter provided by law.* This amount is to be computed as if the Budget Act of 1969 has been effective July 1, 1969.”

Therefore, the amount appropriated to the State School Fund by the item was dependent upon the amount reported to the Joint Legislative Budget Committee which was \$537,145,923. This amount less the amounts designated in the budget language resulted in a total amount available of approximately \$92.7 million.

Chapter 784, Statutes of 1969 (AB 606), provided the method for distributing such funds as follows:

(millions)

| | |
|--------|--|
| \$38.4 | State School Fund Apportionment Formulas |
| 5.0 | Educational Improvement Act |
| 26.9 | Item 417 of the Budget Act of 1969—Junior College Construction |
| <hr/> | |
| \$70.3 | Total |

Since the actual surplus was \$92.7 million there is a balance of \$22.4 million. The Legislature has not yet provided for the ultimate disposi-

Summary of State Expenditures for Education—Continued

tion of these funds which by budget act were placed in the State School Fund and subsequently transferred to the State Construction Program Fund. If the Legislature desires to comply with original objectives of Item 321.5 of the Budget Act of 1969 and reappropriate the \$22.4 million for a public educational purpose, there are several options which it could consider as reviewed below.

a. *Increased Apportionments.* The Legislature could increase the State School Fund apportionment formulas. This would result in an increase in general aid which would be distributed through the equalization formulas. This, however, would be a continuing cost creating pressure on the General Fund in future years.

b. *Increase Categorical Aid.* The state maintains a number of categorical aid programs which are designed to provide special support to a specific pupil population or to improve instruction in a subject matter area as reviewed in Table 3. These funds could be utilized to augment any one or a combination of these programs potentially with significant impact statewide. This approach also creates an ongoing budget requirement.

c. *State School Construction Program.* The funds could be used to relieve the pressure on the State School Building Program caused by the state's inability to market its general obligation bonds due to the 5 percent interest rate limitation. Although a loan from the General Fund has been promised to complete existing commitments, an additional category of application approved projects totaling \$156 million in 125 "impoverished" districts remains unfunded. A loan could be made to the State School Building Aid Program for this second category based upon the priority schedule established by the State Allocation Board. The loan could then be repaid when state bonds are sold again or a new source of revenue is found.

We recommend that legislation be introduced to simplify the system of attendance accounting which would not result in an increase in state support or significant inequities in apportionments to individual districts. The Legislature has had a long standing interest in the simplification of school district attendance accounting for public school apportionment purposes which in past years has required day-by-day, class-by-class reporting.

Chapter 1182, Statutes of 1965, directed the State Department of Education, in cooperation with the Department of Finance and the Legislative Analyst, to conduct a study to devise a simplified method for determining average daily attendance (ADA) for apportionment purposes. This method was to be based on the mean average of active enrollment throughout the school year multiplied by a proven percentage ratio of enrollment to ADA. This resolution specified that it was the intent of the Legislature to: (1) relieve classroom teachers of noneducational tasks, (2) reduce administrative costs and (3) devise a

Summary of State Expenditures for Education—Continued

method which would yield approximately the same number of ADA as would be obtained through the attendance accounting method.

As a result of the initial work of the participants in the study, the Legislature adopted Chapter 1660, Statutes of 1967, which shifted the attendance accounting from a daily basis to a system utilizing the last day of the school month. The bill also required districts to submit information on school enrollments so that a factor could be identified which could eliminate completely the need to collect attendance. The modification, however, was only a temporary change to be effective from July 1, 1968, to the 61st day after the adjournment of the 1970 legislative session. This was to insure that a system based on the results of the school district reports would be established.

The institution of this simplified approach, however, resulted in a hardship to certain districts because the last day of the school month is always the last day of a week (either Friday or the day before a holiday) when attendance is usually lower than average. This loss of attendance caused a reduction in state support in most districts. To accommodate this situation, the Legislature at its 1969 session adopted ACR 49 requesting recommendations from the Department of Education by May 1, 1969, rather than at its 1970 session and passed Chapter 1494 which permitted apportionment on a daily basis and required the reporting of attendance and enrollment on the third Wednesday of each month.

In responding to the Legislature's request in ACR 49, the Department of Education presented summary information from 342 school districts collected under the requirements of Chapter 1660, Statutes of 1967, which indicated that the average actual attendance is 98.6 percent of enrollment at the elementary level and 97.3 percent at the high school level. Based on this information the department recommended that an accounting system be instituted utilizing active enrollment. A simple shift from attendance to enrollment, however, would result in an artificial growth in accounting units of 1.4 percent at the elementary level and 2.7 percent at the high school level which statewide would result in an additional cost of about \$25 million.

To accommodate this problem the Department of Education recommended that the computational units used for input from the General Fund to the State School Fund be modified by the difference between ADA and enrollment. This proposal has a number of drawbacks since the authorization to the State School Fund operates as "a line of credit" and only the amounts necessary to fund the allocation formulas are transferred. To insure that sufficient school support is available, the maximum authorization has in past years been set higher than the amount required. The action recommended by the Department of Education would reduce the total amount available, however, substantial financial impact could still result since there would be no modification in the actual apportionments to school districts.

We believe that a simplified attendance accounting system of the type recommended by the Department of Education based on actual enrollment would be of assistance to school districts in relieving teacher and

Summary of State Expenditures for Education—Continued

administrator time for other activities. We do not believe, however, this administrative improvement should result in additional state cost.

One alternative method which has been suggested which could be utilized to simplify the apportionment procedure would be to adjust the enrollment used in computing apportionments to individual districts. Although there would be no additional state cost, this approach would require the modification of enrollment reported by each school district by the recognized factor. In addition the approach would not affect the total amount available from the General Fund to the State School Fund.

We propose that the Legislature consider the following computational system which would adjust both the authorization to the State School Fund and the method of distribution. This would be accomplished by: (1) reducing the total authorization to the State School Fund in the manner proposed by the Department of Education to control maximum authorization and (2) adjusting the school fund distribution amounts to maintain the current level of support to individual districts. This would insure that the existing balance between the maximum amount authorized to the State School Fund and the amount distributed from that fund was retained.

The mechanics of this system would require the Department of Education to adjust elementary and high school enrollment by the established factors to determine the amounts available to the State School Fund as follows:

$$\begin{aligned}\text{Elementary Enrollment} \times 98.6 &= \text{Elementary ADA} \\ \text{High School Enrollment} \times 97.3 &= \text{High School ADA}\end{aligned}$$

Total ADA

Secondly, the computational apportionments would be adjusted as shown in the following examples of foundation programs:

$$\begin{aligned}\text{Elementary Foundation Program} &\quad \$355 \times 98.6 = \$350 \\ \text{High School Foundation Program} &\quad \$488 \times 97.3 = \$475\end{aligned}$$

Although this proposal would not result in additional state cost it should be recognized that discrepancies could result between districts which vary from the statewide average ratio of enrollment to ADA. A district which, for example, had a 99 percent ratio would have a small loss in funds while a district which has a 96 percent ratio would have a slight gain. However, losses to districts could not exceed 1.4 percent at the elementary level and 2.7 percent at the high school level.

We believe (1) that the simplification of the attendance accounting system which could be achieved would more than offset any individual loss and (2) that an adjustment factor set on the basis of statewide averages will reflect the condition in the majority of districts. However, in authorizing the simplified system we believe that the Legislature should require the Department of Education to reevaluate the factors utilized on a periodic basis to insure their accuracy.

Summary of State Expenditures for Education—Continued

CHILD CARE AND PRESCHOOL EDUCATIONAL PROGRAMS

There exists in California a large variety of programs which provide care and instruction to children. In many cases the services are duplicative in nature. Recent federal amendments to the federal Social Security Act make it imperative that greater coordination exist.

Historical Development

Children's Centers Program. One of the first provisions of public child care in California occurred in the 1930's when the federal government established nurseries as part of the Works Project Administration program. With the beginning of World War II, Congress adopted the "Lanham Act of 1940" which authorized the Federal Works Administration to contribute to the welfare of persons engaged in the national defense effort. Child care was included among the necessary services until 1943 when an amendment specifically provided for it.

With the end of the war the program was continued in California on a one- and two-year basis through special legislative appropriations. In addition to extending the program, the Legislature made two important changes, both of which occurred in 1947. The first was the introduction of a "means test" as a basis for determining the eligibility of children enrolled in the centers and second, the provision for a parental fee based on a sliding scale which accounts for the family income and number of dependents. Both of these changes were designed to insure that child care centers gave highest priority to those families with the greatest financial need. At the 1957 session of the Legislature, the program's termination date which had been continuously extended was deleted and it was made a permanently state-supported program.

Through Chapter 1717, Statutes of 1965, the Legislature renamed the Child Care Program the "Children's Centers Program" and stated that it was the intention of the Legislature that:

"... the programs established in children's centers provide educational services for children to aid them in developing the abilities and skills which will make school achievement more possible. The policy of the Legislature in enacting this chapter is to continue children's centers to provide supervision and instruction for children necessitated by the employment of women with children, who must be employed to achieve economic self-sufficiency for the family and for children of parents in the public assistance programs. . . ."

This statement of purpose was particularly significant since for the first time it identified "instruction" as an element rather than simple supervision of the program and emphasized the participation of families which might become dependent on public welfare programs.

Summary of State Expenditures for Education—Continued

Parent Participation Nursery Schools Program. Another early state program of child supervision and care was the Parent Participation Nursery Schools Program. California has had a long established program of adult education and it was among the first to develop the concept of "parent education." The program basically authorizes any local school district to operate child observation classes, parent nursery classes, child development classes and similar programs. Once established, these programs can include a preschool class for the children of the participants.

The first such program was established in 1926 under a grant to the State Department of Education from the Laura Spilman Rockefeller Memorial Foundation to provide parent education as an integral part of the state program of adult education. For the purposes of state support, the parents of children are regular adult education students and generate average daily attendance for reimbursement. Additional support comes from a combination of district contributions and parental fees, the level of which is determined locally.

State Preschool Educational Program (AB 1331). In 1965 the Legislature established the State Preschool Educational Program by amending the Welfare and Institutions Code to declare "that preschool programs with a strong educational component are of great value in preparing children for success in school and constitute an essential component of public social services" . . . and "that it was the intention of the Legislature to provide preschool arrangement for the children of low-income parents."

To accomplish this objective, the Legislature instructed the State Department of Social Welfare to contract with the State Department of Education to provide federal welfare funding to a statewide system of preschool programs suited to the special educational needs of three- to five-year-old children from low-income families. The Department of Social Welfare in cooperation with the Department of Education was directed to determine the areas of the state in which the establishment of such programs fulfill the intent of the legislation.

The initial contract between the Departments of Social Welfare and Education was negotiated in January of 1966 and has been renewed annually since. Through Chapter 1209, Statutes of 1967 (AB 1331), the Legislature provided that all preschool programs operated by school districts follow guidelines developed by the Department of Education which include: (1) the children to be served, (2) joint funding, (3) standards, (4) program emphasis, (5) parent participation, (6) special services, (7) food and nutrition, (8) evaluation, and (9) records and reports.

Summary of State Expenditures for Education—Continued

During 1968 a federal review team from the Department of Health, Education and Welfare evaluated the operation of the State Preschool Program. Based on the findings of that study, the Department of Social Welfare has been advised that the federal government no longer considers the program temporary but rather it is an ongoing operation eligible for federal participation.

Head Start Program. At the same time that the state was developing and implementing the State Preschool Program, the federal government was in the process of developing the Economic Opportunity Act as part of the "War on Poverty." An element of this program was Project Head Start which was authorized to improve the health and physical ability of poor children, to develop self-confidence, ability to relate to others, to increase their perceptible skills, to involve parents in activities with children, and to provide appropriate social services for the family in order that the child of poverty may begin his school career on more nearly equal terms with the more fortunate classmates.

There is no direct state responsibility in the implementation of the program. Rather the Office of Economic Opportunity was authorized to work directly with "Community Action Agencies" which are responsible for regional supervision of economic opportunity programs. State authority is limited to project review through the state offices of economic opportunity which has simple approval or rejection authority. Individual programs may be operated by both public and private agencies through the Community Action Agency.

In February of 1969 Head Start was officially transferred from the Federal Office of Economic Opportunity to the Department of Health, Education and Welfare. Initially the direction of the program will remain the same. However, the transfer may eventually result in greater participation in the administration of the program by state governments.

Compensatory Education Preschool Program. The Department of Education administers the Title I of the Elementary and Secondary Education Act of 1965 through the Office of Compensatory Education. This program provides federal grants to school districts and other public agencies for the establishment of compensatory education programs for disadvantaged children of low-income families.

The program requires districts to submit plans and applications for expenditure of their federal entitlement to the Office of Compensatory Education. Since preschool is one of the programs eligible for funding, districts have the option of providing this service with such funding.

Current Program Elements.

Table 27 reviews the elements of authorization, eligibility and funding for each of these programs.

Table 27
Program Components of Child Care and Preschool Programs

| | <i>Children's Centers</i> | <i>Adult Education Parent Participation</i> | <i>State Preschool Program</i> | <i>Head Start</i> | <i>ESEA Title I</i> |
|---------------------------------------|--|---|------------------------------------|----------------------|-------------------------|
| 1. Authorization | State Law | State Law | State Law | Federal EOA | Federal and State Law |
| 2. Regulatory Agency | SDE | School District | SDSW and SDE | CAP Agency | SDE |
| 3. Local Operation Agency | School District | School District | School District | School District | School District |
| 4. Age of Children Served | 2 to 16 years | 2 to 5 | 3 to 5 | 3 to 5 | 3 to 5 |
| 5. Eligibility | Priority to single, low-income parents | Anyone | Welfare or non-English speaking | Low Income | Disadvantaged |
| 6. Hours of Operation | 11 hours daily | 2 to 5 hours | 2 to 4 hours | 4 hours | 2 to 4 hours |
| 7. Funding : | | | | | |
| a. Federal | Indirectly | Minimal | 75 percent | 80 percent | 100 percent |
| b. State | 75 percent | ADA of parents | 25 percent | None | Some |
| c. Local | Varies | Varies | None | None | None |
| d. Parent Fees | Sliding Scale | Varies | None | None | None |
| 8. Program Elements | | | | | |
| Educational Component | Required | Required | Required | Required | Required |
| Staff Development | Recommended | None | Required | Required | Optional |
| Social Services | Varies | None | Supportive | Required | Supportive |
| Health Services | Varies | Varies | Required | Required | Required |
| Food (and Nutrition) | Required | Varies | Varies | Required | Varies |
| Psychological Services | Varies | Varies | Varies | Required | Varies |
| Speech Therapy | Varies | Required | Encouraged | Encouraged | Encouraged |
| Parent Involvement | Minimal | Encouraged | Encouraged | Required | Encouraged |
| Use of Volunteers | Minimal | Encouraged | Encouraged | Encouraged | Encouraged |
| 9. Teacher Qualifications | Children's Center Permit | Credential | Credential or Permit | Credential or Permit | Credential or Permit |
| 10. Teacher-Assistants and aides used | Varies | Parents Serve | Required | Required | Permitted |
| 11. Adult-Child Ratio | 1 to 10 | 1 to 5 | 1 to 5 | 1 to 5 | 1 to 5 |

Education

General Summary

Summary of State Expenditures for Education—Continued

This table demonstrates the similarity of program components and the variety of funding sources. Table 28 provides comparative data on participation for 1968-69.

Table 28
Program Participation 1968-69

| | <i>Programs</i> | <i>Pupils</i> |
|--|-----------------|---------------|
| 1. Children's Centers ----- | 336 | 19,455 |
| 2. Parent Participation Nursery School ----- | 161 | 58,897 |
| 3. State Preschool Program ----- | 635 | 12,960 |
| 4. Head Start ----- | 222 | 31,585 |
| 5. Title I ESEA ----- | 55 | 4,070 |
| Total ----- | 1,409 | 126,967 |

Table 29 reviews the expenditures by source for each of these programs.

Table 29
Expenditures by Source 1968-69

| | <i>Federal</i> | <i>State</i> | <i>Local</i> | <i>Fees</i> | <i>Other</i> | <i>Total</i> |
|--|----------------|--------------|--------------|-------------|--------------|--------------|
| Children's Centers | \$992,000 | \$13,390,000 | \$4,711,000 | \$4,959,000 | \$744,000 | \$24,796,000 |
| Parent Participation Nursery Schools - State | --- | 1,338,000 | N/A | N/A | --- | 1,338,000 |
| Preschool Program | 9,721,000 | 3,240,000 | --- | --- | --- | 12,961,000 |
| Head Start | 24,228,900 | --- | 6,057,200 | --- | --- | 30,286,100 |
| Title I ESEA | 3,418,330 | --- | --- | --- | --- | 3,418,330 |
| Totals | \$38,360,230 | \$17,968,000 | \$10,768,200 | \$4,959,000 | \$744,000 | \$72,799,430 |

Federal Action Affecting Child Care and Preschool Education Programs in California

The significance of the multiplicity of programs in California and the need for coordination was demonstrated by federal action in 1967. Late in that year, Congress enacted a series of far-reaching amendments to the Social Security Act. Although the Social Security Act is commonly thought of as a system of income and insurance for the elderly, it contains a number of varied provisions. Day care for children of welfare recipients, to a limited extent, had been part of the act since 1962. However, the 1967 action broadened the authorization for such service.

The first element of these amendments was the Work Incentive Program (WIN) which required states to mount an intensive effort to place all appropriate adult welfare recipients in jobs or in training leading to jobs through state employment agencies. Of particular importance was the requirement that states establish adequate child care arrangements for women enrolled in WIN. To support this program, the federal government would pay 85 percent of the child care cost for the first year and 75 percent thereafter. The potential magnitude of this program in California and the need for child care services is

Summary of State Expenditures for Education—Continued

substantial. First priority, however, for referral of welfare recipients was given by law to unemployed fathers and a much lower priority to women with young children. Therefore, to date there has been only a limited impact on the need for child care.

In a second, more significant aspect of the federal action, it was made possible for day care to be provided on a large scale basis as a social service under the welfare system. Substantial confusion has resulted regarding the mandate contained in this action but the law is worded so that any state, if it chooses, may provide day care service to nearly all children from low-income families. The expanded authorization stems from the addition to the law of "past and potential" welfare recipients to those eligible for social services delivered under Aid to Families with Dependent Children. It is generally agreed that this action, for the first time, will authorize federal support for the provision of day care to all the residents of low-income neighborhoods. Whether or not this authorization is utilized is dependent upon the individual states.

Programs eligible for support under the 1967 action are to conform to the Federal Interagency Day Care requirements by July 1, 1969. These requirements authorize three general types of day care programs: (1) family day care homes, (2) group day care homes and (3) day care centers. However, other standards required that programs: be located conveniently for low-income parents, conform to safety standards, provide adequate space, include educational opportunities under trained or experienced staff, provide for social services, provide health and nutritional services, include in-service training for staff, involve parents, have written personnel policies, be coordinated with other services, and be evaluated periodically.

The state-supported program which most closely conforms to these provisions is the Children's Centers Program. Prior to 1967 the children of AFDC recipients who were in children's centers were paid only for the parental fee portion of the operating cost. However, based on the amendments to the Social Security Act, there would be a substantial increase in the federal participation in the total cost of the program. For example, prior to 1967 a program operating at the statewide average of \$0.56 would have received \$0.14 per child-hour from the county welfare department and \$0.42 from the state. In the current year, the federal government will pay 75 percent, or \$0.42, and only 25 percent (or \$0.14) would be required from state sources. To accommodate this, the Budget Act of 1968-69 authorized the transfer of funds as needed from the Children's Centers item to the Department of Social Welfare item to serve as the 25 percent matching money. County welfare departments were to pay children's centers the full cost of the program and receive state reimbursement. However, to date only one county has requested such reimbursement, despite the fact that over 3,000 eligible children in 56 different programs are eligible. These figures include only children who are under AFDC, WIN, or the educational training programs and could be greatly expanded if past and potential recipients are considered. The Departments of Social

Summary of State Expenditures for Education—Continued

Welfare and Education are taking steps to recapture lost federal funds but the possibility of such action is questionable.

Since 1967, the Legislature has attempted to insure the maximum utilization of these federal funds but several problems have resulted. Chapter 1353, Statutes of 1968 (AB 1759), authorized the Department of Social Welfare and the Department of Education to contract for the provision of services. The directive in the Education Code included "families receiving public assistance or former or potential recipients." The Welfare and Institutions Code, however, in providing for the utilization of funds transferred from the children's centers budget, specified only persons engaged in a work incentive program or approved vocational development program. This was interpreted by the Department of Social Welfare in the narrow sense of the Welfare and Institutions Code provisions, overlooking the broader authorization of the federal law.

In the 1969 session, the Legislature attempted to correct this situation through the passage of AB 1930, which amended the section to require the Department of Social Welfare to contract with the Department of Education, removing the authority of county welfare departments, and to expand the authorized participation. This bill, however, was vetoed by the Governor because the fiscal impact of the authorization was not clear.

Based on the foregoing review of the multiplicity of child care and preschool programs, the overlap and confusion in the lines of authority, and the piecemeal but uncoordinated attempts to establish an orderly state pattern in the implementation of the 1967 amendments to the Social Security Act, we believe comprehensive legislative action should be taken in this area. We, therefore, propose a series of recommendations for legislative action to provide an effective basis for California's programs under the federal authorization.

Recommendations for Improving Administration of Child Care and Preschool Educational Programs

1. *We recommend that the Legislature require the Department of Education's Office of Compensatory Education, Bureau of Preschool Education, to prepare a state plan for child care and preschool education which would: (1) be developed with the cooperation of the Department of Social Welfare and the Department of Employment, (2) implement the authorization of the 1967 amendments to the Social Security Act and (3) be directed at specific low-income target areas.* At present there is a substantial question regarding implementation of the 1967 amendments to the Social Security Act in California, particularly with regard to implementing the authorization for "past and potential" recipients. To participate as a potential recipient in this or any other social welfare program requires certification by the county welfare department. This could result in substantial additional local cost, staffing shortages and administrative problems.

The state plan should (1) define terms, (2) provide for the implementation of the 1967 Social Security Act Amendments and (3) assure the coordination of child care and preschool educational programs.

Summary of State Expenditures for Education—Continued

We further recommend that this responsibility be given to the State Department of Education because that is the state agency already involved with all appropriate programs.

The recommended plan should set out specific target areas in the state with high concentrations of low income families identified with the cooperation of the Department of Social Welfare and the Department of Employment. The participation of the Department of Employment is necessary since recent reports regarding the WIN program indicate that there is an insufficient level of child care in general and almost none from the children's centers available in the areas from which participants come.

The plan should be actually developed and implemented by the Department of Education's Office of Compensatory Education since that office deals specifically with programs for low-income youth. Further, this office administers the State Preschool Program which follows provisions similar to those proposed.

2. *We recommend that the Legislature require the Department of Social Welfare to contract with the Department of Education to fund child care in children's centers in accordance with the state plan.* We must conclude from a review of the history of the implementation of the 1967 federal authorization that the Legislature cannot depend on the informal working arrangements between departments to insure orderly implementation. On the contrary, we believe that one agency must be responsible for the development of the plan. Precedent has been established for such an arrangement in the State Preschool Program which requires the Department of Social Welfare to contract and exercise only such authority as required by federal law. We believe a similar arrangement is necessary under these circumstances to insure that all eligible children are federally funded.

3. *We recommend that eligibility requirements for children's centers be modified to increase the participation of low-income children.* The Education Code generally provides that no child shall be admitted to a children's center if the total monthly income in a two-parent family with both parents working exceeds \$684 with one child, plus \$84 for each additional child, or in a one-parent family with the sole parent working \$463, plus \$84 for each child beyond the first.

These requirements can be tempered in any of the following instances if: (1) either parent is attending school more than half-time, (2) it is a one-parent family, (3) the parent is a teacher, (4) the parent is a nurse, (5) the parent's services are required for the "mobilization effort," (6) the services of the parent are required to meet an emergency in the harvesting of crops, and (7) the parent attends certain vocational training programs. Under any of these circumstances the income level is escalated to three times the prescribed amounts.

The number of such children presently participating in centers in the above seven categories is 924 (or about 5 percent of the total) composed of 335 which are from sole-parent families, 248 are the children of teachers, 66 are the children of nurses, 273 are the children of parents working in an industry essential to the mobilization effort, and

Summary of State Expenditures for Education—Continued

two are of parents involved in processing or harvesting crops. Although the parents of these children pay the full cost of their participation and are given lower priority than the children of low-income parents, the number of participants involved indicates the need for a reevaluation of the current provisions.

4. *We recommend that highest priority in the establishment of new children's centers be given to target areas identified by the state plan for child care and preschool education.* To insure that the future establishment of children's centers will satisfy the expanding needs of children in the target areas identified by the state plan, we recommend that highest priority be given these areas in the expansion of the Children's Centers Program. The provision of services of the quality stipulated in the federal interagency requirements will necessitate that any new state funds be used to match federal funds for implementation of the state plan.

As we have seen in the section of this report dealing with the historical development of the Children's Centers Program, it originated for quite a different purpose than the priorities of the current situation dictate, we therefore believe that new centers should be authorized to satisfy needs of the prescribed target areas.

5. *We recommend that the program approval process and supervision of the Children's Centers Program be transferred to the Office of Compensatory Education, Bureau of Preschool Education, and that bureau be directed to coordinate, to the extent the federal requirements and funds permit, the establishment of centers with preschool programs.* We believe that there has been a long-standing need to consolidate the administration of child care and preschool programs in state level administration. In the *Analysis of the Budget Bill 1967-68* we recommended that the administration of the Children's Centers Program be transferred from the Division of Public School Administration to the Office of Compensatory Education. This recommendation, however, was only partially implemented with the transfer of the program services portion of that responsibility.

This recommendation was again made by the Governor's Task Force on Efficiency and Cost Control which stated that, "The responsibilities of the Bureau of Administrative Services, with respect to children's centers, are broader than those of administrative services" and should be transferred to the Office of Compensatory Education. To date, however, the responsibilities remain divided between program services provided by the Bureau of Preschool Educational Programs and the approval and supervision provided by the Bureau of Administrative Services.

We believe that, from an administrative standpoint, this recommendation is more important in light of the reorganization of the Department of Education authorized by the Legislature which places the administration under two deputy superintendents of public instruction, one for administration, the other for major programs. We believe that supervision of the Children's Centers Program should be

Summary of State Expenditures for Education—Continued

under the deputy for major programs in accordance with the intent of the reorganization plan approved by the Legislature. We further believe that the Bureau of Preschool Education in the Office of Compensatory Education should be directed to make every effort to coordinate the establishment of children's centers with the establishment of preschool programs to insure high quality programs which take advantage of all funding sources.

MILLER-UNRUH BASIC READING SCORES

The Miller-Unruh Basic Reading Act of 1965 authorized additional state support for school districts to improve the reading ability of pupils in grades 1-3 through the employment of specialist reading teachers. One of the act's major provisions was the requirement that pupils completing grades 1, 2, and 3, be administered a standardized reading achievement test. The first reading achievement tests for grades 1 and 2 were administered in May 1966 and indicated that California pupils were achieving substantially below the publisher's norms. The second series of tests for pupils in grades 1, 2 and 3 in May 1967 substantiated the poor performance of the preceding year. The results of the tests for grades 1-3 under the Miller-Unruh Basic Reading Act and results of the reading achievement tests under the statewide testing program for grades 6 and 10 are depicted in Table 30.

The Bureau of Evaluation and Instructional Research in a recent report to the State Board of Education indicated the following results.

1. Median reading test scores for pupils in grades 1, 2 and 3 increased in 1969 over 1968.
2. The median test score for the three grades is below the publisher's national norm.
3. The growth in median raw score for each grade was greater from 1968 to 1969 than it was from 1967 to 1968.
4. Test results for grades 6 and 10 from the fall of 1968 indicate that median reading scores and IQ's were lower than they were in 1967.

Although the Department of Education indicates substantial progress in the improvement of reading test scores over the three-year period, we do not believe the documentation submitted substantiates this conclusion. The improvement recorded varies from one in the first grade to three in the second grade in median raw score points. This is a range of negligible impact. A review of the grade equivalent factors in Table 30 demonstrate little improvement in terms of Grade Evaluation (GE), and the improvements that are listed can be attributed to rounding.

Policy Options to Provide Consistent Data on the Miller-Unruh Basic Reading Act Scores

Tests under the Miller-Unruh Basic Reading Act are adopted by the State Board of Education. From 1966 through 1969 the Stanford Reading Test was utilized, but for the current year the State Board of Education adopted new tests for the primary grades. The Stanford Reading Test will be phased out beginning with grade one in 1969-70 and replaced with the Cooperative Primary Reading Test.

Summary of State Expenditures for Education—Continued

We believe that this change could result in an inability to compare test data from 1969 to 1970. It is interesting to note that from 1962 to 1964 the state operated a testing program which permitted districts to choose a desired test from a state-adopted list. Table 31 reviews the three-year results of that program.

California's scores from 1962 to 1964 are remarkably consistent with the publisher's test norm scores, while the results of California students on the Stanford test have been consistently below the publisher's norms. Based on this information it is possible that California median scores may once again measure at the median level.

We believe that consideration should be given to a program to document the relationship between California's scores on the Stanford Reading Test and the Cooperative Primary Reading Test. This could be done through the use of a statistically valid sample of as few as 1,000 students. The costs of such a project would be limited (probably less than \$300), and could be accommodated easily since local school administrators and teachers are all familiar with the Stanford test. The results of such a study would establish the relationship between new and old test forms for legislative evaluation purposes.

Table 30

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^a Based on publisher's end-of-year norms (May-June).

^a Based on publisher's end-of-year norms (May-June).

^b RS is raw score; GE is grade equivalent.

Table 31
Reading Achievement Test Scores of Pupils in California Public Schools, 1962-1964

| Number of California pupils tested | | | Test administered ¹ | Percentile scores | | | | | | | | | | | | | |
|---------------------------------------|---------|---------|--|---|-----------------------------|------|------|---|-----------------------------|------|------|---|---|-----------------------------|-----------------------------|-----------------------------|--|
| | | | | 25th | | | 50th | | | 75th | | | Pub- lisher's test norm score | California pupils' score | California pupils' score | | |
| | | | | Pub- lisher's test norm score | California pupils' score | | | Pub- lisher's test norm score | California pupils' score | | | Pub- lisher's test norm score | | | | California pupils' score | |
| 1962 | 1963 | 1964 | | '62 | '63 | '64 | '62 | '63 | '64 | '62 | '63 | '64 | | | | | |
| 178,600 | 191,800 | 201,400 | California Achievement Tests, 1957 Edition, Form W (1963 norms) | | | | | | | | | | | | | | |
| | | | Elementary Level (Grade 5) | | | | | | | | | | | | | | |
| | | | Reading vocabulary | 24 | 22.5 | 22.7 | 22.9 | 30 | 31.9 | 32.1 | 32.2 | 36 | 39.3 | 39.3 | 39.2 | | |
| 157,000 | 163,400 | 172,000 | Reading comprehension | 32 | 30.8 | 31.0 | 30.9 | 40 | 42.1 | 42.2 | 42.2 | 49 | 51.9 | 52.1 | 52.1 | | |
| | | | Junior High Level (Grade 8) | | | | | | | | | | | | | | |
| | | | Reading vocabulary | 31 | 29.6 | 29.9 | 30.7 | 37 | 39.9 | 40.0 | 40.5 | 45 | 47.6 | 47.7 | 48.0 | | |
| 44,000 | 46,000 | 48,000 | Reading comprehension | 38 | 37.4 | 37.4 | 37.6 | 48 | 49.7 | 49.7 | 49.7 | 59 | 61.3 | 61.2 | 61.3 | | |
| | | | Advanced Level (Grade 11) | | | | | | | | | | | | | | |
| | | | Reading vocabulary | 25 | 23.4 | 23.3 | 23.8 | 32 | 32.7 | 32.5 | 33.2 | 40 | 42.2 | 41.8 | 42.4 | | |
| 30,100 | 33,000 | 43,000 | Reading comprehension | 36 | 34.3 | 34.4 | 34.3 | 45 | 45.2 | 45.0 | 45.2 | 55 | 56.7 | 56.3 | 56.6 | | |
| | | | Sequential Tests of Educational Progress | | | | | | | | | | | | | | |
| | | | Level 4, Form 4A—Reading (Grade 5) | 29 | 29.5 | 29.6 | 31.3 | 43 | 44.7 | 44.6 | 45.3 | 53 | 55.6 | 55.4 | 55.4 | | |
| 49,600 | 52,200 | 57,700 | Level 3, Form 3A—Reading (Grade 8) | 27 | 30.8 | 30.7 | 31.1 | 36 | 41.7 | 41.4 | 41.7 | 45 | 50.4 | 50.1 | 50.4 | | |
| | | | Level 2, Form 2A—Reading (Grade 11) | 35 | 38.0 | 37.8 | 38.0 | 45 | 47.7 | 47.5 | 47.8 | 53 | 55.2 | 55.3 | 55.5 | | |
| | | | | | | | | | | | | | | | | | |
| 22,900 | 26,500 | 28,000 | Iowa Tests of Basic Skills | | | | | | | | | | | | | | |
| | | | Form 1 (Grade 5) | | | | | | | | | | | | | | |
| | | | Vocabulary | 13 | 14.3 | 14.2 | 14.2 | 19 | 20.7 | 20.4 | 20.3 | 28 | 29.0 | 28.6 | 28.4 | | |
| 11,500 | 16,600 | 15,000 | Reading | 22 | 24.5 | 24.4 | 24.1 | 32 | 36.9 | 36.7 | 36.3 | 46 | 50.3 | 50.1 | 49.6 | | |
| | | | Form 1 (Grade 8) | | | | | | | | | | | | | | |
| | | | Vocabulary | 17 | 19.1 | 18.8 | 18.9 | 25 | 28.1 | 27.9 | 28.1 | 35 | 36.5 | 36.5 | 36.6 | | |
| 18,100 | 18,000 | 10,500 | Reading | 27 | 29.2 | 28.7 | 29.1 | 37 | 41.2 | 40.6 | 41.4 | 49 | 52.7 | 51.9 | 52.7 | | |
| | | | Stanford Achievement Tests, Partial Battery | | | | | | | | | | | | | | |
| | | | Intermediate, Form J (Grade 5) | | | | | | | | | | | | | | |
| 16,700 | 15,100 | 15,800 | Word meaning | 17 | 19.6 | 19.8 | 18.3 | 25 | 28.0 | 28.4 | 26.7 | 32 | 35.6 | 35.9 | 34.9 | | |
| | | | Paragraph meaning | 18 | 18.5 | 18.5 | 17.4 | 25 | 25.4 | 25.8 | 25.1 | 31 | 32.3 | 32.8 | 32.2 | | |
| | | | Advanced, Form J (Grade 8) | | | | | | | | | | | | | | |
| | | | Word meaning | 21 | 22.8 | 23.1 | 23.1 | 27 | 30.8 | 31.0 | 31.3 | 34 | 37.6 | 37.8 | 38.0 | | |
| | | | Paragraph meaning | 24 | 25.4 | 25.2 | 25.3 | 29 | 31.3 | 31.1 | 31.3 | 34 | 36.1 | 36.1 | 36.1 | | |

| | | | | | | | | | | | | | | | | | |
|--------|--------|--------|--|----|------|------|------|----|------|------|------|----|------|------|------|--|--|
| 10,000 | 6,700 | 6,200 | SRA Achievement Tests | | | | | | | | | | | | | | |
| | | | Grades 4-6, Form A (Grade 5) | | | | | | | | | | | | | | |
| | | | Reading vocabulary..... | 13 | 12.8 | 13.8 | 14.3 | 20 | 19.3 | 21.0 | 21.2 | 27 | 27.9 | 29.2 | 30.0 | | |
| | | | Reading comprehension..... | 19 | 17.1 | 18.5 | 18.5 | 26 | 25.1 | 26.9 | 26.6 | 33 | 33.4 | 34.6 | 34.7 | | |
| 8,900 | 4,000 | 5,100 | Grades 6-9, Form A (Grade 8) | | | | | | | | | | | | | | |
| | | | Reading vocabulary..... | 20 | 21.4 | 23.4 | 23.4 | 28 | 30.8 | 33.6 | 32.7 | 36 | 38.3 | 40.7 | 39.5 | | |
| | | | Reading comprehension..... | 22 | 21.8 | 22.9 | 22.7 | 29 | 30.3 | 32.4 | 31.4 | 36 | 37.2 | 39.1 | 38.0 | | |
| | | | Iowa Tests of Educational Development | | | | | | | | | | | | | | |
| 60,200 | 75,000 | 78,500 | Form X-3S, Class Period Version (Grade 11) | | | | | | | | | | | | | | |
| | | | General vocabulary..... | 29 | 36.4 | 36.3 | 35.8 | 43 | 48.5 | 48.5 | 48.1 | 52 | 58.3 | 58.1 | 58.0 | | |
| | | | Ability to interpret literary materials..... | 23 | 25.8 | 25.5 | 25.2 | 31 | 34.9 | 34.6 | 34.4 | 40 | 44.4 | 44.2 | 44.2 | | |
| | | | Cooperative English Tests, 1960² | | | | | | | | | | | | | | |
| 37,400 | 39,300 | 39,700 | Form 2A (Grade 11) | | | | | | | | | | | | | | |
| | | | Vocabulary..... | 23 | 27.0 | 26.7 | 26.4 | 30 | 34.0 | 33.7 | 33.5 | 37 | 41.0 | 40.8 | 40.7 | | |
| | | | Speed of comprehension..... | 24 | 24.8 | 23.7 | 23.5 | 29 | 34.2 | 33.0 | 32.7 | 38 | 43.3 | 42.0 | 41.7 | | |
| | | | Level of comprehension..... | 16 | 18.5 | 18.3 | 18.0 | 20 | 23.2 | 23.1 | 22.9 | 25 | 26.5 | 26.4 | 26.3 | | |

¹ The Metropolitan Achievement Tests were administered in a small number of school districts to a small number of pupils; because of this limited use, the results are not reported in this table.

² The publisher's norms for the Cooperative English Tests, 1960, are for the end of the tenth grade.

COMMISSION ON EDUCATIONAL REFORM

Item 71 from the General Fund

Budget page 227

| | |
|-----------------------------|----------|
| Requested 1970-71 | \$10,000 |
| Estimated 1969-70 | --- |
| Actual 1968-69 | --- |
| Requested increase \$10,000 | |
| Total recommended reduction | \$10,000 |

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

We recommend the deletion of this entire item. (Analysis page 227.)

GENERAL PROGRAM STATEMENT

The budget states that the Governor's Commission on Educational Reform was established by executive order in July of 1969. Its charge as stated by the Governor was: "... to view the entire elementary and secondary educational process and to make recommendations to me to improve its effectiveness and the quality of the teaching of all our children."

In December 1969 the committee submitted a series of recommendations to the Governor on statewide governance of the public school system, the certification process, teacher preparation and the maintenance of teaching skills. The budget states that a variety of areas are proposed for study in 1970 including:

1. Tenure and the possibility of merit systems
2. Individualization of instruction
 - a. Classroom practices, including the utilization of equipment, facilities, and new materials with emphasis on materials, equipment and facilities necessary to "catch up"
 - b. Curriculum development
 - c. Testing, evaluation and assessment
3. Purpose of and need for the intermediate unit
4. Relationship of the federal and state governments in educational matters
5. Simplification of the Education Code
6. Checks and balances between state and local educational bodies
7. Regional centers throughout the state for functions such as:
 - a. Vocational education
 - b. Research and development
 - c. Central purchasing
 - d. Data processing and the establishment of an educational inquiry system
 - e. Library and audiovisual services
 - f. Continuation and adult education
8. Urban, suburban and rural needs
9. Conflict in the schools
 - a. Campus
 - b. Teacher
 - c. Community

Commission on Educational Reform—Continued

10. Organization and management of local school administration.
 - a. More efficient use of local staff and community talent and time
 - b. Student progress by performance
 - c. Operational economics
 - d. Business economics and intergovernmental relationships
 - e. Community confidence and support
11. State and local organization for systematic change

ANALYSIS AND RECOMMENDATIONS

We recommend that the General Fund support for the Commission on Educational Reform appropriated by Item 71 be deleted and that expense associated with the commission be included in state support for the Governor's office. The budget appropriates \$10,000 for the support of Commission on Educational Reform to the Department of Education, but funds are to be allocated by the Director of Finance. The amount appropriated is designed to support the costs of the members of the commission and includes no staff expenditures. Commission staff is composed of an executive director whose time is donated by his employer and a secretarial position funded through the Governor's office.

We find substantial confusion regarding the direction and funding of this commission. Although the budget document specifically states that the commission was constituted by executive order to make recommendations to the Governor, and staffing of the commission is provided through the Governor's office, the operating expense of the commission is appropriated to the Department of Education. The funds, however, are only expendable upon the approval of the Director of Finance.

We believe that this is an unusually cumbersome approach for the funding of travel and related expense for the members of an advisory commission. As proposed, the expenditure of funds would involve the committee staff, the fiscal office of the Department of Education and the Department of Finance. We believe that since the basic objective of this body is to advise the Governor on educational policy, this expense could be included in the regular budget appropriation for his office and deleted as an item of support to the Department of Education. This approach would also more clearly define the distinctions between the proposed activities of the commission and (1) the duties already assigned by law to the Department of Education and (2) the wide variety of special studies already required by legislative action.

Department of Education
EDUCATIONAL COMMISSION OF THE STATES

Item 72 from the General Fund

Budget page 317

| | |
|-----------------------------------|----------|
| Requested 1970-71 | \$24,100 |
| Estimated 1969-70 | 24,100 |
| Actual 1968-69 | 23,240 |
| Requested increase—None | |
| Total recommended reduction | None |

GENERAL PROGRAM STATEMENT

The Educational Commission of the States was organized in 1965 to encourage interstate cooperation and communication among executive, legislative and professional personnel concerning methods of improving public education. California joined the commission on July 1, 1966, with the enactment of the Interstate Compact for Education, of Chapter 148, Statutes of 1966. California's representatives on the commission include the Superintendent of Public Instruction, a member each of the Assembly and the Senate, the Governor, a member of a local school board, and one representative each for public and private institutions of higher education.

As originally enacted, California's participation in the commission was to expire December 31, 1969. Chapter 1538, Statutes of 1969, extended state participation until December 31, 1973, and provides that the Legislature shall review participation in the Compact for Education at that time.

ANALYSIS AND RECOMMENDATIONS

We recommend approval of the item as budgeted. The sum of \$24,100 is proposed to finance California's participation in the commission in 1970-71 which is the current level of support. This appropriation will pay an annual membership fee plus travel expenses for California's representatives.

DEPARTMENT OF EDUCATION

Item 73 from the General Fund

Budget page 317

| | |
|---|-------------|
| Requested 1970-71 | \$5,691,767 |
| Estimated 1969-70 | 6,815,772 |
| Actual 1968-69 | 5,653,177 |
| Requested decrease \$1,124,005 (16.4 percent) | |
| Total recommended augmentation | \$7,260 |

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS**Department of Education Program Budgeting**

We recommend that the Legislature instruct the Department of Finance to develop and insure implementation of a program budgeting

Department of Education—Continued

system for the Department of Education which is responsive to the criticism expressed in this analysis and report to the Joint Legislative Budget Committee by November 1, 1970, on its progress. (Analysis page 232.)

Recommendations on Reorganization of the Department of Education

1. We recommend that final action on any element of the Department of Education's budget be withheld until review is made of progress to date of the reorganization of the Department of Education including the reasons for delay in the establishment of positions authorized by the Legislature in such reorganization. (Analysis page 237.)

2. We recommend that the Department of Education be requested to justify its proposed shift from a business management office under the direction of an appropriate level of Administrative Services Officer, as required by the Legislature, to a request for an Assistant Superintendent for Administration. (Analysis page 238.)

Departmental Commissions and Committees

We recommend that the Department of Education be required to submit a report to the Joint Legislative Budget Committee by November 1, 1970, containing the following information regarding departmental committees. (Analysis page 241.)

1. A current list of all commissions, committees, and associations where any member of the Department of Education participates and there is an expense to the state for salaries, per diem, travel, dues or contributions. This includes inter- or intradepartmental committees, professional or paraprofessional committees, commissions, or associations.

2. The authorization for the establishment of each committee or commission.

3. The composition of each committee or commission in terms of membership, and the number of participants from the Department of Education.

4. The frequency and location of the meetings.

5. The source of funding to support participation in the committees, commissions, and associations.

6. The cost of participating in the committees, commissions and associations for the fiscal year 1969-70 with a projected cost for the fiscal year 1970-71.

7. The status of the commissions and committees in terms of the number established or dissolved during the fiscal year 1969-70.

Salary Savings

We recommend that the Legislature direct the Department of Finance to authorize the administrative establishment of positions for the Department of Education in 1970-71 only on the basis of justified need and workload requirements rather than anticipated salary savings. (Analysis page 244.)

Personnel Office

We recommend the restoration of one personnel assistant for an augmentation of \$7,260 from the General Fund. (Analysis page 247.)

**Department of Education—Continued
Microfilming Project**

We recommend augmentation of \$55,900 to teacher education and certification from credential fees for completion of the microfilming project by June 30, 1971. (Analysis page 248.)

Automation of Teacher Licensing

We recommend the reduction of a clerk II and 10 clerk typist II in credential fees, for a savings of \$57,420 in credential fees. (Analysis page 249.)

Bureau of Systems and Data Processing

1. We recommend that the Legislature defer approval of the funding for the Bureau of Systems and Data Processing until the fiscal committees have reviewed the findings of the specialized consulting firm retained by the Office of Management Services along with the specific recommendations of the appropriate EDP control agencies. (Analysis page 249.)

2. We recommend that legislation be adopted which will amend existing Education Code provisions relating to the California education information system to eliminate the requirement that the Department of Education develop a detailed systems and computer programs for each school district. (Analysis page 249.)

Vocational Education Policy Option

Redirect state General Fund contributions to vocational education into the planning and development of effective programs. (Analysis page 265.)

Office of Compensatory Education

1. We recommend that legislation be introduced to delete the 25 percent restriction and the certification requirement in order to allow school districts more flexibility in the employment of teacher aides either in conjunction with, or in place of, certificated teachers. (Analysis page 272.)

2. We recommend that the Legislature adopt budget language to redirect \$750,000 from the state compensatory education subvention item committee to the research and teacher education, to the Professional Development Center Program established by Chapter 1414, Statutes of 1969. (Analysis page 275.)

GENERAL PROGRAM STATEMENT

The General Activities Budget of the Department of Education provides funds for the state level administration of the public school system, the residential schools for physically handicapped minors and support for the State Board of Education. The department is responsible for the administration of over \$1.4 billion in state subventions which are allocated to local school districts to support educational costs for pupils enrolled in regular programs and pupils enrolled in special education classes for handicapped minors. State support is also provided for special categorical aid programs such as the Miller-Unruh Basic Reading Act and the Mathematics Improvement Program. The department also administers over \$284 million in federal funds available for several categorical aid programs such as compensatory education, vocational education and teacher training programs.

Department of Education—Continued

Most of the state and federal categorical aid programs are discussed under separate items elsewhere in this analysis.

ANALYSIS AND RECOMMENDATIONS

For the first time the Governor's Budget was available only in the program format for preparation of this analysis. An outline of that presentation and associated expense appears in Table 1.

Table 1
Summary of Program Requirements

| | Actual 1968-69 | Estimated 1969-70 | Proposed 1970-71 |
|--|-------------------|----------------------|---------------------|
| I. Educational Aid Distribution | \$1,362,634,807 | \$1,505,925,879 | \$1,485,025,694 |
| II. Reading ----- | 19,659,326 | 28,521,317 | 22,577,849 |
| III. Mathematics ----- | 3,537,700 | 4,098,091 | 4,004,984 |
| IV. Science ----- | 4,040,042 | 4,575,232 | 4,528,399 |
| V. Social Science ----- | 2,580,080 | 2,865,954 | 2,849,846 |
| VI. Arts and Humanities ----- | 2,287,993 | 2,880,990 | 2,836,241 |
| VII. English and Related Subjects | 3,247,472 | 3,597,081 | 3,562,915 |
| VIII. Health Instruction ----- | 2,035,728 | 2,584,328 | 2,494,325 |
| IX. Other Subject Areas ----- | 3,411,158 | 3,538,812 | 3,725,153 |
| X. Guidance and Counseling ----- | 4,018,489 | 4,403,853 | 4,355,884 |
| XI. Vocational Education ----- | 34,792,091 | 36,605,988 | 36,857,849 |
| XII. Education of the Dis- advantaged ----- | 120,079,155 | 131,940,090 | 130,347,175 |
| XIII. Education of the Handicapped ----- | 15,633,610 | 19,185,403 | 20,374,301 |
| XIV. Services—School Admin- istration ----- | 1,696,805 | 2,179,166 | 2,192,466 |
| XV. Accreditation and Licensing ----- | 2,647,452 | 3,775,389 | 3,368,138 |
| XVI. Library Services ----- | 7,233,233 | 8,795,399 | 9,585,866 |
| General Administration— undistributed ----- | 23,240 | 34,100 | 24,100 |
| TOTALS, PROGRAMS ----- | \$1,589,558,381 | \$1,765,507,072 | \$1,738,711,185 |
| Reimbursements ----- | -21,560,943 | -27,392,471 | -27,241,644 |
| NET TOTALS, PROGRAMS ----- | \$1,567,997,438 | \$1,738,114,601 | \$1,711,469,541 |
| General Fund ----- | 1,396,649,245 | 1,553,911,440 | 1,525,218,308 |
| School Building Aid Fund ----- | 182,875 | 219,122 | 220,426 |
| Surplus Property Revolving Fund ----- | 2,922,412 | 3,189,323 | 3,397,784 |
| State School Fund ----- | 2,911,956 | 2,900,000 | 2,900,000 |
| California Water Fund ----- | 174,954 | 175,000 | 175,000 |
| Federal funds ----- | 165,155,996 | 177,719,716 | 179,558,023 |

This format is a substantial departure from both the traditional line item format and the program budget presentation submitted in 1969-70. We were critical of the 1969-70 program budget presentation because in most cases it only represented a convenient grouping of divisional activities, and sufficient information was not presented to permit cross-over between line item expenditures and program categories. This year, however, the program budget is based, for the most part, on general subject area programs in public education.

Department of Education—Continued

Department of Education Program Budgeting

We recommend that the Legislature instruct the Department of Finance to develop and insure implementation of a program budgeting system for the Department of Education which is responsive to the criticisms expressed in this analysis and report to the Joint Legislative Budget Committee by November 1, 1970 on its progress. We have experienced great difficulty in analyzing the program budget. The following typical example demonstrates the problem. Program VIII—Health Instruction is broken down as follows:

Program VIII—Health Instruction

Specialized Consultant Services

1. Physical Education
2. Health Education
3. Athletics
4. Recreation

Reference Services

Evaluation Research

Audio-visual and Library Services

Supplementary Centers

Adult Education

Throughout this program there is little in the way of meaningful information upon which legislative decisions can be made. Objectives are vague as in the physical fitness element: "to maximize physical fitness to all Californians."

There is little or no attempt to measure output in most cases. There is merely an indication of what could be measured, as in athletics.

"Output

The effectiveness of the department's service in athletics will be measured by the achievements that follow:

- a. Number of teams and participants engaging in interscholastic athletics.
- b. Awards and Honors
 1. Percent of students on national teams from California high schools
 2. Percent of U.S. Olympic teams that were students or graduates of California high schools."

Or in the area of recreation:

"Output

The effectiveness of the department's service in recreation will be measured by the achievements that follow:

- a. Number and percent of school districts that provide or cooperate in providing year-round school or school-community recreation services.
- b. Number and percent of school districts that provide or cooperate in providing summer recreation services only.
- c. Number of school swimming pools used for summer recreation.

Department of Education—Continued

- d. Number of youth who were taught to swim in the school or school-community recreation program.
- e. Number and percent of school districts providing intramural athletics through recreation.
- f. Number of participants in the intramural athletic programs.
- g. Number of school districts utilizing the community service tax for civic center and recreation services."

Without (1) clear definition of needs, (2) measurable objectives, or (3) output data, it is not surprising that in any program area there would be difficulty in describing the existing situation. The general description of the Health Education element indicates this problem as follows:

"General Description

"The health of youth in California is affected by lack of exercise, obesity, insufficient rest, dental caries and accidents. Emotional problems such as lack of motivation and self-direction, and social problems such as drug use, smoking, drinking, and sexual experimentation are present. These problems impair physical, mental and social development; reduce the educability of youth and some lead to disability and death. Thus, the future of our nation and its people depends to a great extent on what is done to promote, improve and preserve the health of school children. Never was a strong program of health education, including health services, in California schools more important.

"Activities used to accomplish the objectives are:

- a. Consultative service to counties and districts.
- b. In-service and preservice education.
- c. Research and special projects.
- d. Coordination and consultative services to official, professional, and voluntary associations and agencies.
- e. Preparation and distribution of instructional materials."

Even if the foregoing assertions are correct, it is difficult to see how the problems might be alleviated by the "activities" of consultants, training programs, research, coordination and consultation with groups and the distribution of materials without additional supportive information.

We believe that the department's apparent inability to develop a program budget which the Legislature can utilize in decision making demonstrates a serious deficiency in administration. In the review of the 1969-70 budget, we found it necessary to discard the program budget and used the traditional presentation. This option was not available to us in the review of the 1970 budget, but through the course of this analysis we have attempted to provide relevant data, to the extent that such is available, regarding the items of expenditure.

Although this analysis will provide the Legislature usable summary information on the proposed budget for the Department of Education, we believe that steps must be taken immediately to insure that the budget presentation for 1971-72 will be an improvement over the

Department of Education—Continued

present submission. We propose that the Department of Finance be instructed to work with the Department of Education to implement a system. Assistance should be obtained from other appropriate state agencies, legislative staff, or private industry to guarantee adequate program definition, measurable objectives and appropriate program data.

Background on Reorganization of the Department of Education

For a number of years criticism has been advanced concerning the need to reorganize and revitalize the Department of Education. Most of this criticism, including that by our office, has centered around the fact that the activities of the department have become so involved in daily administrative tasks that the vital leadership qualities so necessary to the 1,157 school districts of the state have been neglected.

Federal Support. Much of this can be attributed to the rapid growth of federal programs which have been added incrementally each year and to the fact that the relationship between, and coordination among, these programs have not been clear at the federal level. The great increase in the number of federally funded positions within the department partially indicates the size of this communication and organization problem. For example, in 1962 there were only 93 federally funded positions in the department. By 1968 this number had grown to 454 (representing an increase of more than 388 percent). During the same period positions supported by state dollars have increased from 575 to 669 (representing an increase of only about 16 percent). It is significant also that, at the present time, about 40 percent of the department's personnel is funded from federal sources. This indicates that the growth in departmental staffing is the direct result of the rapid growth in federal funds.

Arthur D. Little Company Reorganization Plan. In 1967 the Arthur D. Little Company presented the State Board of Education with a report entitled *A New Organizational System for State Level Educational Administration*. Although we were critical of the plan because it lacked an outline of the specific steps which would be needed for its implementation, we agreed with many of its conclusions. Although the conclusions were numerous to repeat, we believe that the two most significant problems identified were as follows.

First, there is a need to improve the quality and effectiveness of the working relationship between the Department of Education and school districts. Second, there is need to improve the efficiency of planning and managing programs, particularly those which are funded from multiple sources and which require the use of a variety of professional skills found in more than one division. The latter criticism pointed to the need for flexibility in use of staff and to the recommendation that multidisciplinary teams would extend the effectiveness of both departmental personnel and qualified professionals from outside the department. The redirection to be given to these two deficiencies was to be corrected, partially by the creation of two new positions: a Deputy Superintendent for Major Programs (to be program oriented) which

Department of Education—Continued

would include present missing elements such as long-range planning, school district development, etc., and a Deputy Superintendent for Administration (to be functionally oriented) which would include largely the present administrative and functional activities. It was believed that this arrangement would add to the flexibility and facilitate the attack upon problems, not only by the traditional functional approach, but also by the broader evaluative requirements inherent in the program approach. For want of a single word to express this concept, we might call it the "program plus functional" approach to organization.

Governor's Survey on Efficiency and Cost Control. The implementation of reorganization, however, was delayed by the Department of Education pending the results of the *Governor's Survey on Efficiency and Cost Control*. This group included in its broad review of the operations of state government the functioning of the Department of Education. The objective of the group, usually identified as the "Governor's Task Force," was spelled out in the transmittal letter of its final report.

"... our purpose was:

"First, to recommend improvements where immediate savings can be accomplished by administrative order."

"Second, to pinpoint specific areas where further in-depth studies can be justified on the basis of potential savings."

"And finally, to make recommendations for long-range consideration by the Executive and Legislative branches of our state government."

State Board of Education Reorganization Plan. The State Board of Education, in an attempt to reconcile the recommendations of (1) the Arthur D. Little Company, which were primarily designed to increase administrative effectiveness, (2) the Governor's Task Force, which were directed toward cost reduction plus (3) the attitudes of the administration of the Department of Education, in February 1968 appointed its own Committee on Departmental Reorganization. This committee was composed of board members and department personnel, assisted by various coordinators and consultants.

After almost five years of study, the State Board of Education substantially discarded the Arthur D. Little plan and on December 12, 1968, adopted a plan proposed by its own committee. The essence of the State Board of Education Reorganization Plan was broadening the span of control under the Chief Deputy Superintendent to include seven divisions or deputies.

In contrast to the Arthur D. Little plan which would have vested responsibility for the administration of the department's activities in two deputy superintendent positions, the state board plan simply would establish three new divisions. These were: a Division of Adult and Vocational Education, a division headed by a deputy superintendent and controller, and a division headed by a Deputy Superintendent of Special Programs and Legislation. Under this plan each of the seven division chiefs would have equal line authority and would report

Department of Education—Continued

to the Superintendent of Public Instruction through the Chief Deputy Superintendent.

The board plan did not incorporate the flexible "Program Plus Functional" approach recommended by the Arthur D. Little Company since the two new deputy superintendents proposed would simply be responsible for coordination of programs and would lack administrative responsibility required to provide supervision and direction.

Legislative Requirements for Departmental Reorganization. Although the departmental budget for 1969-70 did not include funds for the implementation of the reorganization proposal of the State Board of Education, the department had submitted a request for a total of 55 positions costing in excess of \$900,000 to the Department of Finance in December of 1968. Because we understood that the department intended to establish many of the requested positions through discretionary federal funds available under Title V of the Elementary and Secondary Education Act and because we believe that the addition of staff through this type of funding has been one of the major contributors to the irrational organization that existed, we recommended in the *Analysis of the Budget Bill 1969-70* that:

1. The Legislature review at the 1969 session both the Arthur D. Little plan and the State Board plan for reorganizing the Department of Education.

2. The Legislature request the State Board of Education and the Department of Education to delay funding any proposed positions connected with the board's plan until the two reorganization proposals and their potential state costs were thoroughly reviewed by the Legislature and by the administration.

3. The Legislature request the administration to submit . . . to the appropriate policy and fiscal committees its position regarding (a) the merits of each reorganization proposal in terms of an improved organizational structure for the department and the cost implications of each plan, and (b) proposed sources of funding for new positions required to implement a plan approved by the Legislature.

Based on these recommendations a joint hearing of the appropriate committees was convened in April 1969 to hear the elements and recommendations of the various plans. As a result of that hearing and subsequent review, the following issues were identified and budget actions taken.

1. *Chief Deputy Superintendent.* The position of Chief Deputy Superintendent and Chief of the Division of Departmental Administration, which had been deleted for two years and in effect financed from funds available from vacant associate and deputy superintendent positions in the Division of Instruction, Division of Higher Education and the Division of Special Schools and Services, was restored. Further, a specific notation was made in the *List of Changes to the Governor's Budget* that the position was "limited term" and \$18,000 was appropriated to fund the position.

Department of Education—Continued

2. *Deputy Superintendent of Public Instruction.* The Legislature rejected the concept endorsed by the State Board of Education which, in essence, put the new deputy positions on the same level as the administrators of the operating divisions and under the supervision of the chief deputy superintendent. Rather, it was specified that two deputy superintendents be established with authority direct from the Superintendent. One deputy position was to be in charge of major supervision including the Division of Instruction, Division of Special Education and the Office of Compensatory Education. The other position was a deputy for administration to be in charge of the internal operations of the department including the Division of Public School Administration and the newly authorized Business Management Office.

3. *Evaluation Unit.* An Evaluation Unit was authorized to review the effectiveness of educational programs. This unit was to report directly to the Deputy Superintendent for Program Supervision.

4. *Business Management Office.* A new unit was to be created under the supervision of an Administrative Services Officer to supervise departmental personnel, accounting and similar functions. This would authorize the grouping of the business service functions of the department under a position which did not require a teaching credential, but did require substantial management experience.

5. *Annual Report.* The department was to make an annual report to the Legislature indicating the costs, benefits, strengths and weaknesses of public education. An advance copy of this report was to be submitted to the Joint Legislative Budget Committee by November 1 of each year.

6. *Task Force Approach.* The organized approach to educational problem solving recommended in the Arthur D. Little Company report was to be implemented during the current year with federal funds. This would involve the establishment of educational task forces which cut across organizational lines to deal with specific problem areas. A report of the effectiveness was to be submitted to the Joint Legislative Budget Committee by November 1, 1971.

The plan was slightly modified with the passage of Assembly Constitutional Amendment 28 which, if adopted by the electorate at the June election, would make the two new deputy positions exempt from the provisions of civil service and would elevate the Director of the Office of Compensatory Education to Associate Superintendent of Public Instruction which would also be exempt from civil service.

Recommendations on Reorganization of the Department of Education

1. *We recommend that final action on any element of the Department of Education's budget be withheld until review is made of the progress to date of the reorganization of the Department of Education including the reasons for delay in the establishment of positions authorized by the Legislature in such reorganization.*

Department of Education—Continued

2. *We recommend that the Department of Education be requested to justify its proposed shift from a business management office under the direction of an appropriate level of Administrative Services Officer as required by the Legislature, to a request for an Assistant Superintendent for Administration.*

We believe that there is ample evidence to indicate that the reorganization of the department is not proceeding in accordance with the intent of the Legislature on each of the major issues identified.

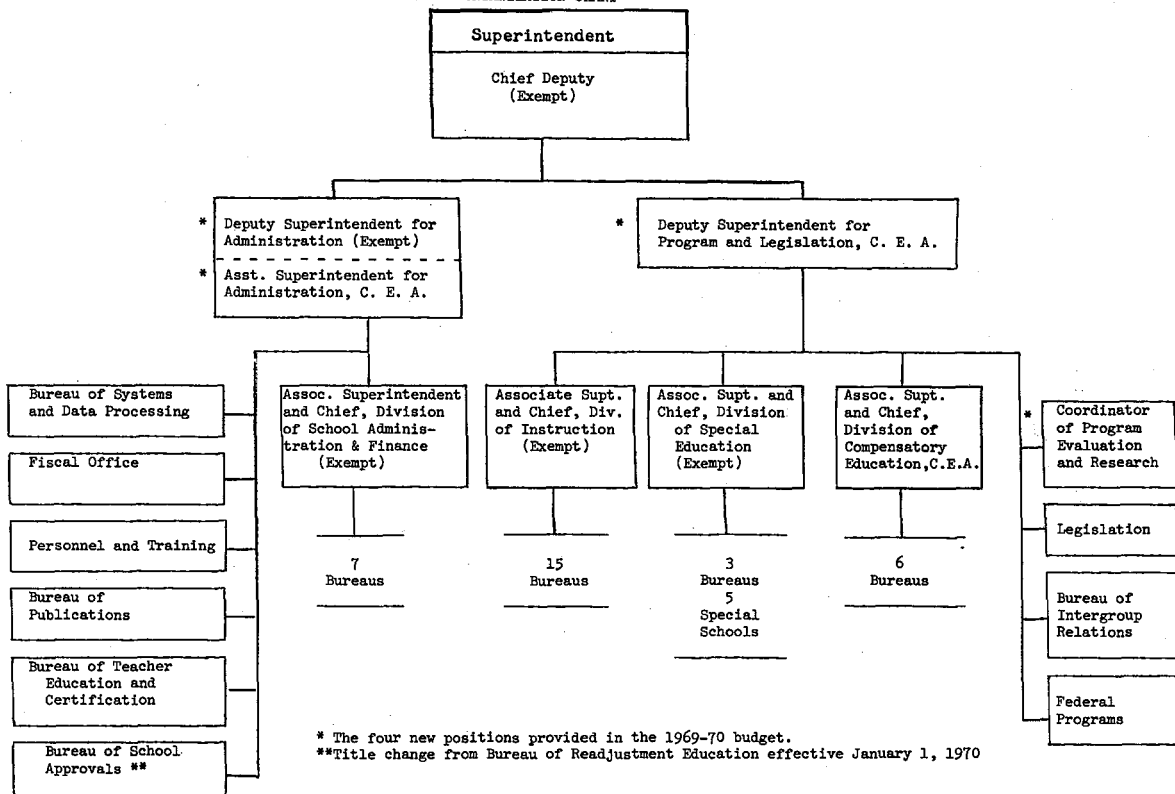
Chief Deputy Superintendent of Public Instruction. Although the Legislature stipulated that the chief deputy should assist the superintendent as his representative on boards and commissions and fulfill his responsibilities in his absence rather than administering the department on a day-to-day basis, and that the new deputies report directly to the Superintendent of Public Instruction, it appears that there has been little recognizable change within the department regarding areas of authority or communication and that these provisions have not been implemented.

Two Deputy Superintendents of Public Instruction. Despite the fact that the two new positions were approved for the current year, the official delegation of responsibility did not occur until final approval of the positions by the State Personnel Board in December. As a result of this delay a substantial portion of the impact in the current year of reorganization both in terms of improved administration and shift in direction has been lost. In addition, it appears there is little evidence to indicate that the new positions were delegated appropriate authority, rather the organization charts prepared by the department still confuse program supervision with program operation as demonstrated by the fact that both deputies are supervisors over some operating divisions, but are called upon to be the operating administrator of a number of other unrelated programs, bureaus and functions as demonstrated in comparing the charts on pages 239 and 240.

It can be seen in Chart 1 that the Deputy Superintendent for Administration appropriately supervises the Division of School Administration and Finance but also has direct operating authority for data processing, fiscal office, personnel and training, publications, teacher education and certification and school approvals. Similar confusion can be found regarding the Deputy Superintendent for Programs, who, in addition to supervision of the divisions and responsibilities specified by the Legislature, is in charge of legislation, the Bureau of Intergroup Relations and federal programs. Chart 2 which was the program approved by the Legislature indicates that the new deputy positions are to be supervisors of operating heads of the divisions, not administrators of individual programs. We believe that the provision of operating responsibilities for the deputies serves as a limitation on their effectiveness and dilutes the authority of positions which were designed to be the principal administrators of the department.

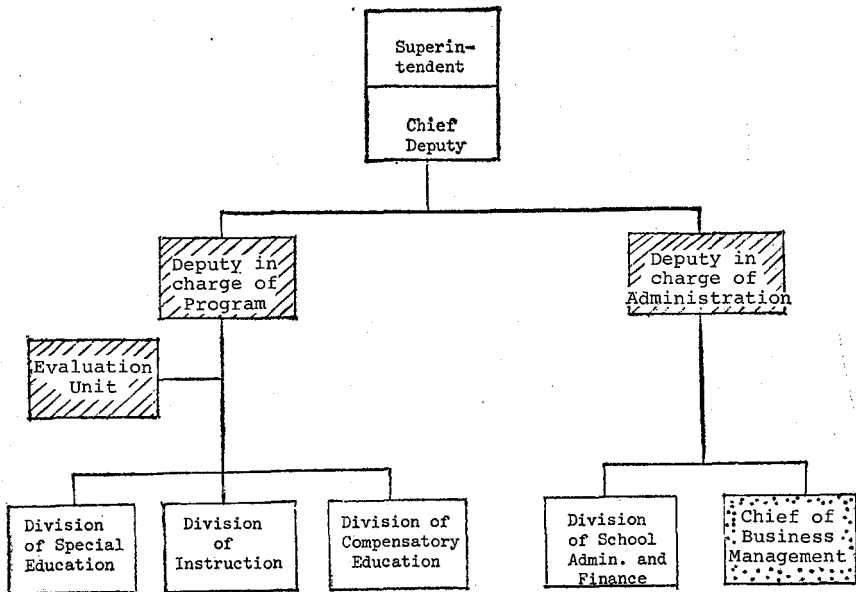
Evaluation Unit. To date the Evaluation Unit has not been established. However, preliminary position documents have added a research

CHART 1
DEPARTMENT OF EDUCATION
ORGANIZATION CHART



Department of Education—Continued

CHART 2
DEPARTMENT OF EDUCATION
LEGISLATIVELY APPROVED ORGANIZATION CHART



New
Position

Upgraded
Position

Department of Education—Continued

function which may detract from the primary responsibility of evaluation. It would also appear that the evaluation function would be eroded further by the need to appear before groups and participate in professional meetings to "disseminate information regarding program evaluation, state testing, and instructional research." We believe that this position was established to serve a special staff function for the Deputy Superintendent for Programs by developing a system for evaluating the current operations in an organized fashion and not to "demonstrate administrative ability, neat personal appearance, pleasing personality, tact, and willingness to travel throughout the state," as the position description indicates.

Business Management Office. The management position to supervise the various business functions of the department has not been established; rather, the Department of Education has submitted a special request for an Assistant Superintendent for Administration. This position would be responsible for assisting in the administration of all the responsibilities of that deputy. We interpret this position to have been established by the Legislature to attract applicants on the basis of management background not limited to the holders of teaching or administrative credentials. It appears that the department's proposal would be in contradiction to that provision.

Annual Report. As of this writing the department has not complied with the legislative requirement that an annual report be submitted to the Legislature.

Departmental Commissions and Committees

We recommend that the Department of Education be required to submit a report to the Joint Legislative Budget Committee by November 1, 1970 containing the following information regarding departmental committees.

1. *A current list of all commissions, committees, and associations where any member of the Department of Education participates and there is an expense to the state for salaries, per diem, travel, dues or contributions. This includes inter or intradepartmental committees, professional or paraprofessional committees, commissions, or associations.*
2. *The authorization for the establishment of each committee or commission.*
3. *The composition of each committee or commission in terms of membership, and the number of participants from the Department of Education.*
4. *The frequency and location of the meetings.*
5. *The source of funding to support participation in the committees, commissions, and associations.*
6. *The cost of participating in the committees, commissions and associations for the fiscal year 1969-70 with a projected cost for the fiscal year 1970-71.*
7. *The status of the commissions and committees in terms of the number established or dissolved during the fiscal year 1969-70.*

Department of Education—Continued

A recent report indicated that the Department of Education is now supporting approximately 358 commissions and committees with departmental staff and funds. Chart 3 on page 243 demonstrates that 16 of these committees are legislatively mandated, three are required by federal law, 22 are by direction of the State Board of Education, and 19 are required by the State Superintendent. Participation in the remaining 298 committees is sanctioned by departmental policy. Of these, 127 are professional or paraprofessional committees rather than directly related to the functioning of the department.

We believe that participation in these committees has a significant accompanying cost factor. The three federally mandated committees, however, have provisions in the state grant to offset the cost to the state for these committees. With the exception of the explicit budget item for the Commission on School District Budgeting and Accounting of \$351,010 (1969-70) the cost of participating in these committees is carried as a regular budget item for each bureau or division office.

If we assume that each of the 358 committees meet on an average of four times a year for one day and are attended by one member from the Department of Education, there is an expense to the state equal of 1,432 man days. The cost to the state with no per diem or travel expense and using the average daily salary of \$65 would be \$93,080. Estimating that one-half of the committee meetings involved per diem, the cost to the state would increase by \$15,752 for a total of \$108,832.

We believe that in the interest of economy and efficiency it is difficult to justify the existence of 358 separate committees. Since many committees have overlapping functions, or were established for a particular purpose that has disappeared with time, we believe that an evaluation and analysis of their functions is required.

General Activities of the Department of Education

As a result of the difficulties experienced in attempting to analyze the Department of Education's program budget and without the timely submission of a line item budget we have utilized available data to convert the budget document presentation into a review of expenditures along functional lines. Table 2 reviews total proposed expenditures by source of funding.

Table 2
Support for the General Activities of the Department of Education

| <i>Expenditures</i> | <i>Actual 1968-69</i> | <i>Estimated 1969-70</i> | <i>Estimated 1970-71</i> |
|---|---------------------------|------------------------------|------------------------------|
| General Fund appropriation ¹ ----- | \$7,813,312 | \$9,856,624 | \$8,377,286 |
| State School Building Aid Fund ----- | 182,875 | 219,122 | 220,426 |
| Federal funds ----- | 6,658,733 | 8,582,480 | 9,287,786 |
| Total ----- | \$14,654,920 | \$18,658,226 | \$17,885,498 |

¹ The figures include the continuing appropriation of credential fees.

These figures demonstrate that the total operating budget of the Department of Education is proposed to be reduced by \$772,728. This is composed of a reduction of \$1,479,338 in General Fund support

Chart 3
Department of Education—Committees and Commissions

| | | <i>Authority</i> | | | | |
|--|-------------------------|---|---------------------|----------------------|-----------------------|---------------|
| | | <i>Number of Commissions/Committees</i> | | | | |
| <i>List of Education Departments and Bureaus</i> | (1) | (2) | (3) | (4) | (5) | (6) |
| | <i>State mandated</i> | <i>Federal</i> | <i>State Board</i> | <i>Department/</i> | <i>State</i> | <i>Totals</i> |
| | <i>(Education Code)</i> | <i>Law</i> | <i>of Education</i> | <i>Bureau Policy</i> | <i>Superintendent</i> | |
| <i>Division of Public Administration</i> | | | | | | |
| Bureau of Administrative Research and School District Organization | 2 | -- | -- | 3 | -- | 5 |
| Bureau of Administrative Services | 3 | 1 | 1 | 13 | 1 | 19 |
| Bureau of School Apportionments and Reports | 3 | -- | -- | 4 | -- | 7 |
| Bureau of School Planning | -- | -- | 1 | 2 | 2 | 5 |
| Food Service Office | -- | -- | -- | 3 | -- | 3 |
| <i>Division of Compensatory Education</i> | 2 | 1 | -- | -- | -- | 3 |
| <i>Division of Special Education</i> | 1 | 1 | -- | -- | -- | 2 |
| Professional—nondepartmental | -- | -- | -- | 26 | -- | 26 |
| <i>Division of Instruction</i> | -- | -- | -- | -- | -- | -- |
| Professional—nondepartmental | -- | -- | -- | 101 | -- | 101 |
| Committees within the department | -- | -- | -- | 97 | -- | 97 |
| <i>Superintendent of Public Instruction</i> | -- | -- | -- | -- | 16 | 16 |
| <i>State Board of Education</i> | -- | -- | 20 | -- | -- | 20 |
| <i>Committees of other state agencies-members</i> | -- | -- | -- | 26 | -- | 26 |
| <i>Division of Administration</i> | 5 | -- | -- | 9 | -- | 14 |
| <i>Miscellaneous Committees</i> | -- | -- | -- | 14 | -- | 14 |
| TOTALS | 16 | 3 | 22 | 298 | 19 | 358 |

(Approximate personnel involved—1,100 to 1,200.)

Department of Education—Continued

(which includes credential fees) plus increases of \$1,304 from the State School Building Aid Fund and \$705,306 in federal funds.

Table 3 compares estimated budgetary appropriation for each of the operating units of the department for 1969-70 and 1970-71.

Table 3

Support for Department of Education General Activities

| | 1969-70 Estimated | 1970-71 Proposed | Difference |
|--|----------------------|---------------------|-------------|
| 1. Division of Departmental Administration--- | \$1,520,608 | \$1,222,186 | —298,422 |
| 2. Division of Public School Administration--- | 1,859,488 | 1,710,817 | —148,671 |
| 3. Division of Instruction----- | 2,086,039 | 1,571,731 | —514,308 |
| 4. Division of Special Schools and Services--- | 852,354 | 842,744 | —9,610 |
| 5. Office of Compensatory Education----- | 497,283 | 344,289 | —152,994 |
| Total Amount Budgeted----- | \$6,815,772 | \$5,691,767 | \$1,124,005 |

The Budget Act of 1970 represents a departure from former practice in that support to vocational education and the Office of Compensatory Education are included in the general activities appropriation. Table 3 demonstrates that substantial reductions are proposed in General Fund support. Many of these reductions in the department's general activities budget result from savings through the elimination of positions. Table 4 summarizes the reductions and the associated salary and wages proposed for the budget year by departmental division.

Table 4

Reductions in Authorized Positions for the Department of Education 1970-71

| Division | Positions reduced | Savings |
|---------------------------------------|-------------------|-----------|
| Departmental Administration ----- | 21 | \$150,982 |
| Public School Administration----- | 8 | 76,524 |
| Instruction ----- | 8.7 | 101,456 |
| Special Education ----- | 0.9 | 12,200 |
| Special Projects ----- | 5.4 | 74,171 |
| Office of Compensatory Education----- | 1 | 16,792 |
| Total Reduction ----- | 44.1 | \$432,125 |

The salaries and wages supplement of the budget proposes the establishment of five new positions of data entry operator for the automated teacher certification project of the Division of Departmental Administration.

Salary Savings

We recommend that the Legislature direct the Department of Finance to authorize the administrative establishment of positions for the Department of Education in 1970-71 only on the basis of justified need and workload requirements rather than anticipated salary savings. In reviewing the proposed position reductions we have found that many of the positions proposed for deletion are currently held vacant to fund other positions administratively established. This results from a somewhat unusual situation in departmental salary savings. In recent years it has been the practice of the Department of Finance to approve new position requests if in turn the Department of Education would guarantee the salary savings to fund the positions. This situation has

Department of Education—Continued

compounded to the point where it is necessary for the department's fiscal office to prepare a weekly salary savings status report.

The budget for the 1970-71 fiscal year proposes to correct this through a reduction of the proposed level of salary savings. Table 5 compares the budget level of salary savings originally estimated for 1969-70 and the amount now estimated as it appears in the budget document.

Table 5

1969-70 Salary Savings

| | |
|---------------------------------------|-------------|
| Originally budgeted for 1969-70 | \$1,012,023 |
| Now Estimated for 1969-70 | —883,054 |
| Difference | \$128,969 |

We estimate as shown in Table 6 that this reduction in budgeted salary savings will be continued in 1970-71.

Table 6

1970-71 Salary Savings

| | |
|---|-------------|
| Our Estimate of 1970-71 Based on the 1969-70 Budgeted Level | \$1,034,120 |
| Now Budgeted for 1970-71 and Shown in the Budget Document | —946,620 |
| | \$87,500 |

We believe that the proposed \$87,500 reduction in salary savings is justified. We have found that authorized positions have been held open in the Department of Education for extended periods of time to achieve salary savings to fund positions which have been administratively established. If special circumstances warrant the establishment of a position administratively in the course of a year, justification should be based on demonstrable need and workload requirements, not on ability to fund the position through salary savings.

1. DIVISION OF DEPARTMENTAL ADMINISTRATION

| | |
|---|-------------|
| Requested 1970-71 | \$1,222,186 |
| Estimated 1969-70 | 1,520,608 |
| Requested decrease \$298,422 (19.6 percent) | |

The Division of Departmental Administration provides administrative and general housekeeping services for other departmental divisions. In addition, it is responsible for teacher certification and licensing and for private schools. Further General Fund support for the State Board of Education and the State Curriculum Commission is also included in this division's budget. In the program budget the Division of Departmental Administration's support is grouped with administrative expenses of the other units and spread throughout the various programs and cannot be isolated without a line item budget.

By reviewing data on the budget presentation we have found that General Fund budgeted support for the Division of Departmental Administration is proposed at \$1,222,186, a decrease of \$298,422. In addi-

Department of Education—Continued

tion, a total of \$2,668,519 will be received for the support of the teacher licensing function. Major identifiable components of budgetary reductions are reviewed and summarized in Table 7 and will be analyzed by operating unit.

Since line item budget data was not made available when this analysis was prepared, it is necessary to present the detailed recommendation of budgetary changes at a later date.

Table 7

Proposed Administrative Major Reductions in the
Division of Departmental Administration
1970-71

Proposed General Fund Reduction

Executive and Administrative Unit

| | |
|--------------------------------|---------|
| Specialized training ----- | \$1,965 |
| Moving expense ----- | 3,000 |
| Printing and publication ----- | 11,175 |
| Equipment ----- | 10,514 |
| Out-of-state travel ----- | 9,500 |
| Communications ----- | 5,375 |

Legal Office

| | |
|---------------------------------|--------|
| Assistant counsel ----- | 13,750 |
| Senior legal stenographer ----- | 8,304 |

Fiscal Office

| | |
|------------------------------------|--------|
| Duplicating machine operator ----- | 7,008 |
| 4 clerk II ----- | 24,240 |
| Equipment and supplies ----- | 21,949 |

Personnel Office

| | |
|---------------------------|-------|
| Personnel assistant ----- | 7,260 |
| Clerk typist II ----- | 6,060 |

Publications

| | |
|---------------------------|--------|
| Editorial associate ----- | 11,976 |
| Editorial assistant ----- | 9,960 |
| Senior clerk ----- | 7,202 |

Bureau of Systems and Data Processing

| | |
|----------------------------------|--------|
| General expense ----- | 1,565 |
| Equipment ----- | 17,330 |
| Data processing operations ----- | 17,222 |
| Rental of machines ----- | 35,000 |

Major reduction in credential fee appropriations are summarized in Table 8.

Department of Education—Continued

Table 8

| Proposed Major Reductions in Teacher Education and Certification | |
|--|----------|
| Reductions | |
| Certification analyst II ----- | \$12,323 |
| 6 clerk I-II ----- | 32,066 |
| Stenographer II ----- | 6,308 |
| Investigation services ----- | 41,421 |

Executive and Administrative Unit

We recommend approval of the Executive Unit and the Administrative Unit as budgeted. The Executive Unit in Sacramento contains the Office of the Superintendent of Public Instruction. The Administrative Unit is headed by the Chief Deputy Superintendent of Public Instruction. The Legislature, for the first time in two years, restored the position of Chief Deputy in the 1969 Budget Act, as part of the reorganization of the Department of Education. The budget specified that the position be of "limited term". The current status of the Chief Deputy position along with other elements of departmental reorganization are discussed elsewhere in this analysis.

The budget proposes to eliminate specialized training, allow no moves of personnel and reduce equipment and out-of-state travel. These reductions will not result in substantial modification of activities.

Legal Office

We recommend approval of the Legal Office as budgeted. The legal office provides advice to the Superintendent of Public Instruction, staff and the State Board of Education. The office also drafts department sponsored bills, reviews contracts and provides other legal services.

The budget proposes to delete an assistant counsel and a senior legal stenographer plus supplies and equipment. These reductions can be achieved in the legal office through a reduction in service to individual school districts and greater management selectivity in requests for legal services.

Fiscal Office

We recommend approval. The fiscal office provides accounting, bookkeeping, statement service plus business services, budget planning and administrative analysis.

The budget proposes the reduction of a duplicating machine operator and four clerk II positions. The duplicating machine operator position and 1 clerk have been utilized to achieve salary savings and the other positions can be reduced based on other reductions in the department's overall workload. The budget also proposes a review of the accounting system of the office at a General Fund Expense of \$30,000 which we believe will improve the efficiency of the operation.

Personnel Office

We recommend the restoration of one personnel assistant for an augmentation of \$7,260 from the General Fund. This unit prepares necessary forms for personnel transactions, attendance, reports and payroll.

Department of Education—Continued

In addition, the unit provides management services on personnel matters.

The budget proposes to (1) delete the amount for overlap of positions which are funds used to fill positions when an employee terminates but is officially on vacation or sick leave, and (2) to delete one clerk-typist used to achieve salary savings. These reductions are justified.

The budget, also, proposes to delete one personnel assistant, \$7,260. The need for this position is established on the basis of the number of personnel transactions of the department which currently generates about 1 personnel assistant per 185 employees. The total proposed reduction in positions in the budget year does not justify a reduction of this position. Further, the number of position changes proposed will generate a substantial increase in workload over the current level.

Publications

We recommend approval. The Publications Unit provides editorial assistance to the department plus compilation of the *Directory of Administrative and Supervisory Personnel of California Public Schools*. The budget proposes deletion of one editorial associate position used to achieve salary savings in the current year, an editorial assistant and a senior clerk. We believe these reductions can be accommodated, although delays in publication will be experienced.

Teacher Education and Certification

This unit is responsible for licensing all teacher applicants who intend to teach in the public school system. The cost of the system has traditionally been financed from revenues generated by credential fees. Chapter 1674, Statutes of 1967, authorized an increase in the credential fee from \$10 to \$15 (subsequently to \$20 in 1968), and specified that additional revenues were to be used for three purposes: (1) automation of the credential function, (2) completion of a project to microfilm credential files, and (3) the establishment of branch offices in Los Angeles, San Diego, Fresno and the bay area.

We recommend augmentation of \$55,900 to teacher education and certification from credential fees for completion of the microfilming project by June 30, 1971. The budget proposes to delete one certification analyst and 6 clerk I-II. This would reduce the project staffing by one half.

The microfilming project is designed to reduce the voluminous files maintained on all licensed teachers in the state to a manageable form for storage purposes. It is currently estimated that bulk records will be microfilmed in the budget year. Thereafter, only updating will be required. The budget as proposed would delay completion by one year. This project was established at the direction of the Legislature and is completely financed from credential fees.

It is important to note that the 1969-70 budget represented a significant departure in the treatment of credential fees. Prior to that time such fees were a reimbursement since the Education Code specif-

Department of Education—Continued

ically provided that "All of the fees prescribed are appropriated without regard to fiscal year to the Department of Education" to support credential activities. The 1969-70 budget treated the fees as a General Fund revenue and the Budget Act of 1969 in Section 11.4 reverted the balance of these revenues which were not appropriated to the General Fund.

We will review the significance of this situation in our analysis of Section 11.4 of the Budget Act of 1970. However, it is important to note that the savings achieved from delay of the microfilming project will revert to the General Fund. We believe that these funds are authorized for the timely completion of the prescribed projects and not to contribute to year end surplus. We would, therefore, propose that the Legislature restore full funding to the microfilming project to insure its completion in the budget year.

We recommend the reduction of two clerk II and 10 clerk-typist II in credential fees, for a savings of \$57,420 in credential fees. The automation of the teacher licensing procedure was authorized by the Legislature on the basis of information indicating that substantial economies could be achieved through the use of automated data processing. In October 1968, Arthur Young and Company, a consulting firm, submitted to the Department of Education a report entitled *Cost Benefit Analysis Comparison of Original Specifications to Recommended Specifications for Teacher Credential Automation Project*. This report indicated that personnel reductions would begin to materialize in 1970. Prorating the projected positions to the budget year a reduction of 12 positions can be achieved.

We recommend approval of five data entry operators and reduction of investigative services. The budget also proposes the addition of five data entry operators at a cost of \$27,000 which is a component of the automation project and a reduction in the level of investigative service for a savings of \$41,421.

Readjustment Education

We recommend approval. This unit administers state licensing for private schools. Although budget data indicates that it is proposed that \$16,081 in General Fund support to this function be reduced, this reduction will be offset by federal funds.

Bureau of Systems and Data Processing

1. *We recommend that the Legislature defer approval of the funding for the Bureau of Systems and Data Processing until the fiscal committees have reviewed the findings of the specialized consulting firm retained by the Office of Management Services along with the specific recommendations of the appropriate EDP control agencies.*

2. *We recommend that legislation be adopted which will amend existing Education Code provisions relating to the California Education Information System to eliminate the requirement that the Department of Education develop detailed systems and computer programs for each school district.*

Department of Education—Continued

The Bureau of Systems and Data Processing was established in January 1966 as a result of a recommendation made by the Arthur D. Little Company that all data processing services for the Department of Education be centralized in one unit. The objectives of this consolidation, according to the consultants, was to use the department's data processing capabilities to cut operational costs, save manpower, prepare data and control the flow of data essential to educational administration. As a result of this recommendation, all data processing activities are now centralized within the Bureau of Systems and Data Processing. The unit is responsible for a wide variety of functions which cut across organizational lines and range from the computation of school district apportionments to the support of the Teacher Credentialing Program. The major components of this data processing operation are outlined below in order of departmental priority. It should be noted that many of these applications are not operational but are in the process of development and that the bureau generally assists operating units in carrying on their primary missions.

1. Apportionments to Public Schools. The calculation of apportionments from the State School Fund for several years has been programmed on the existing data processing equipment. However, as a result of the installation of a new computer, modifications in the apportionment formulas occasioned by legislative action and the desire for a more flexible data base by the departments on the Legislature, the apportionment system is being redesigned and reprogrammed and is scheduled to process the first principal apportionment in February 1970.

2. Certification. To increase the efficiency of the state process of licensing public school teachers the bureau with the assistance of a private consulting firm is in the process of automating a substantial portion of the credentialing process.

3. Textbook Distribution. This system provides for inventory control, calculation of payments to publishers, and prepares the necessary paperwork to permit distribution of textbooks to school districts.

4. State Testing. This system annually collates and statistically compares the results of statewide testing programs as submitted by individual districts.

5. Special Education. A management information system is planned which will provide data on participants and programs for mentally or physically exceptional children.

6. Fund Accounting for Federally Supported Programs. The Department of Education administers funding for a wide variety of federal programs such as the National Defense Education Act, the Elementary and Secondary Education Act, and the Vocational Education Act. The processing of reports and accounting functions is automated and the design of a standardized reporting system will begin in the budget year.

7. California Education Information Management System. Work is currently underway to coordinate the collection of data and develop an improved retrieval system for use by the department.

Department of Education—Continued

8. California Educational Information System. The purpose of this system is to develop the computer programs necessary to permit school districts to process their educational and financial information and transmit reports to the Department of Education for use by the department and the Legislature.

9. Vocational Education. Based on the new requirements of the Vocational Education Act of 1968, the operating unit has requested that the vocational education system be reprogrammed. Work on the new program is scheduled for the budget year.

10. Personnel Information. A new system is being designed to replace manual personnel procedures which will maintain information on employees and positions.

11. Other Data Processing Projects. There are a wide variety of other projects to which a portion of the department's workload is devoted including the program budgeting activities of the Advisory Commission on School District Budgeting and Accounting, surplus property and reference services.

Electronic Data Processing

Department Acquires New Computer. In December 1968, the Department of Education acquired a new 360/50 computer. The primary justification for the acquisition of this computer was the additional capacity necessary to install a new automated teacher credential system for the department. When the minimum requirements were developed in June 1967 to support the installation of this new teacher credential system, the department developed specifications for a "request for proposal" for equipment. An IBM 360/40 was finally selected as the most appropriate equipment, from those submitted for review. During the evaluation process for the selection of the computer, the consultant selected to design and implement the teacher credential system, Arthur Young and Company, issued a progress report indicating that substantial economies could be achieved through a redesign of the original teacher credential plan which would center on the automation of clerical portions of the certification process rather than on the evaluation of the teacher application against a standard library of required courses. This suggested redesign did not change the requirements for new computing capability for the Department of Education.

In the *Analysis of the Budget Bill 1968-69* on page 183 we recommended that the department defer for one year the acquisition of the new third generation computer being acquired for the teacher credential automation project. While we recognized that this system would probably need a large-mass storage unit for the data needed for credential evaluation, we further recognized that the daily computer time requirements would not be very great. We stated that the needs of the credential system were considerably different from the equipment needs for the rest of the Department of Education and contended that the department could utilize one of the large central-computing facilities to design, test and install the teacher credential system. Although the Legislature did not accept this recommendation, it was

Department of Education—Continued

stipulated in the Conference Committee language of that year that the Department of Finance and other control agencies were to investigate alternative methods of providing data processing services to the Department of Education in lieu of the acquisition of the third-generation computer. Such alternatives were to include contacts with other state agencies. The choice, however, was to be based on a thorough cost effectiveness analysis and guarantees that no degradation in service and no delays in the development of the teacher credential system would occur.

In August 1968, the State Division of Highways received authority to upgrade the level of its equipment thereby releasing from use an IBM 360/50. Since there was \$132,000 in rental credits accrued on the 360/50 and because of the significant difference in capability between the Model 40 and the Model 50, the Department of Education proposed to utilize the Division of Highways equipment and projected that the total cost for acquisition would be less than for the 360/40.

Because State Electronic Data Processing Policy Committee had granted constitutional officers the prerogative of installing independent computer systems, the legislative suggestion that the credential system could be installed without the need for additional equipment was not pursued and the department acquired the 360/50 in December of 1968.

With the installation of this new computer system, we recommended in the *Analysis of the Budget Bill, 1969-70* that necessary staff be provided the Bureau of Systems and Data Processing in order to expedite the design and installation of the credential system, apportionment system and other systems that were in progress because the Governor's Budget did not provide funds for sufficient personnel.

Legislature Reduces Departmental EDP Budget. During the hearing of the 1969-70 Governor's Budget before the fiscal committees of the Legislature, considerable attention was devoted to the rising costs of electronic data processing within the State of California, the apparent proliferation of computers throughout state government, and the low utilization of certain computers installed in individual departments. The Office of Management Services published utilization statistics early in 1969 and revealed that the 360/50 installed in the Department of Education was used only 17.2 percent of the available time during the month of February. These low utilization figures coupled with an apparent lack of progress in the installation of projected new systems on the computer were instrumental in legislative action which reduced the budget for the Department of Education for fiscal year 1969-70 by \$263,200. This budget reduction was accomplished through an increase in the funds designated as "reimbursements for data processing services" and did not result in the reduction of the number of positions or the level of expenditures contained in the budget document. This meant that activities could continue if sufficient revenues were obtained through the selling of unused computer time to other state agencies. Because of the large number of systems under development within the Bureau of Systems and Data Processing and little

Department of Education—Continued

evidence of strict priority to insure the development of the more important systems, the Supplemental Report of the Committee on Conference instructed the Department of Education to establish priorities for the systems under design and implementation. Priority number 1 was to be the design, programming and installation of the automated teacher credential system by April 1970. Priority number 2 was specified as the School Apportionment System. The Conference Committee Report also required a system of monthly reports to the Joint Legislative Budget Committee which were to outline the status of the various projects under development, the productive utilization of the 360/50 computer and the projection of work to be accomplished during the coming month. Finally, the report stated that during the systems design and testing phase of the numerous systems planned for its computer, the Department of Education was to make available to other state agencies the unused computer time. EDP control agencies within state government were to take steps to insure optimum utilization of this computer in lieu of procuring additional machines or renting computer time from private service bureaus.

Monthly Reports Indicate Financial Problem—In reviewing the progress reports submitted to the Joint Legislative Budget Committee, it became apparent that in the judgment of the Department of Education there was not sufficient funding to properly carry out the systems design and programming efforts of the department and it was stated in the September 15 report that after March 1, 1970, “. . . we would not be able to function at all. The consequence of the budget deletion was to remove from the General Fund expenditure an amount of \$143,000 for machine rentals and supplies.” In addition, the report continues “. . . it will be necessary to release all personnel currently funded under the General Fund in order to make up the balance of the \$120,000 deficit. This would mean that as of March 1, 1970, not only would there not be a computer to develop legislative mandated systems, but there would be in essence, little if any staff to perform the necessary functions to support any computer which might be available.”

Apparently, the Department of Education and the Office of Management services was not successful in complying with the intent of the Conference Committee by securing extra work which could be processed on the Department of Education computer. The only contract to be negotiated was a \$6,000 contract with the University of California at Davis. No other firm commitments from other units of government have been secured.

This office monitored the situation developing in the Department of Education by analyzing the monthly reports submitted to the Joint Legislative Budget Committee and through contacts with departmental personnel and the EDP control agencies. In November 1969 we corresponded with officials in the Department of Education because the situation apparently was not improving and it appeared that the processing of the first and second principal apportionments to school districts

Department of Education—Continued

in February and June of 1970 might be delayed as a result of the situation within the Bureau of Systems and Data Processing. Any such delay, of course, would result in a most serious situation and we therefore suggested that the department and appropriate control agencies seek a solution to the problem.

Specialized Consulting Firm Retained—Based on discussions held in December 1969 between representatives of this office, the Department of Finance, the Office of Management Services and the Department of Education, it was decided that the services of a specialized consulting firm were needed to conduct a management effectiveness audit of the Bureau of Systems and Data Processing, to develop alternative solutions to the crisis being faced by the Department of Education with respect to its need for additional funds, and to evaluate in a quantitative manner the effectiveness and productivity of the systems which were operational or in the final stages of programming.

We were in support of this kind of evaluation and recognized this as one of the functions of the Office of Management Services in its efforts to evaluate EDP effectiveness in the state. A private consulting firm specializing in quantitative measurement and effectiveness audit procedures was selected in December 1969 to conduct a thorough review of the Department of Education management structure for coordinating and controlling data processing as well as the Bureau of Systems and Data Processing itself.

The final report of this firm is expected during the first week of February 1970. Although we did not receive a copy of the final report in time for comment in this analysis, it is our judgment that one method of eliminating the circumstances which have surrounded the Department of Education installation and operation of its own computer would be to place the responsibility for operating all electronic data processing equipment within the State of California under the jurisdiction of a specialized department skilled in the operation and management of EDP facilities. In our analysis of the Office of Management Services, discussed under Item 36, we recommend the creation of such a department. In our judgment, the problems of efficient management, consolidation of small departmental computers and optimum utilization of EDP equipment would be aided by such a move.

The final report of the management consulting firm with respect to the Bureau of Systems and Data Processing has not been received and the issues surrounding the availability of funds to continue operation for the remainder of the 1969-70 fiscal year are not resolved. Consequently we recommend that the Legislature defer approval of the funding for the Bureau of Systems and Data Processing until the fiscal committees have reviewed the findings of the specialized consulting firm retained by the Office of Management Services along with the specific recommendations of the appropriate EDP control agencies.

Department of Education—Continued

California Education Information System

The effort to develop the California Education Information System (CEIS) is a part of the responsibility of the Bureau of Systems and Data Processing. In our *Analysis of the Budget Bill, 1968-69* we discussed in considerable detail the historical development of this system on pages 164-167 and made two major recommendations. One recommendation concerned the development of computer programs which could economically be used only on one vendor's equipment. The other recommendation was that the future development of the California Education Information System be limited to the design of the system including the definition of data base, common identification and coding of data elements and the definition of a common statewide reporting system for the Department of Education serving as the collector of standard data. The first recommendation has been accepted by the department and all programming for CEIS is now done in a common language which is capable of processing on the equipment currently being used by school districts or by county government data processing centers. The second recommendation pertaining to the design of CEIS was not accepted and in the 1968 session of the Legislature, Chapter 1433 (AB 1610) was passed which authorized the Department of Education to develop the California Education Information System, develop statewide educational use standards for such items as the common data base, and input and output reporting formats. Further, the information processing capabilities of the system were to include machine-processing aids to decisionmaking in educational administration and should provide departmental coordination in order to preclude costly duplication of the developmental and operational aspects of material, equipment, programming and systems, and procedures. Finally, the system was intended to provide a basic package of services to the school districts which would facilitate the gathering of data required for reporting to the state. An annual survey of school district participation was also required and the first such survey was to be submitted to the Legislature no later than the fifth legislative day of the 1970 Regular Session. As of this date, the first required report has not been submitted to the Legislature.

Cost Associated With the Development of CEIS. The primary reason for our earlier recommendation that CEIS be limited to the specifications of data to be collected from school districts and the standardization of data elements and reports, was that we viewed the development of electronic data processing systems and programs for all of the routine reporting carried on by school districts as a complicated and expensive item. Further, we felt that because there are over 1,100 school districts in California with local control of data processing and because many large districts in the state already have procured their own data processing equipment and developed systems designed around district procedures, the chances of successfully implementing a CEIS were somewhat limited. In the Department of Education's Master Plan, it was intended that the basic pupil personnel services and business services system would be operated through a system of regional education

Department of Education—Continued

data processing centers (there are now 12) which would preclude the procurement of equipment by individual school districts and would also preclude the costly duplication of systems and programs by each school district of the state.

The funding of CEIS was addressed in Chapter 1433, Statutes of 1968 (AB 1610) which stated that the State Board of Education shall assure sufficient funds in 1968-69, 1969-70 and 1970-71 for the development of CEIS by reserving and allocating administrative funds obtained under Title III of the Elementary and Secondary Act of 1965. A total of \$300,000 was made available under Title III during 1968-69 and these funds were utilized to employ a private consulting firm to design and program the business services subsystem and to modify and improve the personnel subsystem which is currently operational. Funds have not been forthcoming in 1969-70 because of complications associated with the use of Title III administrative funds for a project of this type. Further, there is little prospect that funds will be available in 1970-71. Therefore the prospects of completing the systems design and programming of the California Education Information System appear to be dim.

The reporting provision under Chapter 1433, Statutes of 1968 (AB 1610) would indicate to the Legislature the extent of school district participation in CEIS because one of the very basic issues associated with this system is whether or not the school districts of the state would utilize such a system if it were available. There can be little argument that the common systems design and programming of all procedures necessary to operate the public schools of California would result in the preclusion of expensive development costs of data processing systems. Further, the utilization of regional centers would preclude the acquisition of computers by individual school districts. Preliminary statistics that we have received on the participation of school districts in CEIS indicate that the total number of pupils receiving the full package of services through CEIS has increased by 47 percent (from 361,000 to 539,000) and this amounts to approximately 20 percent of the 4 million students enrolled in the public schools of California. On the other hand, the total number of pupils receiving any services from CEIS such as test scoring, attendance counting or other isolated services has decreased by two percent.

In order to increase participation in this program, a total business services package including accounting, payroll, personnel management and the system to support program budgeting must be available in time to preclude completing developments by individual schools. With the lack of funding that is evident, we are doubtful that this program can be advanced in time to preclude individual districts from developing their own programs or their own data processing capabilities. We therefore recommend that legislation be adopted which will amend existing education code provisions relating to CEIS to eliminate the requirement that the Department of Education develop a detailed systems and computer programs for each school district.

Department of Education—Continued

One of the reasons for urgency in this matter is that our original concern—the development of a compatible statewide reporting system and data base—must be advanced regardless of the fate of CEIS. Therefore, if the department does not continue with the implementation of CEIS, the responsibility for the statewide recording system continues and should be actively pursued.

2. DIVISION OF PUBLIC SCHOOL ADMINISTRATION

| | | |
|-------------------|-------|-------------|
| Requested 1970-71 | ----- | \$1,710,817 |
| Estimated 1969-70 | ----- | 1,859,488 |

Requested decrease \$148,671 (7.9 percent)

The Division of Public School Administration is responsible for various administrative functions in supervising the public school system. It contains the following units:

- Bureau of Textbooks and Publications Distribution
- Bureau of School Planning
- Surplus Property Administration
- School Lunch Program
- Bureau of School Apportionments and Reports
- Bureau of Administrative Services
- Bureau of Administrative Research and District Organization
- Bureau of Intergroup Relations

General Fund support for the division is proposed at \$1,710,817 which represents a decrease \$148,671 from the current level.

Chapter 1573, 1967 Statutes, established a State Advisory Commission on School District Accounting and Program Budgeting to assist school districts in developing a program budgeting system. Chapter 1456, 1968 Statutes, appropriated a sum of \$119,157 to the department to finance the expenses of the development effort. In June 1968, the Advisory Commission presented to the State Board of Education a four-year plan subsequently approved for the research, design and implementation of the system in four phases.

Phase I—Program budget design to be developed in six pilot school districts (1968-69).

Phase II—Operational testing of design formats in 15 pilot school districts (1969-70).

Phase III—Drafting an instructional guide to detail the adopted program budgeting system (1970).

Phase IV—Implementing the adopted program budgeting system, including legislation, regulations and training (1970-72).

Phase I, completed in June 1969, was subdivided into four steps: (1) investigation, (2) conceptual design, including the development of a users manual, (3) testing and (4) evaluation. In the current year the testing of the design formats in 15 pilot school districts will be completed. The budget as proposed will permit the continuance of this project in accordance with the State Board of Education plan.

The major reductions proposed for the budget year in the Division of Public School Administration are reviewed in Table 9. Detailed review of budgetary changes will be presented at a later date.

Department of Education—Continued

Table 9

Major Budget Reductions
Division of Public School Administration

| | <i>Amount</i> |
|---|---------------|
| Administrative Unit | |
| Stenographer II | \$6,852 |
| Printing | 8,934 |
| School Food Services | |
| Child nutrition consultant | 11,124 |
| Clerk-typist | 6,135 |
| Textbooks | |
| 0.5 Stenographer II | 3,102 |
| School Planning | |
| Field representative | 17,268 |
| 2.5 Stenographer II | 15,591 |
| Travel | 5,500 |
| Administrative Research and District Organization | |
| Field representative | 16,452 |
| Travel | 3,200 |
| Administrative Services | |
| General Expense | 5,000 |
| School Apportionments and Reports | |
| Reduce printing and miscellaneous expense | 7,900 |
| School Report Budgeting and Accounting | |
| Consultant services | 195,875 |

We recommend approval of Division of Public School Administration as budgeted. The total reduction shown in Table 9 is offset by workload increases and increased data processing services. We have reviewed the proposed reductions and find that all of the deletions in positions either are used to achieve salary savings or will result in only minor reductions in the levels of service provided.

3. DIVISION OF INSTRUCTION

| | |
|---|-------------|
| Requested 1970-71 | \$1,571,731 |
| Estimated 1969-70 | 2,086,039 |
| Requested decrease \$514,308 (24.6 percent) | |

The Division of Instruction is responsible for providing consultant services to the state's school districts. The division administers the Miller-Unruh Basic Reading Act Program, vocational education programs and the programs financed under the provisions of Title IIIa and Title IIIb of the National Defense Education Act. The division contains two sections and three bureaus as follows:

Vocational Education Section

Supplemental Education Services Section

Bureau of Reference Services

Bureau of Audio-Visual Education and School Library Service

Bureau of Pupil Personnel Services

Bureau of Health Education, Physical Education and Recreation

Bureau of Educational Programs and Subject Specialist

Bureau of Adult Education

Bureau of National Defense Act Administration

Department of Education—Continued

Although the Bureau of National Defense Act Administration is located in this division, they are discussed in separate programs elsewhere in the analysis.

General Fund support for the Division of Instruction is proposed at \$1,573,262 a decrease of \$509,224 under the current level. It is further estimated that federal support will increase in the budget year \$412,315, from \$3,380,219 to \$3,792,534. Table 10 reviews the major reduction to the General Fund support to the Division of Instruction in the budget year. Detailed reconciliation of budgetary changes will be presented at a later date.

Table 10
Major Reductions in General Fund Support to the
Division of Instruction

| | Amount |
|--|---------|
| Administrative Unit | |
| Clerk-typist | \$5,910 |
| Audio-Visual Education | |
| Consultant in Library Services | 16,452 |
| Equipment and supplies | 18,805 |
| Physical and Health Education | |
| Consultant | 19,044 |
| 0.5 Stenographer II | 3,027 |
| Pupil Personnel Services | |
| Consultant | 20,501 |
| Reference Services | |
| Stenographer II | 6,334 |
| Temporary help | 1,625 |
| Educational Programs and Subject Specialists | |
| 1.3 Temporary help | 7,550 |
| English as a second language | 25,000 |
| Travel | 2,000 |
| Adult Education | |
| Consultant | 19,044 |
| 0.5 Stenographer II | 3,426 |
| Vocational education | 402,398 |

We recommend approval. The proposed major reductions in the Division of Instruction represent a consistent across-the-board reduction, partially offset by workload increases, in the level of service provided by its operating units to school districts.

Vocational Education

Federal vocational educational funds are administered by the Division of Instruction's Vocational Educational section. Support is provided to a wide range of instructional activities which are essentially extensions of general education programs that (1) orient pupils to the world of work, (2) familiarize pupils with occupational categories of employment and (3) provide remedial programs to train students for immediate employment in specific occupations.

The budget document recognizes vocational education as Program XI. The actual and proposed expenditures are reviewed in Table II.

Department of Education—Continued

Table 11
Program XI. Vocational Education

| | <i>Actual 1968-69</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> |
|----------------------|---------------------------|------------------------------|-----------------------------|
| General Fund ----- | \$1,703,334 | \$2,215,261 | \$1,809,331 |
| Federal funds ----- | 32,501,571 | 31,347,915 | 31,992,896 |
| Reimbursements ----- | 524,339 | 1,513,431 | 895,913 |
| Total ----- | \$34,279,244 | \$35,076,607 | \$34,698,140 |

In California vocational education is supported by federal, state and local funds. Federal funds are authorized by the Vocational Education Act of 1968 and the Manpower Development and Training Act. Of the General Fund amount listed in Table 11, a total of \$460,175 is for the General Activities of the department while \$1,330,271 is in Item 270 to provide General Fund reimbursements to school districts for the state's share of the cost of Manpower Development and Training Programs and provide for work experience programs.

In 1967 the United States Congress passed the Vocational Education Act. This legislation, if fully funded, will be the largest federal education program in the nation's history. Some of its more significant provisions are as follows.

1. It increases the nationwide federal authorization for vocational education from \$225 million to \$865 million by 1973. It is anticipated that California's allotment would increase from the current level of \$20 million to \$70 million when the national authorization is fully funded.

2. It earmarks specific percentages of the state's allocation for vocational education programs for certain types of students, i.e., 15 percent for the disadvantaged, 15 percent for postsecondary programs and 10 percent for programs for handicapped pupils.

3. The act requires that a state advisory council be established in each state to be appointed by the Governor and to be composed of representatives of state agencies involved in vocational training. The advisory councils are required to assist in the development of long-range plans, evaluate vocational education programs and submit annual reports to the State Board of Education and the U.S. Commissioner of Education.

4. It also requires that each state develop both a long-range state plan and an annual state plan for vocational education including "statements of funding for specific programs in specific areas."

The amendments to the system of vocational education funding also permitted the reorganization of the system of allocations to school districts. Whereas the prior system was on a project application basis, the 1968 amendment to the Vocational Education Act permitted the Joint Committee on Vocational Education of the State Board of Education and the Governing Board of the California Community Colleges to adopt a new system based on district entitlement. This new approach utilized a number of factors including relative tax base, number of disadvantaged students, and the number of handicapped pupils.

Department of Education—Continued

Although this system was developed, its effective implementation was limited in the current year. This resulted because the federal government only provided funding at a level consistent with 1968-69, although authorized funds were substantially higher. As a result the joint committee stipulated that actual district apportionments should not vary by more than 10 percent. Consequently, the entitlement system had little impact in the current year.

We believe that the entitlement approach is a more effective system of apportioning vocational education funds. Further, we believe the limitations placed on the approach in the current year were justified because it was the first year of the new system and there were no new federal funds. However, in the future the Legislature should view such restrictions on the entitlement system with concern.

Arthur D. Little Company Report on Vocational Education

In October 1969 the Arthur D. Little Company complete a two-year study of vocational education in California. The major recommendation of the report calls for the total integration of vocational education into the regular school system. To accomplish this, the report states that it will be necessary to revise completely the existing curricula of most school districts. The report estimates that a complete revision of the curricula would require 5 to 10 years and cost an additional \$25 to \$40 million per year for a 10-year period. The major recommendations of the report follow.

A. Recommendations of Arthur D. Little Company for Future Program Development

1. It is recommended that the State Board of Education establish for California schools the goal of adopting a new management of learning system in forms individually adapted to each local situation.

2. It is further recommended that the board, through the use of planning grants, encourage school districts to extend the vocational education district master plans to include all of education. First priority in the allocation of new and increased federal vocational funds should be given to districts that develop plans for the adoption of the new learning management system.

California should provide funds for planning grants to assist school districts to plan for the anticipated increases in federal vocational education funds in 1970-71.

B. Suggested Mission and Levels of Vocational Education

1. Pre high school: In elementary and junior high schools vocational education should be thoroughly integrated with academic and general education and oriented primarily toward the early development of community awareness and career awareness. Orientation to the world of work should be provided through prevocational and modernized industrial arts programs.

2. High school: The mission of vocational education in high school is to further develop students' community awareness and career awareness, to assist students in exploring the implications

Department of Education—Continued

and requirements of various occupational families or clusters and to help them formulate a sense of vocational identity. In addition, opportunities must be afforded to students to develop marketable skills.

3. Regional Occupational Centers: They should serve primarily to (a) extend and complement the offerings of nearby comprehensive high schools and (b) support better equipment and facilities than could be justified in each of several schools in a district or county.

4. Articulation among levels: Each community college should take the initiative in forming a permanent Articulation Conference made up of representatives appointed by the high schools whose students it receives in substantial numbers. A series of liaison committees would be established for specific vocational subjects or clusters.

5. Schools for adults: There is a need for a state level management effort to define the goals of each adult education program, to set priorities and to allocate resources to those programs which serve the most important needs as decided by state level agencies assisted by advisory groups.

6. Guidance and counseling: A career information system should be established, K-14, so that career development guidance information will be available throughout the school years. The State Board of Education should call a statewide working conference to develop the guidance system principles and to ensure that guidance is integrated into the total education program and designed to meet total student needs.

7. In-service training: The State Department of Education should develop and conduct regional in-service training programs for counselors and other guidance resource persons.

8. Community involvement: It is desirable to use highly qualified industry personnel to give secondary school teachers the training necessary to relate their subject matter to instruction for work in the particular area.

9. Teacher education: For change toward a new management of learning system to occur, local in-service training of all teachers, district by district, will be required. In addition,

a. The University of California, Division of Vocational Education should centralize the responsibility for credential processing in one person to ensure flexible but consistent service throughout the state.

b. An expanded advisory committee to the division is recommended with rotation of membership in order to facilitate communications and reduce criticism about the program and credential processing.

c. It is recommended that the University of California, Division of Vocational Education begin an expansion of programs in anticipation of the increased need for teachers. Additional teacher educators will be needed immediately.

d. To alleviate the impending teacher shortage and reduce present credentialing problems, school districts should be allowed to

Department of Education—Continued

grant a "local credential" to any vocational education teacher they wish to employ. These should be granted on the recommendation of the district superintendent and with the approval of the local school board.

e. For the long term the State Board of Education should develop alternative routes into teaching.

f. A program to recruit and train minority group teachers is recommended to be a part of the University of California, Division of Vocational Education.

g. The State Board should call a working conference of colleges and universities, professionals and other parties-of-interest to reconsider teacher preparation courses in light of requirements created by the new management of learning system.

C. Recommendations for Implementing the Program Development

1. District master plans: The State Board should require districts adopting a new program responsive to its policy to submit a district master plan for all education. The board can then set priorities for the allocation of funds particularly among those districts submitting plans which are responsive to its policy.

2. Information system: The board should initiate a management information system that measures and periodically reports on progress toward objectives.

3. Financial incentives: In the future all increase in federal vocational funds should be allocated to districts changing ways that are responsive to the policy adopted by the board in respect to what is called here the learning management system.

4. Area planning: Two types of area planning groups should be established:

a. Small and medium size groups that voluntarily form from the grass roots to serve perceived local needs;

b. A limited number, six to fifteen large areas, formal and comprehensive, to coordinate the smaller area plans and to produce formal area plans to feed into the statewide system.

5. Organization:

a. The State Board of Education: It is recommended that eventually an expanded Joint Board of Vocational Education be formed drawing members equally from both the state board and the Board of Governors of the California Community Colleges and with the addition of other members representing other important segments of the public interest in vocational education.

b. The State Advisory Council on Vocational Education: It is recommended that the recently formed State Advisory Council allocate a large portion of the VEA funds it receives to evaluation.

c. The Department of Education: The Vocational Education Section should be combined with the Bureau of Adult Education and established as the Division of Adult and Vocational Education under the direction of an associate superintendent and chief of the division.

Department of Education—Continued

Organizational alignments by subject area lines be superseded by reorganization in accordance with seven important functional considerations.

The missions of the new Division of Adult and Vocational Education should be redefined and rechartered.

6. The intermediate unit level: The Department of Education should assist intermediate units in strengthening their capabilities, upgrading their resources and extending their leadership, consulting and service functions.

7. Management information: It is recommended that the Bureau of Systems and Data Processing in the Department of Education review the data requirements of vocational education and submit to the state board a proposed plan.

Weaknesses of the Report

1. By recommending a totally new relationship between vocational education and general education, i.e., total integration, the report passes over any action which might be taken immediately to maximize the effectiveness of vocational education expenditures.

2. Although the consultant's contract specifically calls for it, the report lacks specificity in detailing the procedures for implementation.

3. While the programs of the community colleges are critical to development of vocational education programs, the report is vague and unclear as to their role in the statewide program of vocational education. Further, the context of the recommendation reflects little contact with ongoing community college programs.

4. The report is inconsistent in recommending total integration of vocational education and general education programs in K-12 while recommending a separate Division of Adult and Vocational Education in the Department of Education.

5. The report recommends substantial additional state General Fund expenditures without recognition of possible redirection of existing funding. It is estimated in the report that added costs of the proposed district changes are likely to run \$125 to \$200 per student per year for a five-year period for planning, curriculum design, summer workshops and new facilities. The costs associated with a statewide change over to a new model are estimated to lie in the range of \$250 to \$400 million over a five-year period, assuming a major change in all districts. Thus, \$50 to \$80 million added funding would be needed each year for the next five years if all districts were to change over at a maximum speed. It is recognized, however, that it is more likely that a statewide change will require something like 10 years which would imply some \$25 to \$40 million added cost per year.

Further additional state funds in the amount of \$260,000 initially and \$475,000 on a continuing basis will be required to assist the state level administration of the program to modernize. The state board would be provided with \$250,000 in discretionary funds to be allocated to districts as an incentive to begin master planning.

The reduction of the General Activities budget for Vocational Education is \$402,398 which is made without recognition

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of specific decreases in the level of services provided by the Department of Education for Vocational Education. In essence, the funds reduced from the General Fund budget will be offset by federal funds since the federal law provides that "the commissioner (of education) shall pay, from the amount available to the state an amount equal to 50 percentum of the state and local expenditures in carrying out its state plan. . . ." Since California is substantially overmatched through state apportionments, categorical aids, and district vocational aid expenditures and since it is anticipated that vocational education support from the federal government will increase in the budget year, the proposed reduction in state support will be offset by federal funds.

Policy Option

Consideration should be given to a redirection or deletion of General Fund administrative support to the Department of Education. Existing General Fund support for the state-level operations of vocational education have historically been budgeted to provide state matching of federal funds. In the early years when federal subventions were small and state programs limited, the appropriation was 50 percent of the total amount. With changes in the federal law to the accounting of all state and local expenditures for matching requirements, the state appropriation has remained fairly static. Under the present circumstances it is estimated that the state matches at many times the historic rate of 50-50. Consequently, the General Fund appropriation is little more than a token of the state's involvement in the vocational education program.

We believe that more effective utilization could be made of the state General Fund contribution, particularly in the area of comprehensive planning. We would suggest that these funds could be deleted from the budget and used to fund special programs and projects which have substantial promise.

4. DIVISION OF SPECIAL EDUCATION

| | | |
|--|-------|-----------|
| Requested 1970-71 | ----- | \$842,744 |
| Estimated 1969-70 | ----- | 852,354 |
| Requested decrease \$9,610 (1.1 percent) | | |

The Division of Special Education (formerly the Division of Special Schools and Services) is responsible for the state-level administration of special education programs maintained by school districts for physically handicapped and mentally retarded children. The division also administers the state residential schools for deaf, blind and neurologically handicapped children discussed elsewhere in the analysis. The division contains the following units:

- Bureau of Special Education—Educationally Handicapped and Mentally Exceptional Children
- Bureau of Special Education—Physically Exceptional Children
- Special Schools for Deaf, Blind, Neurologically Handicapped
- Bureau of Program Development and Evaluation

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General Fund support for the division is set at \$842,744 in 1970-71, a decrease of \$9,610 below the current level. The unit will also receive a total of \$200,000 in federal funds.

We recommend approval. The budget proposes minor reductions of 0.5 of a consultant position and 0.4 of a man year in clerical help in the Bureau of Mentally Exceptional Children.

5. OFFICE OF COMPENSATORY EDUCATION

| | |
|---|-----------|
| Requested 1970-71 ----- | \$344,289 |
| Estimated 1969-70 ----- | 497,283 |
| Requested decrease \$152,994 (30.7 percent) | |

The Office of Compensatory Education is currently responsible for administering five federal and state compensatory education programs. These are shown in Table 12 with proposed expenditures for 1970-71 and appear as program XII in the budget.

Table 12
Compensatory Education Programs

| | State (millions) | Federal (millions) | Total (millions) |
|---|---------------------|-----------------------|---------------------|
| 1. Title I | | | |
| Compensatory education ----- | -- | \$78.95 | \$78.95 |
| Children of Migratory farm workers --- | -- | 6.00 | 6.00 |
| 2. Education Professions Development Act--- | -- | .99 | .99 |
| 3. McAteer Act ----- | \$11.00 | -- | \$11.00 |
| Research and Teacher Training ----- | | | |
| Class size reduction | | | |
| Mathematics and Reading Demonstration for grades 7-9 | | | |
| AB 920 Professional Development Centers | | | |
| AB 1362 New Careers in Education | | | |
| Educational Improvement Act | | | |
| 4. Unruh Preschool ----- | 4.12 | 12.36 | 16.48 |
| Total ----- | \$15.12 | \$98.30 | \$113.42 |

As indicated by Table 12, federal support administered by the Office of Compensatory Education is composed of three parts: (1) Title I of the Elementary and Secondary Education Act, (2) the Education Professions Development Act, and (3) the federal share of the costs of the Unruh Preschool Program.

State Support for Compensatory Education includes funds for: (1) the reduction of class sizes in poverty schools, (2) special programs in reading and mathematics, (3) research and teacher training projects, (4) the state's share of the costs of the Unruh Preschool Program, (5) establishment of district level professional development centers for the

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preservice and in-service training of teachers, and (6) funds to support compensatory education projects of proven cost-effectiveness.

Title I—Compensatory Education Programs

During 1968-69 a total of 251,311 students participated in compensatory education programs. Of this total, 235,275 pupils or 94 percent were enrolled in public schools while 16,036 pupils or 6 percent were enrolled in private schools. Table 13 indicates the amounts expended by schools and by purpose for compensatory education in 1968-69.

Table 13
Compensatory Education Programs (1968-69)

| <i>Federal—Title I Funds</i> | <i>Expenditures</i> |
|--|---------------------|
| School District Program | \$70,706,813 |
| Children of Migrant Agricultural Workers | 5,882,017 |
| Handicapped Children in State Hospitals | 916,085 |
| Delinquent Youth in State Institutions | 1,228,787 |
| Subtotal | \$78,733,702 |
| State—AB 938 (SB 28) Funds for Reduction of Class Size | \$7,609,809 |
| AB 938 (SB 28) Funds for Demonstration Projects | 3,247,359 |
| McAteer Act—Research and Teacher Education | 1,417,496 |
| Subtotal | \$12,274,664 |
| Total | \$91,008,366 |

The primary objective of compensatory education is to break the cycle of poverty by raising the achievement levels of disadvantaged pupils. Because of the critical importance of Title I and related state programs (such as the class size reduction component of AB 938) we are summarizing hereafter a report prepared by the State Department of Education entitled *Evaluation of ESEA Projects in Schools—Annual Report 1968-69*. The report states that the most frequent objectives of local projects were to (1) improve student performance as measured by standardized achievement tests, (2) improve performance in reading beyond usual expectations and (3) improve verbal functioning of children. These objectives were reported in over 86 percent of the participating districts.

Table 14 compares the rate of achievement in the primary activities, i.e., major emphasis which occurred in all projects in 1967-68 and 1968-69.

Table 14 indicates that 45.4 percent of the students in 1967-68 were in projects where the average growth was one year or more, while in 1968-69 64.2 pupils were in such programs. A ranking of substantial improvement means that achievement growth was equal to or greater than 1.5 months for each month of instruction. In other words, such projects were very successful in narrowing the achievement gap between disadvantaged and nondisadvantaged pupils. A ranking of moderate improvement means that achievement growth was equal to or greater than one month for each one month of instruction compared to the precompensatory education norm of 0.7 of a month's achievement for one month of instruction. A ranking of little or no improvement in-

Table 14
Performance Ratings of Title I Projects for 1967-68 and 1968-69

| | <i>Number of projects</i> | | <i>Percent of projects</i> | | <i>Number of students in project</i> | | <i>Percent of students in project</i> | |
|-----------------------------------|---------------------------|---------|----------------------------|---------|--------------------------------------|---------|---------------------------------------|---------|
| | 1967-68 | 1968-69 | 1967-68 | 1968-69 | 1967-68 | 1968-69 | 1967-68 | 1968-69 |
| 268 Substantial Improvement ----- | 89 | 118 | 9.5 | 16.0 | 23,600 | 27,500 | 9.6 | 14.1 |
| Moderate Improvement ----- | 353 | 296 | 37.8 | 40.2 | 88,200 | 97,500 | 35.8 | 50.1 |
| Little or no Improvement ----- | 319 | 233 | 34.2 | 31.7 | 105,300 | 51,500 | 42.8 | 26.5 |
| Irregular Data ----- | 173 | 89 | 18.5 | 12.1 | 29,000 | 18,200 | 11.8 | 9.3 |

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icates that achievement growth was less than one month for each month of instruction.

A more detailed analysis of projects located in the 10 big cities indicates the programs in the big cities had also improved over the prior year. However, the following conclusions are reached regarding big city projects.

1. Infrequent help given to each of many children is ineffective. Additional services to individual children should be concentrated and increased to a spending level of at least \$300 per child.
2. Where specific procedures for teaching the disadvantaged have been found to be effective, districts should not hesitate to expand such programs in their own districts to disseminate such methods to other districts.
3. A complete, accurate and continual program review and evaluation are essential. Evaluators should be involved in program planning to ensure that objectives and activities can be readily evaluated. Evaluation plans should be developed in cooperation with participating personnel, including teachers and administrators and the various communities.
4. Adequate pupil achievement gains have not been apparent when reduction in class size has been the only activity, but when combined with teacher aides and appropriate modification of instructional techniques, smaller class sizes may contribute to successful programs.
5. In view of the conflicting data on the effects that preschool programs may have on children in kindergarten, it may be necessary to explore further the kinds of programs that are being offered to preschool children when they reach kindergarten and the primary grades.
6. Preservice and inservice training for all personnel working with disadvantaged children must continue to be specific and appropriate to daily teaching.
7. The involvement of parents in the instructional process of their children and in the communication process between home and school is essential.
8. Analysis of programs made by participants who had been in programs for a three-year period of time revealed significant improvement over nonparticipants and over participants who had limited participation.

Unruh Preschool Program

There are four major programs which provide state and/or federal support for preschool programs for children of low income families to prepare such children for the primary grades. These are: (1) the Unruh Preschool Act (Chapter 1248, 1965 Statutes), (2) Title I of the Elementary and Secondary Education Act of 1965; (3) Operation Headstart, financed by the Economic Opportunity Act of 1964, and (4) the state funded Children's Center Program. Table 15 illustrates the number of children enrolled in these programs in 1968-69 and indicates the source of funding for each.

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Table 15

| Program | 1968-69 Number of pupils | Preschool Programs Sources of support | | |
|---------------------------|--------------------------------|--|--------------|--------------|
| | | State | Federal | Local |
| Unruh Preschool | 12,960 | \$3,240,000 | \$9,721,000 | -- |
| ESEA Title I | 4,070 | -- | 3,418,330 | -- |
| Operation Headstart | 31,585 | -- | 24,228,900 | \$6,057,200 |
| Children's Centers | 19,455 | 13,370,000 | -- | 4,711,000 |
| Totals | 68,070 | \$16,610,000 | \$37,358,230 | \$10,768,200 |

The Unruh Preschool Act provides educational services to children aged three to five who are from families receiving Aid to Families With Dependent Children and to children from "potential recipient families," families who either received assistance during the last year or who are likely to receive it during the next five years. The program is administered jointly by the Departments of Education and Social Welfare under the terms of a contractual agreement between the two agencies. Both public and private nonprofit agencies are eligible to participate in the program.

We believe that comprehensive legislative action is required to improve the utilization of available federal funds and coordination among programs. This subject is reviewed in the General Summary Section of this analysis dealing with preschool programs.

Title I Education of Migrant Children

The 1966 congressional amendments to the Elementary and Secondary Education Act required that part of each state's Title I allocation be used to establish demonstration schools, pilot projects and special programs for children of migrant farm workers. In California a state plan was adopted by the Board of Education and projects were established involving 106 school districts. A total of \$6 million is proposed in the budget year to fund projects in 190 districts.

McAteer Act and Chapter 1596, Statutes of 1969 (AB 938)**1. Special Teacher Employment Program**

The Special Teacher Employment program provides funds to facilitate the reduction of class size (pupil-teacher ratio) in the most concentrated areas of poverty and social tension in the state. As originally established this program was funded for \$6.5 million. In the current year, however, \$350,000 of that amount was diverted administratively to partially fund the new professional development center programs mandated by the Legislature through Chapter 1414, Statutes of 1968 (AB 920). This action, plus a change in eligibility requirements, resulted in the deletion of eight districts from the program. Table 16 lists all projects funded for the current year.

Funds allocated for this program are designated for the employment of additional teachers for the purpose of reducing the overall pupil-teacher ratio to 25 pupils per teacher or less. Where teachers are not available for employment as certified by the county superintendent of

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schools, districts may use up to a maximum of 25 percent of these funds to employ teacher aides. A total of 653 teachers and 297 teacher aides were employed under this program for the current fiscal year.

We recommend that legislation be introduced to delete the 25 percent restriction and the certification requirement in order to allow school districts more flexibility in the employment of teacher aides either in conjunction with, or in place of, certificated teachers. In reviewing the Teacher Employment program, we have found several instances where adequate facilities for additional classrooms are not available in urban school districts. This has resulted in districts employing teachers under this program who are used to supplement existing classes rather than reduce the overall class size. Therefore, reduction of teacher load through reduced adult-student ratios has become a goal in many districts instead of simple class size reduction.

We have also found that approximately four teacher aides could be employed for every certificated teacher. For example, in fiscal year 1968-69 \$6,483,215 was expended on certificated teachers while \$279,043 was expended on teacher aides. If we note that 653 teachers and 297 teacher aides were employed then we can calculate an average expenditure of \$9,928 per teacher and \$2,454 per teacher aide. Using these figures, it is possible to estimate that approximately 2,641 teacher aides could have been employed in 1968 in place of the 653 certified teachers.

While we do not propose the simple substitution of aides for classroom teachers, we do believe that legislation should be adopted to delete the existing 25 percent restrictions, thereby allowing the participating school districts the flexibility to adjust the program to meet particular needs.

Further, while we recognize the value of employing persons from the target area community as teacher aides, we have observed impressive results from projects employing college students for this purpose. Therefore, we recommend that school districts cooperate with institutions of higher education in the employment of college juniors, seniors and graduates as classroom teacher aides. The benefits derived from employing college students as teacher aides are twofold: (a) college students are generally in a good position to provide intelligent and meaningful aid to teachers in the classroom, and (b) college students receive invaluable preteaching classroom experience by working as teacher aides.

Table 16
Teacher Employment Program
Education Code 6481
Fiscal Year 1969-70

| <i>District</i> | <i>Allocation</i> |
|--|-------------------|
| Berkeley Unified (Alameda) ----- | \$27,070 |
| Oakland City Unified (Alameda) ----- | 156,296 |
| Pittsburg Unified (Contra Costa) ----- | 52,796 |
| Richmond Unified (Contra Costa) ----- | 234,029 |
| Fresno City Unified (Fresno) ----- | 182,970 |
| Fresno Colony (Fresno) ----- | 36,515 |
| Madison (Fresno) ----- | 28,572 |

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| <i>District</i> | <i>Allocation</i> |
|--|--------------------|
| Teague (Fresno) ----- | 21,419 |
| West Park (Fresno) ----- | 17,467 |
| Bakersfield City (Kern) ----- | 205,377 |
| Greenfield (Kern) ----- | 26,636 |
| Compton City (Los Angeles) ----- | 113,655 |
| El Monte (Los Angeles) ----- | 35,369 |
| El Rancho (Los Angeles) ----- | 13,990 |
| Enterprise City (Los Angeles) ----- | 23,711 |
| Garvey (Los Angeles) ----- | 82,633 |
| Long Beach Unified (Los Angeles) ----- | 245,173 |
| Los Angeles Unified (Los Angeles) ----- | 3,371,170 |
| Monrovia Unified (Los Angeles) ----- | 12,685 |
| Montebello (Los Angeles) ----- | 26,754 |
| Pasadena Unified (Los Angeles) ----- | 115,671 |
| Pomona Unified (Los Angeles) ----- | 18,534 |
| Santa Monica Unified (Los Angeles) ----- | 21,933 |
| Whittier City (Los Angeles) ----- | 9,445 |
| Willowbrook (Los Angeles) ----- | 136,537 |
| Jurupa Unified (Riverside) ----- | 30,469 |
| Riverside Unified (Riverside) ----- | 12,764 |
| Del Paso Heights (Sacramento) ----- | 6,679 |
| North Sacramento (Sacramento) ----- | 9,642 |
| Sacramento City Unified (Sacramento) ----- | 36,238 |
| Colton Joint Unified (San Bernardino) ----- | 20,234 |
| Ontario-Montclair (San Bernardino) ----- | 46,039 |
| San Bernardino City Unified (San Bernardino) ----- | 179,414 |
| National (San Diego) ----- | 14,978 |
| San Diego City Unified (San Diego) ----- | 189,530 |
| San Ysidro (San Diego) ----- | 37,148 |
| San Francisco Unified (San Francisco) ----- | 380,487 |
| Stockton City Unified (San Joaquin) ----- | 236,954 |
| Santa Barbara City (Santa Barbara) ----- | 11,460 |
| San Jose Unified (Santa Clara) ----- | 65,206 |
| Total ----- | \$6,493,649 |

Table 17
Teacher Employment

| <i>Year</i> | <i>Number of participating districts</i> | <i>Amount allocated</i> | <i>Amount apportioned</i> | <i>Amount expended</i> |
|---------------------|--|-----------------------------|-------------------------------|----------------------------|
| 1966-67 ----- | 37 | \$7,000,000 | \$5,155,929 | \$2,760,587 |
| 1967-68 ----- | 41 | 7,000,000 | 5,043,814 | 5,307,597 |
| 1968-69 ----- | 41 | 5,975,000 | 5,549,434 | 7,609,809 |
| 1969-70 ----- | 40 | 6,493,649 | -- | -- |
| TOTALS ----- | | \$26,468,649 | \$15,749,177 | \$15,677,993 |

2. *Demonstration projects in Reading and Mathematics Financed by Chapter 1596, 1969 Statutes (AB 938)*

The major objective of this program is to develop and implement experimental projects in reading and mathematics in grades 7-9 which will improve the achievement levels of pupils in these subjects. Four of these projects emphasize reading, 2 emphasize mathematics and 9 projects maintain combination experiments involving both reading and mathematics. This program will be funded at a \$3 million level for 1969-70. Table 18 lists the districts currently administering demonstration projects.

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Table 18
 Demonstration Reading and Math Project, AB 938
 Summary of Projects for 1969-70

| <i>County</i> | <i>District</i> | <i>Approved funds</i> |
|----------------------|----------------------------------|-----------------------|
| Alameda ----- | Oakland Unified ----- | \$191,410.00 |
| Fresno ----- | Fresno Unified ----- | 204,630.00 |
| Los Angeles ----- | El Monte Elem. and High ----- | 75,739.00 |
| | Long Beach Unified ----- | 334,826.00 |
| | Los Angeles Unified ----- | 403,776.00 |
| | Montebello Unified ----- | 98,404.00 |
| | Pasadena Unified ----- | 96,971.00 |
| Riverside ----- | Riverside Unified ----- | 167,725.00 |
| San Bernardino ----- | Colton Unified ----- | 50,986.00 |
| San Diego ----- | San Diego Unified ----- | 200,000.00 |
| San Francisco ----- | San Francisco Unified ----- | 133,419.00 |
| San Joaquin ----- | Stockton Unified ----- | 200,000.00 |
| Santa Barbara ----- | Santa Barbara City Schools ----- | 181,888.00 |
| Santa Clara ----- | San Jose Unified ----- | 265,314.00 |
| TOTAL ----- | | \$2,605,088.00 |

There is some difference in program content between this program and the math and demonstration programs previously funded under Chapter 106, 1966 Statutes (SB 28) which expired on the 91st day following adjournment of the 1969 session. The major differences are that the new legislation (AB 938) (1) requires an annual assessment of the cost-effectiveness of each project and (2) requires the projects to be adaptable within the operating budgets of similar school districts throughout the state.

Because these are essentially new projects, it is difficult to evaluate their effectiveness. However, the fiscal review team from our office discussed in the General Summary of this analysis, authorized by Chapter 784, Statutes of 1969, (AB 606) will review these projects and report to the Legislature with findings and recommendations.

3. *State Financed McAtter Act Projects in Research and Teacher Education*

The McAtter Act authorizes state support for research projects in compensatory education and for demonstration projects involving pre-service and in-service training for teachers. The purpose of such projects is to improve the overall quality of compensatory education programs with particular emphasis on the quality of prospective teachers of disadvantaged children who are produced by the state's teacher training institutions.

Historically, the RATE program has been funded at \$1.5 million. However, as already noted, \$500,000 was diverted administratively from this program during the current year to partially fund the Professional Development Centers established by Chapter 1414, Statutes of 1968 (AB 920). Table 19 lists the districts and/or institutions of higher education administering RATE projects for the current year.

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Table 19
Projects Funded Under McAteer Act—1969-70

| | 1969-70 |
|--|-----------|
| Pasadena City Schools and California State College Los Angeles | \$108,310 |
| San Francisco State College | |
| San Francisco Unified School District | 121,718 |
| San Diego State College | |
| San Diego Unified School District | |
| 13 other school districts | 59,692 |
| California State College, Dominguez Hills | 210,136 |
| Chico State College | |
| Oroville School District | 27,254 |
| U.C. Berkeley, Institute of Human Development | 123,300 |
| Santa Cruz | |
| Santa Cruz School District | 64,000 |
| U.C. Riverside | |
| Riverside Unified School District | 167,176 |
| U.C. Los Angeles | |
| Los Angeles City Schools | 68,527 |
| Los Nietos School District | 129,617 |
| Cambian | 40,787 |
| Research Center | 49,537 |

During the last four years, 1965-66 through 1968-69, a total of \$4,623,755 from the state General Fund has been allocated in support of this program. Table 20 indicates the agencies participating in the program during this period and the amount of state funds each has received.

Table 20
Amounts Expended by McAteer Act Projects, 1965-66 through 1968-69

| | |
|-------------------------------------|-------------|
| <i>California State Colleges</i> | |
| San Francisco | \$1,323,590 |
| Los Angeles | 106,626 |
| San Diego | 202,543 |
| Fresno and Stanislaus | 15,000 |
| San Fernando Valley | 323,876 |
| Dominquez Hills | 75,182 |
| Subtotal | \$2,046,817 |
| <i>University of California</i> | |
| Berkeley | \$485,618 |
| Riverside | 902,087 |
| Los Angeles | 368,927 |
| Subtotal | \$1,734,132 |
| <i>Private Agency</i> | |
| Mental Research Institute Palo Alto | \$35,082 |
| <i>School Districts</i> | |
| Pasadena | \$736,210 |
| Enterprise | 29,887 |
| Santa Cruz | 19,127 |
| | \$820,306 |
| Total | \$4,623,755 |

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We recommend that the Legislature adopt budget language to redirect \$750,000 from the state compensatory education subvention item committed to the research and teacher education, to the Professional Development Center Program established by Chapter 1414, Statutes of 1968.

In the *Analysis of the Budget 1969-70* we noted that it was difficult to assess the accomplishments of the McAteer Act program of Research and Teacher Education (RATE) due to a lack of organized evaluative information and deficiencies in state level administration.

The state administration of the RATE program has improved significantly during the past year. The Bureau of Professional Development reports that the cost per teacher trainee was reduced in 1969-70 from the high of \$5,000 reported by our office to an average cost of \$351. In addition, the Bureau of Professional Development reports that in 1968-70 60 percent of the RATE projects were designed to improve teacher techniques and skills as compared to 8.5 percent recorded by our office last year.

However, we remain concerned about the success of the program in improving the quality of the curricula of the teacher training institutions which prepare teachers for work in disadvantaged schools. First, there is little evidence that the education departments of the teacher training institutions participating in the preservice and inservice training projects have significantly modified their overall curricula as a result of their participation in the program. Neither have these institutions assumed many of the major cost components of such projects by either rearranging the allocation of their budgeted staff resources or by requesting an augmentation for the support of continued participation.

Second, it appears that the participation of teacher candidates is limited to a relatively small percentage of the students processed by the education departments participating in the projects, thereby negating the impact of the "demonstration" approach. Finally, there is little evidence that teacher training institutions not involved in the demonstration projects have been sufficiently impressed by the success of such projects to duplicate the programs in their own institutions. The Bureau of Professional Development reports only seven colleges not associated with RATE have requested help in changing curricula. There are currently 22 public university campuses and colleges in California not participating in the RATE program.

We continue to believe that the \$4,623,755 expended on the Research and Teacher Education program since 1965-66 cannot be justified by the results evaluated to date. Therefore, we are recommending that \$750,000 be redirected from the RATE program and to partially fund the AB 920 professional development centers. Table 21 reviews the impact of the recommendation in the existing budget request.

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Table 21
State Funded Compensatory Education Programs
1970-71
(in millions)

| | <i>Proposed budget</i> | <i>Recommended reallocation</i> |
|---|----------------------------|-------------------------------------|
| 1. Special Teacher Employment ----- | \$6.5 | \$6.5 |
| 2. Demonstration Programs ----- | 3.0 | 3.0 |
| 3. Research and Teacher Education ----- | 1.5 | .750 |
| 4. Professional Development Centers ----- | — | .750 |
| | \$11.0 | \$11.0 |

Since both the RATE projects and the Professional Development Centers are designed to deal with disadvantaged children and teacher education, we believe this action would substantially increase the impact of state support on teacher training. We further believe that the Office of Compensatory Education should review the existing RATE projects (shown in Table 20), and phase out those of limited impact and develop procedures to insure that all new RATE projects be coordinated with the professional development centers.

Programs in Professional Development

1. *Educational Professional Development Act (P.L. 90-35)*

The EPDA is a federally funded program administered by the Bureau of Professional Development and designed to "attract and qualify teachers to meet critical teacher shortages and to improve the training opportunities for personnel serving in programs of education other than higher education."

California's participation in this program is limited to the section of the law which provides funds for the "State Grants Program." This program provides short-term preservice training to teaching interns and teacher aides who would normally be engaged in pursuits other than education. This year \$977,178 has been allocated to fund 25 projects.

2. *Teacher Corps/New Careers in Education Act Program, Chapter 1453, Statutes of 1969 (AB 1362)*

The objectives of this state funded program are (1) to give persons from backgrounds of low socio-economic environments an opportunity to receive teacher training; and (2) to establish a model upon which minority groups students may accomplish career goals.

The original appropriation of \$125,000 to fund this program was reduced by the Governor in 1968 to \$62,500. The program has not yet been implemented by the department so no evaluation is possible at this time.

3. *Professional Development Centers, Chapter 1414, Statutes of 1968 (AB 920)*

In 1968 the Legislature passed Chapter 1414 (AB 920) which contained policy guidelines for the establishment, maintenance and evaluation of both preservice and in-service programs of teacher training. This legislation authorized the establishment of a system of "Pro-

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Professional Development and Program Improvement Centers" to provide preservice and in-service training and specifies that such centers shall provide training for teachers serving in schools having a high percentage of underachieving pupils.

The Department of Education was unable to qualify the professional development centers for funding under the Education Professions Development Act and therefore was unable to implement the program during 1968-69. Five professional development centers (see Table 22) were funded for 1969-70 with \$500,000 diverted from the Research and Teacher Education program and \$350,000 diverted from the Special Teacher Employment program.

Inasmuch as this is the first year of implementation for this program it is difficult to evaluate its effectiveness. However, early results indicate the concept of intensive in-service training for teachers in disadvantaged schools has substantial value. We have also observed certain shortcomings in the program which should be corrected by the Office of Compensatory Education. The program as established by the Legislature requires that all district, state and federal resources related to teacher training be integrated and coordinated with preservice and in-service training programs. This has not been fully implemented in the programs which we have observed.

We have also found deficiencies relating to (1) qualifications and criteria for selecting master teachers and (2) high cost per trainee (\$2,330). This cost could be reduced by enlarging the number of teachers trained in any given cycle. A comprehensive analysis of this program will be presented in our report to the Legislature pursuant to Chapter 784, Statutes of 1969.

Table 22
AB 920 Professional Development Centers 1969-70
Cost Per Trainee

| Location of center | Number trainees | Total cost | Cost per trainee |
|--------------------------------|--------------------|------------|---------------------|
| Oakland ----- | 80 | \$161,285 | \$2,016 |
| Compton ----- | 54 | 136,950 | 2,578 |
| Fresno ----- | 90 | 154,008 | 1,711 |
| Richmond ----- | 56 | 158,543 | 2,831 |
| Long Beach ----- | 52 | 162,994 | 3,134 |
| | 332 | \$773,780 | \$12,270 |
| Average cost per trainee ----- | | | \$2,330 |

Educational Improvement Act

The Educational Improvement Act, Chapter 784, Statutes of 1969 (AB 606) authorized the allocation of \$5 million to school districts with concentrations of disadvantaged pupils exceeding 150 percent of the statewide average number of pupils in Title I of the Elementary and Secondary Education Act. These funds are used to support educational projects of proven "cost-effectiveness."

The Educational Improvement Act is administered by the Division of Compensatory Education. The act establishes an Advisory Commission on cost-effectiveness to assist the Division and the State Board of

Department of Education—Continued

Education in evaluating the effectiveness of individual projects. Specifically, the Advisory Commission will (a) assist in the evaluation of projects, (b) assist in determining the relative cost-effectiveness of programs and, (3) advise on projects which should be expanded, modified, or replaced. The Advisory Commission will be composed of (a) three public members representing the field of economics, (b) three public members representing the learning sciences, and (c) three public members representing the managerial sciences.

Although the program is new, we have observed deficiencies developing which could limit its effectiveness. These are:

1) The Department of Education has not constituted the required cost-effective commission despite the fact that legislation has been in effect since early fall, 1969.

2) The department apportioned the funds and developed guidelines for this expenditure of \$5 million without the cost-effectiveness commission being constituted. In a letter sent to all eligible districts on November 14, 1969, the department stated:

"You may apply for an apportionment of all or part of the above entitlement by submitting an application to use the funds in accord with 'Guidelines' Compensatory Education, Revised April 1969, and by providing supplementary data that will permit analysis of your compensatory education project in terms of educational effectiveness and cost-effectiveness. For this first year of the act, extensive supplementary data will be required only of districts that receive \$30,000 or more. Other participating districts will be evaluated on the data submitted in the annual Title I Evaluation Report."

3) Generally, districts did not receive sufficient time to prepare an educational project in conformity with the cost-effective mandate. The notification of guidelines was dated November 14, 1969, while the deadline for submission of applications was December 31, 1969. Since many districts did not receive the notification until late November, less than one month was available to prepare their programs.

Department of Education**SCHOOL BUILDING AID PROGRAMS****Item 74 from the State School Building
Aid Fund****Budget page 303**

| | | |
|--|-------|-----------|
| Requested 1970-71 | _____ | \$220,426 |
| Estimated 1969-70 | _____ | 219,122 |
| Actual 1968-69 | _____ | 182,875 |
| Requested increase \$1,304 (0.6 percent) | | |
| Total recommended reduction | _____ | None |

School Building Aid Programs—Continued**GENERAL PROGRAM STATEMENT**

Funds from the State School Building Aid Fund are annually transferred to the Department of Education to support the school facility programs of the Bureau of School Planning and the Office of Compensatory Education.

Education Code, Section 15302, requires that the Department of Education's Bureau of School Planning review plans for school construction where the cost of a project exceeds \$5,000 and meets one or more of the following conditions: (1) that it is a unified school district with 1,500 or less ADA (2,000 ADA if district was formed after July 1966); (2) that it is a district not governed by a city board of education; or (3) that the district's building projects are financed with federal or state school building aid funds. A fee of one-twentieth of 1 percent as estimated by the Office of Architecture and Construction is charged to the district for review of plans and specifications, and a fee of \$25 is charged to the district for each 10 acres or fraction thereof for site review. The bureau is also required to provide its professional services and advice to any school district which is not governed by a city board of education. When such services are rendered, the bureau must collect a fee from the district equal to the actual costs incurred by the bureau, exclusive of the salaries of the participating state employees.

The Office of Compensatory Education administers the program which provides portable classrooms to districts impacted by seasonal agricultural employment. From proceeds of bonds sold under the State School Building Aid Bond Act of 1966, \$1 million is specifically designated for the acquisition of portable school facilities. The State Allocation Board, acting on the advice of the Director of the Office of Compensatory Education, will lease, lend, sell or grant these portable facilities to districts on the basis of individual need. Applicants under this program are not required to meet the eligibility requirements set for the regular State School Building Aid program.

Districts must apply for assistance under this program directly to the Director of the Office of Compensatory Education. He will review the application, make any modifications deemed appropriate, and transmit it to the State Allocation Board with his recommendations.

School Facilities Study

In 1967-68, funds from ESEA Title V were made available to the Bureau of School Planning by the State Board of Education for the purpose of reviewing and evaluating the present State School Building Aid Program. The School Facilities Study was also to make recommendations for the revision or development of a new State School Building Aid Program to meet the school facility needs of all school districts within the State of California for the next 10-20 years. The existing State School Building Aid Program, which has been in existence since 1946, is basically designed to assist those school districts which are experiencing exploding growth patterns and unable to finance needed school facilities because of limited bonding resources.

School Building Aid Programs—Continued

In the fall of 1968, a project director and staff were hired and an advisory committee was selected. As this committee reviewed the data presented by the Bureau of School Planning and Project staff, it became apparent that time would not permit a year long study. Accordingly, additional Title V funds were sought, a consultant was hired, and the project was extended into 1969-70.

A new State School Building Aid Program was presented to the 1970 Legislature by the Department of Education. It would extend financial assistance for school facilities to urban school districts with their attendant problems and to those districts requiring replacement of pre-Field Act schools. While the present program consists of loans and grants financed primarily through the issuance of State General Obligation Bonds totaling \$1.9 billion, and supplemental General Fund appropriations totaling \$57.1 million over the life of the program, state aid in the proposed plan would come in the form of an outright grant or subsidy.

School districts would be required to match any state funds in direct proportion to their assessed valuation per pupil. State aid would range from 10 percent for the wealthier districts to 80 percent for poorer districts. There would also be a provision for supplementary grants for districts having high enrollment of disadvantaged students or for districts experiencing large enrollment growth.

School districts would be able to use bonds or permissive tax overrides to meet their matching fund requirement. An annual appropriation by the Legislature would be required to support the program beginning with an estimated \$30 million in 1970-71, \$80 million in 1971-72 and \$125 million annually thereafter. Details for the proposed State School Building Aid Program are contained in the Department of Education's report entitled *School Facilities Study* (1969).

ANALYSIS AND RECOMMENDATIONS

We recommend approval of the \$220,426 appropriation from the State School Building Aid Fund consisting of \$202,025 for the Bureau of School Planning and \$18,401 for the Office of Compensatory Education.

For 1970-71 the Bureau of School Planning's total budget request is \$426,155 of which \$75,000 will be reimbursed by local districts, resulting in a net expense to the state of \$351,155. The bureau requests \$202,025 from the State School Building Aid Fund, or 57.6 percent of its net total expenditures. The Office of Compensatory Education requests \$18,401 which combined with the bureau's request amounts to a total \$220,426 from the State School Building Aid Fund to the Department of Education for 1970-71.

**Department of Education
NATIONAL DEFENSE EDUCATION ACT**

The National Defense Education Act 1958, provides financial assistance to local educational institutions to promote educational programs

National Defense Education Act—Continued

which meet the defense requirements of the United States. The 1968 Congress extended the act for three years through 1971. The Bureau of National Defense Education within the Department of Education administers Title IIIa and IIIb of the act which are designed to improve instruction in specific subject matter areas, while the Bureau of Pupil Personnel Services within the department administers Title V of the act which is concerned with guidance and counseling. Title X (Improvement of Statistical Services) is administered by the Bureau of Administrative Research and School District Organization. The titles of the act and their main purposes are listed below:

Title II. Authorizes loans to pupils in institutions of higher education. General Fund support totals 10 percent of the total cost of the program, with federal funds meeting the balance. The program is administered by the Trustees of the California State Colleges and the 1969-70 budget request for the item is discussed elsewhere in the analysis.

Title III. Provides federal assistance for the improvement of instruction of mathematics, science, modern foreign languages, history, English, reading, geography, economics, civics and industrial arts.

Title IIIa provides federal funds matched by local sources for the purchase of equipment and materials useful for instruction and for minor remodeling of laboratories or other space for equipment. Title IIIa subventions are reported in the local assistance portion of the budget. Title IIIb provides support for state level administration of Title IIIa.

State and federal funds for Title IIIb are expended for the following purposes:

1. Evaluation processing and approval of federal funds.
2. Studies, reports and dissemination of NDEA project information.
3. Consultant services within the department and to local school districts.

Title IV. Provides funds for graduate study fellowships. The fellowships are not connected with the loans available under Title II nor does the state administer them. The program is administered by the U.S. Commissioner of Education.

Title V. Provides federal support for the establishment and maintenance of testing, guidance and counseling programs. The existing level of state and local expenditures presently satisfies the federal matching requirements. Federal subventions for this title are found in the subventions portion of the budget. Title V funds are used in California to identify able students and counsel pupils at the elementary, secondary and junior college levels. The title also authorizes the U.S. Commissioner of Education to establish guidance and training institutions with local institutions of higher education. In California the program is administered jointly by the Bureaus of National Defense Education and Pupil Personnel Services. Federal fund allotments for Title V in California are expected to amount to \$1,324,875 in 1970-71 which represents a minor decrease below the present level.

National Defense Education Act—Continued

Title VI. Authorizes the U.S. Commissioner of Education to arrange with institutions of higher education for the establishment of foreign language and area studies. In California both public and private institutions of higher education participate in the program.

Title VII. Authorizes the U.S. 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 was replaced by Title III of the Vocational Education Act of 1963 and by the 1968 amendments to the act. The program provides federal assistance for area vocational education in California.

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

Title X. Provides federal funds and state funds in California for the improvement of statistical services of the Bureau of Administrative Research and District Organization within the Department of Education.

Title XI. Provides funds for institutions (Training Institutes) to improve the instruction of foreign languages and English taught as a second language, along with English, reading, history, geography, disadvantaged youth, school library personnel, and educational media specialists.

Table 1, based on the budget document, illustrates the program administered by the Department of Education. It shows the total federal, state and local expenditures for Titles III, V and X for the last completed fiscal year and includes estimated expenditures for 1969-70 and 1970-71. Although the local expenditure column for Titles III and V shows only the districts' matching requirements, in actuality district expenses incurred in these programs exceed the matching requirements.

Table 1

National Defense Education Expenditures for Titles III, V, X

| | | | 1968-69 (actual) | | | 1969-70 (estimated) | | | 1970-71 (proposed) | | |
|--------------------------------|--|--|------------------|----------------|--------------------------|---------------------|----------------|--------------------------|--------------------|----------------|--------------------------|
| | | | Federal | State | Local | Federal | State | Local | Federal | State | Local |
| TITLE III | | | | | | | | | | | |
| A. Local projects ----- | | | \$5,334,245 | - | \$5,334,245 ² | \$5,335,635 | - | \$5,335,635 ² | \$5,335,635 | - | \$5,335,635 ² |
| B. State level administration | | | 352,997 | \$331,521 | - | 364,379 | \$345,708 | - | 291,000 | \$291,000 | - |
| TITLE V | | | | | | | | | | | |
| Guidance | | | | | | | | | | | |
| State level ----- | | | 169,945 | - ¹ | 169,945 ² | 226,662 | - ¹ | 226,662 ² | 234,189 | - ¹ | 234,189 ² |
| Subventions ----- | | | 1,389,119 | - ¹ | - | 1,332,402 | - ¹ | - | 1,324,875 | - ¹ | - |
| TITLE X | | | | | | | | | | | |
| Statistical reporting ----- | | | 45,000 | 45,000 | - | 45,000 | 45,000 | - | 45,000 | 45,000 | - |
| Total ----- | | | \$7,291,306 | \$376,521 | \$5,504,190 | \$7,304,078 | \$390,708 | \$5,562,297 | \$7,230,699 | \$336,000 | \$5,569,824 |
| Grand Total, all sources ----- | | | \$13,172,017 | | | \$13,257,083 | | | \$13,136,523 | | |

¹ No state funds required.² Local school district funds at or above matching requirements.

Department of Education
NATIONAL DEFENSE EDUCATION ACT
TITLES IIIb and X

Item 75 from the General Fund

Budget page 318

| | |
|--|-----------|
| Requested 1970-71 ----- | \$336,000 |
| Estimated 1969-70 ----- | 401,993 |
| Actual 1968-69 ----- | 358,442 |
| Requested decrease \$65,993 (16.4 percent) | |
| Total recommended reduction ----- | None |

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS*Analysis
page*

It is recommended that future budget requests for statistical reporting contained in this item be made from Title V of the Elementary and Secondary Education Act of 1965. 289

GENERAL PROGRAM STATEMENT

Title III, Improvement of Instruction, contains two parts, Title IIIa and Title IIIb.

Title IIIa provides federal funds to the Department of Education for reimbursements to school districts for the purchase of equipment and materials and for minor remodeling expenses connected with the installation of new equipment. The purpose of the program is to improve instruction in a variety of fields such as English, reading, science and mathematics. It is estimated that California will receive approximately \$5.3 million for Title IIIa in 1970-71.

Title IIIb provides funds for the state level administration of Title IIIa, and it provides federal assistance for the expansion of supervisory services to improved instruction in the aforementioned subject matter areas and for the production of instructional materials at the local level. Presently both Title IIIa and Title IIIb are administered by the Bureau of National Defense Education within the Department of Education.

Title X, Improvement of Statistical Services, provides federal assistance to improve the statistical services of the Bureau of Administrative Research and School District Organization within the Department of Education. The funds are used to augment existing departmental expenditures for improving the collection of educational data and to support the development of accounting and reporting manuals.

ANALYSIS AND RECOMMENDATIONS

We recommend approval. General Fund support for NDEA Titles IIIb and X is proposed at \$336,000 which is \$65,993 (or 16.4 percent) less than the current level. Federal support for Title IIIb and X also is reflected at \$336,000, a decrease of \$73,397 below the current level.

Under Title IIIb, there is a proposed deletion of 4.3 positions. A total of 3.7 of the 4.3 proposed deletions represents administrative positions and a 0.6 deletion is temporary help under program supervision. There are no proposed position changes under Title X.

National Defense Education Act—Continued

Prior to 1967 there existed a separate federal appropriation for support of Title IIIa, Title IIIb and for Title X. The 1967 Congress modified the funding arrangement by requiring that funding for the administration and program supervision activities of Title III and Title X be charged to Title V of the Elementary and Secondary Education Act.

Title IIIb—Improvement of Instruction

The total proposed budget for Title IIIb is \$582,000 consisting of \$291,000 in State General Funds and \$291,000 in federal funds.

Since initiation of NDEA in fiscal year 1958-59 through 1967-68, NDEA funds expended in California have amounted to \$88.3 million. These NDEA funds consist of state expenditures of \$2.3 million for state administration, local expenditures of more than \$41.6 million for local projects (equipment, materials and remodeling) and federal expenditures of \$44.4 million as matching funds to state and local contributions. These amounts appear in a recent report, *NDEA, Change Agent for Education*, issued by the Bureau of National Defense Education, State Department of Education. Table 2 presents these reported amounts both yearly and for the ten-year period, 1958-59 through 1967-68. Further, Table 2 shows the scope of the program and the magnitude of commitment by federal and state governments and local school districts for state administration and local projects (the purchase of equipment, materials and remodeling). If NDEA funds for Title IIIa and IIIb for fiscal years 1968-69 and 1969-70 are added to those already mentioned, NDEA expenditures from 1958-59 to the present amount to \$111.0 million.

During the 1969 Legislative Session, the fiscal committees, in discussing Title III, requested the Legislative Analyst to review the impact and utilization of funds distributed to public school districts under this program.

Impact. For the last several years we have noted that little objective data is available, based on pupil achievement scores, to document the contention that Title III funds have resulted in improved instructional programs. The Bureau of National Defense Education has submitted two earlier reports regarding the evaluation of Title III programs and recently issued a third report, *NDEA, Change Agent for Education*. The first report concluded that it is extremely difficult to assess individual Title III projects on the basis of uniform achievement tests because of the generally small size of the individual projects. It was pointed out that even if all funds were limited to a single subject area such as reading and to a single instructional level, such as grades 1, 2 and 3, the effect of the additional resources could not be measured by the tests in use today.

The second report sought to answer the question: "What has been achieved under Title III, NDEA?", by providing specific examples of encouraging projects in selected school districts which, in the judgment of the bureau, illustrated effective utilization of the funds. The examples indicate that Title III funds are stimulating development of encourag-

Table 2
Federal, State and Local Expenditures for NDEA 1958-59 through 1967-68

| Fiscal year | Federal ¹ | | | | Federal contributions | State ¹ | | Yearly total |
|----------------|--|-------------|---|-----------------------------------|--------------------------|--|-----------------------------|--------------|
| | (State level administration + Local projects) | | | (State level ad- ministration) | | Local ² (Local projects) | | |
| 1958-59 | (| \$50,044 | + | \$2,251,874) | = | \$2,301,918 | \$2,251,874 | \$4,553,792 |
| 1959-60 | (| 186,315 | + | 3,116,405) | = | 3,302,720 | \$186,315 3,116,405 | 6,605,440 |
| 1960-61 | (| 304,173 | + | 2,712,552) | = | 3,016,725 | 239,221 2,712,552 | 5,968,498 |
| 1961-62 | (| 297,393 | + | 2,780,826) | = | 3,078,219 | 237,733 2,780,826 | 6,096,778 |
| 1962-63 | (| 297,102 | + | 2,909,937) | = | 3,207,039 | 245,200 2,909,937 | 6,362,176 |
| 1963-64 | (| 280,590 | + | 6,048,632) | = | 6,329,222 | 237,440 6,048,632 | 12,615,294 |
| 1964-65 | (| 321,224 | + | 5,237,821) | = | 5,559,045 | 282,733 5,237,821 | 11,079,599 |
| 1965-66 | (| 332,250 | + | 5,558,389) | = | 5,890,639 | 282,854 5,558,389 | 11,731,882 |
| 1966-67 | (| 340,098 | + | 5,427,675) | = | 5,767,773 | 293,230 5,427,675 | 11,488,678 |
| 1967-68 | (| 338,276 | + | 5,560,768) | = | 5,899,044 | 297,104 5,560,768 | 11,756,916 |
| Total | (| \$2,747,465 | + | \$41,604,879) | = | \$44,352,344 | \$2,301,830 \$41,604,879 | \$88,259,053 |

¹ Figures from "NDEA, Change Agent for Education," Bureau of National Defense Education Act, State Department of Education, California, Tables 3 and 7, pp. 6 and 13.

² Local school funds at or above matching fund requirements.

National Defense Education Act—Continued

ing instructional programs in some areas. However, little evidence of improvement or steps achieved toward specific goals was presented.

The third report credits NDEA as a motivating force which has generally stimulated teachers and administrators in their thoughts and activities in curriculum and subject development. It points out that teachers and administrators have been encouraged to think in terms of goals and objectives, have given extra hours to work on projects and participate in in-service training programs and have been learning about new available teaching equipment, materials and supplies in preparing project proposals under NDEA. Further, local school funds have been made available to contribute to the purchase of equipment, materials and remodeling for individual NDEA projects as well as for other programs aimed at improving instruction.

Utilization. From data in the report *NDEA, Change Agent for Education*, it can be shown that during the ten-year period: 1958-59 to 1967-68, 43.5 percent of NDEA funds went for science projects, 20.0 percent for modern foreign language projects, and 21.0 percent for combination projects. The least amount went for economic and industrial arts projects, 0.1 percent. These expenditures are shown in Table 4.

Table 4

**Total Matching Federal and Local Expenditures Under Title III
of NDEA During the Period 1958-59 Through 1967-68
(By Subject Area and School Level)**

| Subject Area | Elementary | Secondary | Junior College | Total | Percent |
|-------------------------|---------------------|---------------------|---------------------|------------------------------------|---------------|
| Science | \$12,949,250 | \$14,258,058 | \$8,970,506 | \$36,177,814 | 43.5% |
| Mathematics | 2,666,014 | 1,665,876 | 842,920 | 5,174,810 | 6.2 |
| Modern foreign language | 5,385,098 | 8,954,578 | 1,857,590 | 16,197,266 | 20.0 |
| Reading | 2,841,072 | 723,358 | 164,790 | 3,729,220 | 4.5 |
| English | 441,206 | 941,464 | 148,634 | 1,531,304 | 1.9 |
| History | 62,312 | 577,244 | 314,024 | 953,580 | 1.2 |
| Geography | 21,946 | 125,148 | 949,318 | 1,096,412 | 1.3 |
| Civics | 3,318 | 83,958 | 56,290 | 143,566 | .2 |
| Economics | 53,998 | 11,036 | 10,414 | 75,448 | .1 |
| Industrial arts | 177,720 | 678,256 | 12,806 | 868,782 | .1 |
| Combination | 1,333,336 | 6,068,222 | 9,859,998 | 17,261,556 | 21.0 |
| TOTAL | \$25,935,270 | \$34,087,198 | \$23,187,290 | \$83,209,758 | 100.0% |
| | | | | Federal Funds Matching Local Funds | \$41,604,879 |
| | | | | Local Funds Matching Federal Funds | 41,604,879 |

\$83,209,758

Table 5 shows that equipment and materials account for 98 percent of the funds expended at each school level under NDEA. Remodeling accounts for 2 percent. Expenditures were the greatest (33.9 percent) for audiovisual equipment, largely for science and modern foreign language projects.

National Defense Education Act—Continued

Table 5
NDEA Funds Expended at Local School Levels by Category

| <i>Category</i> | <i>Amount (millions)</i> | <i>Percent</i> |
|--|------------------------------|----------------|
| Remodeling ----- | \$1.7 | 2.0% |
| Equipment other than audiovisual ----- | 21.6 | 26.0 |
| Audiovisual equipment ----- | 28.2 | 33.9 |
| Printed materials ----- | 18.3 | 22.0 |
| Audiovisual materials ----- | 13.4 | 16.1 |
| Total ----- | \$83.2 | 100.0% |

Additionally, from the state level, with state and federal matching funds, consultant services were offered to schools involved in NDEA amounting to over 10,000 man-days of consultant services for fiscal years 1959-60 through 1967-68. Of these consultant services, 60.2 percent were made available to elementary schools, 37.1 percent to secondary schools and 2.7 percent to junior colleges. The subject of mathematics in elementary schools received the highest proportion of consultant services.

In considering school district size, wealth, type of organization and location, the report states "... districts most apt to participate in NDEA Title III were large unified school districts in metropolitan areas that received supplemental aid. The school districts least apt to participate were elementary school districts with an ADA of less than 100." It was further concluded "... "participation in NDEA Title III programs varied directly with the size of the school district and inversely with its wealth."

Evaluation. Although there is extensive "input" data available on Title III there is little evidence that the expenditure of funds under NDEA has improved instruction in participating schools. Expenditure of funds over such a wide range of subject areas under NDEA guidelines has made evaluation increasingly difficult and we find only isolated cases of meaningful "output" data such as pre- and post-testing.

NDEA projects in many instances have been experimentations with little effort to prevent duplicate projects, proven or not, from appearing in many districts at the same time. There is generally no mechanism for transmitting information about successes or failures from one school district to other districts in the state except through the use of consulting services.

While most fund matching and consultant services have gone to elementary schools, the areas of emphasis have generally been in science and mathematics subjects using audiovisual equipment. In the early years of NDEA, the list of approvable subjects was limited to science, mathematics, and modern foreign languages. While considerable emphasis still is given to elementary science, the subject areas have been expanded to include reading, history and other subject areas. Although audiovisual equipment and materials have been emphasized in NDEA projects, there is no tangible evidence to show the effectiveness of these educational tools relative to their costs.

National Defense Education Act—Continued

The report *NDEA, Change Agent for Education* supports the conclusion that there have been extensive changes made in the teaching of science. The report concludes that "... science programs in the schools of California are more different from those of 10 years ago than they are like them." It also concludes that "... one of the significant aspects of California's administration of NDEA has been its value in motivating teachers and administrators to develop and implement plans for educational improvement." Although these conclusions are evident from the supporting "input" data presented, measurement of resultant "output" data for adequate evaluation is not available.

Title X—Statistical Reporting

It is recommended that future budget requests for statistical reporting contained in this item be made from Title V of the Elementary and Secondary Education Act of 1965. The total proposed budget for Title X of NDEA for fiscal year 1970-71 is \$90,000 consisting of \$45,000 from the State General Fund and \$45,000 in federal support financed by Title V of the Elementary and Secondary Education Act of 1965. The function of the existing Title X program, the improvement of statistical services, is administered by the Bureau of Administrative Research and District Organization.

Under this program a variety of projects are funded. Projects include the development and revision of school accounting manuals, development of improved reporting forms, assistance to various areas of student testing and the development of manuals on procedures for reporting data and publishing results. We believe there is merit to the projects being performed by the Bureau of Administrative Research and District Reorganization. However, the present method of funding is plainly in error. Under the present method it is made to appear that \$45,000 in federal funds must be matched by \$45,000 in state funds when in reality federal funds come from an entirely separate source and do not require state matching.

Department of Education
CALIFORNIA SCHOOL FOR THE BLIND

Item 76 from the General Fund

Budget page 294

| | |
|--|-------------|
| Requested 1970-71 | \$1,213,581 |
| Estimated 1969-70 | 1,206,671 |
| Actual 1968-69 | 998,223 |
| Requested increase \$6,910 (0.6 percent) | |
| Total recommended reduction | \$15,000 |

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis
page

1. We recommend that the Department of Education be instructed to submit to the Joint Legislative Budget Committee 295

California School for the Blind—Continued

tee by November 1, 1970, a proposal on the feasibility of requiring that all normal blind children, while residing at the residential school, attend the local public school program for the visually handicapped.

2. We recommend that the Legislature repeal the requirement that the California School for the Blind employ a field worker for vocational guidance and that the \$15,000 for this function be transferred to Item 130, Support for the Department of Vocational Rehabilitation.

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GENERAL PROGRAM STATEMENT

California operates a special residential school for the blind in Berkeley several blocks south of the University of California campus. The school has been in existence since 1860 when the "Institution for the Deaf, Dumb, and Blind" was founded in San Francisco. In 1867, the school moved to its present location operating jointly with the School for the Deaf. The two schools were formally separated upon reorganization of the Department of Education in 1922. Since then the School for the Blind has been under the supervision of the Division of Special Schools and Services of the State Department of Education.

The school's main building was constructed in 1927, with additional wings in 1931. It contains classrooms, special music facilities, library, typing room, auditorium, and administrative offices. Residence halls were constructed in 1925 and 1929, and a separate residence for small children was added later. The Helen Keller Building, a self-contained facility for the education and care of deaf-blind children, was completed in 1949. The last building constructed on the campus was the dining hall in 1957. The gymnasium was assigned to the School for the Blind from the School for the Deaf and is equipped with an indoor swimming pool and bowling alley.

ANALYSIS AND RECOMMENDATIONS**Objectives of the Program**

The objective of the California School for the Blind is to offer comprehensive educational, residential and auxiliary services to blind, deaf-blind and multihandicapped blind children in California for whom no appropriate local services are available.

Structure of the Program

The School for the Blind operates in four major capacities: (1) educational program, (2) auxiliary services, (3) special federal projects, and (4) residential program.

(1) *Educational Program.* The school offers classes from kindergarten through the ninth grade. The course of study is similar to that offered in public schools with the addition of special equipment and instruction techniques required in the education of the blind. Those pursuing a secondary education attend regular classes at Oakland Technical High School and receive reader service and study guidance in the evening at the Blind School.

California School for the Blind—Continued

To qualify for admissions, the child must be screened by the Evaluation and Placement Committee. Because of the increasing number of multihandicapped applicants with complex combination of physical, mental and emotional disorders, we recommended in last year's analysis that the role of this committee be increased to meet the changing programs at the school. These recommendations were incorporated in the supplementary report of the Conference Committee, and, consistent with these recommendations, the function, authority and membership of the committee have been expanded. A more comprehensive preadmission procedure has been established. In addition to vision impairment, the following criteria must be met for admission: (1) that the minor is capable of academic learning and able to cope with group living both physically and socially, (2) that suitable educational and child care services are available to meet the applicant's educational requirements, (3) that the minor reveal evidence of self-help skills, and (4) that a suitable local school program does not exist. In addition, the committee is now scheduled to meet regularly in Berkeley or Los Angeles in April, August, and October, and at additional designated times as needed for the purpose of receiving applicants. The revamped committee's first meeting will be in April 1970.

Once the child is admitted, all costs of attending the school except those for transportation, clothing, extraordinary medical care, and incidentals are met by the state. A part of the cost is paid by the home school district in the form of reimbursements to the school.

Prior to 1964 the multihandicapped blind at the school consisted almost entirely of a small number of deaf-blind pupils in the Helen Keller unit. Since then the number of multihandicapped blind compared to the number of so-called "normal blind" has increased to a ration of over four multihandicapped to one "normal blind." In addition to the increasing number of multihandicapped, there has been a corresponding decrease in both "normal blind" and total student enrollment as shown in Table 1.

Table 1
Enrollment Composition

| | 1964-65 | 1965-66 | 1966-67 | 1967-68 | 1968-69 | <i>Estimated</i> 1969-70 |
|------------------------|---------|---------|---------|---------|---------|-----------------------------|
| Normal blind ----- | 96 | 43 | 43 | 31 | 29 | 26 |
| Deaf-blind ----- | 7 | 12 | 15 | 15 | 18 | 30 |
| Multihandicapped blind | 61 | 101 | 95 | 96 | 94 | 83 |
| Total ----- | 164 | 156 | 153 | 142 | 141 | 139 |

This marked decrease in normal blind students is attributable to the growth in local school district programs. There would be even fewer students in the school, except for the difficulties in providing programs elsewhere for children with more than one handicap. Table 2 reviews the number of individual handicaps diagnosed in a recent study of enrollees in the education program. In addition to blindness, other handicaps include emotional disturbance, deafness, mental retardation, cerebral palsy, etc.

California School for the Blind—Continued

Table 2

Classification of Handicapped Enrollments

| | |
|----------------------------|-----|
| Blindness only | 18 |
| Blindness plus 1 handicap | 40 |
| Blindness plus 2 handicaps | 41 |
| Blindness plus 3 handicaps | 30 |
| Blindness plus 4 handicaps | 10 |
| Total | 139 |

To predict future services for multihandicapped blind residents of California, the Department of Education in 1968 sent inquiries to a total of 1,307 programs concerned with handicapped children to determine the size and location of present multihandicapped blind population in the state. The department's findings entitled *Report of Multihandicapped Blind and Deaf-Blind in California* indicated that there are 1,180 multihandicapped blind children in the state composed of 240 deaf-blind and 940 other multihandicapped blind. Table 3 reviews the placement of these children in 1968. It should be pointed out that since 1968 the number of deaf-blind children in the state residential school has increased to 33, of which 30 are in the Helen Keller Unit and 3 in the Deaf-Blind Center.

Table 3

Placement of California's Multihandicapped Blind Population

| | Deaf-blind | Multihandicapped blind | Total |
|--------------------------------|------------|---------------------------|-------|
| State Residential Schools | 17 | 104 | 121 |
| Public school programs | 41 | 433 | 474 |
| State hospital schools | 18 | 82 | 100 |
| Preschool age not in a program | 129 | 132 | 261 |
| School age not in a program | 35 | 189 | 224 |
| Total | 240 | 940 | 1,180 |

In reviewing the substantial number of preschool age deaf-blind and multihandicapped blind children, it was found that over half of their handicaps resulted from rubella (German measles). The report concludes that "any plans for future provision for multihandicapped blind children must be based on the fact that comparatively large numbers of these children will continue to need educational facilities."

(2) *Auxiliary Services.* In addition to the educational programs, the school employs a vocational adviser, who is responsible for advising students on career opportunities and assisting graduates in finding employment. The Preschool Counseling Services assisting parents of blind preschool children in southern California was transferred in 1969 to the Bureau of Physically Exceptional Children in the Division of Special Schools. The Reader Services Fund for Blind College Students was assumed by the Department of Vocational Rehabilitation.

(3) *Special Federal Projects.* There are three projects currently being administered by the School for the Blind.

a. *ESEA Title I Projects.* The school employs a social worker responsible for establishing contact with the student's parents to

California School for the Blind—Continued

secure information regarding home and family that will assist in counseling. Home counseling services are also available to pre-school blind children. Another project will be a one-week institute during the summer for the parents of preschool children. The school has been allocated \$22,000 for this current year and anticipates \$27,000 in the budget year.

- b. *Supplementary Service Center.* A federal grant of \$120,000 has been awarded this year under ESEA Title III to the school for a Supplementary Service Center. The center will provide basic and supplementary study materials for about 1,000 visually handicapped students in grades 9-12. The School for the Blind has contracted with the Clearinghouse-Depository for the Visually Handicapped to operate the center.
- c. *Deaf-Blind Center.* Beginning this school year, Congress established eight regional centers to serve deaf-blind children in 41 states. The School for the Blind has received \$44,012 in ESEA Title VI-C funds to establish a Deaf-Blind Center for Southwestern United States to serve the states of California, Arizona, Hawaii, and Nevada. Of the reportedly 275 deaf-blind children residing in these four states, approximately 240 are in California. This year services under this experimental project will be provided to three deaf-blind children.

(4) *Residential Program.* The school provides residential facilities for students enrolled in the educational program and those students attending regular day classes in the public schools. There are four dormitories with 167 beds and a cafeteria with a serving capacity of 170. The residential program provides 24-hour counselor supervision to assist and train students in caring for themselves. From 10 to 15 children are under the supervision of each dormitory counselor. Health services for children enrolled at either the Schools for the Deaf or Blind are provided at the Blind School's infirmary. Food services for the infirmary are furnished by the School for the Deaf. In the budget year, it is anticipated that about 142 students will participate in the residential program.

Measuring the Costs

The General Fund budget request for the California School for the Blind for 1970-71 totals \$1,213,581 after adjustments. The major workload adjustment is the deletion of one teaching position for a savings of \$8,520 plus related staff benefits. There is no proposed workload increase for the budget year.

Although the Governor's Budget does not reflect any federal reimbursements in the reconciliation, the school anticipates \$62,000 in federal funds for the budget year. These funds are accounted for in the budget in the "other reimbursement" category and consist of \$35,000 for the Deaf-Blind Project and \$27,000 for ESEA Title I projects. In addition, \$41,500 will be reimbursed to the school from local school districts which are required to pay a portion of the cost of educating a pupil at the school in accordance with Section 25851.1 of the Education

California School for the Blind—Continued

Code. The local school districts share, however, amounts to less than 4 percent of the school's current expenditures.

The General Fund expenditures and cost-per-pupil data are presented in Table 4 for a four-year period. All costs include the prorated share of administrative and plant operations as well as nonfederal reimbursements.

Table 4
Expenditures and Cost-per-Student Data

| <i>Educational program</i> | <i>Actual 1967-68</i> | <i>Actual 1968-69</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> |
|---|---------------------------|---------------------------|------------------------------|-----------------------------|
| Normal Blind | | | | |
| Enrollment ----- | 23 | 21 | 17 | 18 |
| Expense ----- | \$61,324 | \$51,603 | \$80,909 | \$85,215 |
| Average cost per child ----- | 2,662 | 2,457 | 4,759 | 4,734 |
| High School Blind | | | | |
| Enrollment ----- | 8 | 8 | 9 | 8 |
| Expense ----- | \$11,000 | \$11,000 | \$11,000 | \$11,000 |
| Average cost per child ----- | 1,375 | 1,375 | 1,222 | 1,375 |
| Multihandicapped Blind | | | | |
| Enrollment ----- | 96 | 94 | 83 | 83 |
| Expense ----- | \$266,534 | \$278,146 | \$329,507 | \$341,163 |
| Average cost per child ----- | 3,008 | 2,959 | 3,970 | 4,110 |
| Deaf-Blind | | | | |
| Enrollment ----- | 15 | 18 | 30 | 30 |
| Expense ----- | \$84,424 | \$109,837 | \$209,433 | \$182,498 |
| Average cost per child ----- | 6,962 | 6,102 | 6,981 | 6,083 |
| Residential Program | | | | |
| Enrollment ----- | 142 | 141 | 142 | 142 |
| Counseling and guidance ----- | \$208,861 | \$283,336 | \$394,159 | \$398,250 |
| Feeding ----- | 103,464 | 129,881 | 114,914 | 128,434 |
| Medical/dental ----- | 49,260 | 34,650 | 49,543 | 49,708 |
| Average cost per child ----- | 2,546 | 3,176 | 3,940 | 4,059 |
| Auxiliary Services | | | | |
| Preschool counseling services ----- | \$35,392 | \$35,769 | - | - |
| Reader service to blind college students ----- | 41,632 | 48,946 | - | - |
| Vocational guidance ----- | 14,988 | 15,255 | \$17,206 | \$17,313 |
| Total General Fund expense ----- | \$876,879 | \$998,223 | \$1,206,671 | \$1,213,581 |

After reviewing Table 4, it should be noted that, although 17 normal blind children are reported in the school's educational program, three or four of these children are presently enrolled in a public school program. These children were accepted this school year in a program for visually impaired children in the Berkeley Unified School District while residing at the School for the Blind. This has resulted in increasing the average cost for educating a normal blind child remaining at the school by about \$1,000 per child more than indicated in Table 4, i.e., from \$4,734 to about \$5,734. Furthermore, it appears that these students are also being counted for average daily attendance purposes by the Berkeley Unified School District.

**California School for the Blind—Continued
Normal Blind in Regular School Programs**

We recommend that the Department of Education be instructed to submit to the Joint Legislative Budget Committee by November 1, 1970, a proposal on the feasibility of requiring that all normal blind children, while residing at the residential school, attend the local public school program for the visually handicapped. Based upon the present normal blind enrollment of 17, we estimate that this proposal would save the state approximately \$2,000 per pupil for an overall savings of about \$34,000 annually. The \$2,000 saving is the difference between the average cost for educating a child at the blind school (\$4,734, as shown in Table 4) and the average amount of state support for a child in the public school program (\$2,670).

The normal blind children presently at the school come from rural communities where direct services are not available due to the low incidence of blindness. Because the majority of school's blind are multihandicapped, a blind child of normal ability might not be sufficiently challenged. We feel, therefore, that a change in learning environment, from one concentrating on the specialized needs of the multihandicapped to one integrating the child into regular program with his seeing peers, would benefit these students substantially.

As we have also pointed out, the school's total normal blind enrollment has been steadily decreasing with a corresponding increase in cost to the state in educating these children at the School for the Blind. In fact the cost per pupil based on the present enrollment of 17 exceeds that of educating a multihandicapped child by more than \$700 per pupil as demonstrated in Table 4.

We estimate that approximately \$2,000 per student or a total of about \$34,000 could be saved annually if the 17 normal blind receiving their education at the blind school attended the special education programs offered for the blind in the public schools. From three to four of these children are already attending a program in the Berkeley school designed for the visually impaired.

Transfer of Vocational Services to Department of Rehabilitation

We recommend that the Legislature repeal the requirement that the California School for the Blind employ a fieldworker for vocational guidance and that the \$15,000 for this function be transferred to Item 130, Support for the Department of Vocational Rehabilitation.

The Education Code, Section 25803, creates the position of fieldworker at the California School for the Blind and states that this employee "shall visit graduates and former pupils in their homes to advise them regarding the extension and continuance of their education, to assist them in securing remunerative employment, to improve their economic condition in all possible ways, and to provide them with preparatory instruction found necessary for a selected occupation." This position is identified in the budget of the school under Field Services—Guidance to Graduates. Support is composed of \$12,576 plus related staff benefits and operating expenses for a total of approximately \$15,000.

California School for the Blind—Continued

Since the authorization for this service was established in 1943, the composition of the school's enrollment and the services available for the blind have changed substantially. In 1943 the school had an enrollment of 135 normal blind students, whereas in the budget year there will be 26, of which only eight are at the high school level.

If the \$15,000 for salary and general support for the vocational advisor is transferred to the Department of Rehabilitation, it could be matched by \$60,000 in federal funds from the Vocational Rehabilitation Act—making a total of \$75,000. With this money it would be possible for the Department of Rehabilitation to employ a counselor who could continue to provide the same services at the school. In addition, it is believed that the present number of older students at the School for the Blind is such that it would be possible for this counselor to assist with the blind students in other high schools in the East Bay area.

Department of Education**DIAGNOSTIC SCHOOL FOR NEUROLOGICALLY HANDICAPPED CHILDREN, NORTHERN CALIFORNIA****Item 77 from the General Fund****Budget page 290**

| | |
|---|-----------|
| Requested 1970-71 | \$767,675 |
| Estimated 1969-70 | 745,316 |
| Actual 1968-69 | 669,249 |
| Requested increase \$22,359 (3.0 percent) | |
| Total recommended reduction | \$10,080 |

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS*Analysis
page*

1. We recommend that the Legislature require the Department of Education to give priority in the allocation of federal funds under ESEA Title VI-A to initiate Project "Followup" next school year at the Diagnostic School for the Neurologically Handicapped, Northern California. 301
2. We recommend that the Legislature require school districts to reimburse the Diagnostic Schools for the Neurologically Handicapped for those children enrolled in the long-term education and treatment program for a General Fund savings of \$10,080 at the Northern Diagnostic School. 302

Department of Education

**DIAGNOSTIC SCHOOL FOR NEUROLOGICALLY HANDICAPPED
CHILDREN, SOUTHERN CALIFORNIA**

Item 78 from the General Fund

Budget page 290

| | |
|---|-----------|
| Requested 1970-71 ----- | \$714,192 |
| Estimated 1969-70 ----- | 695,805 |
| Actual 1968-69 ----- | 614,010 |
| Requested increase \$18,387 (2.7 percent) | |
| Total recommended reduction ----- | \$8,960 |

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS*Analysis
page*

1. We recommend that the Legislature require the Department of Education to give priority in the allocation of federal funds under ESEA Title VI-A to continue Project "Followup" at the Diagnostic School for the Neurologically Handicapped, Southern California. 301
2. We recommend that the Legislature require school districts to reimburse the Diagnostic Schools for the Neurologically Handicapped for those children enrolled in the long-term education and treatment program for a General Fund savings of \$8,960 at the Southern Diagnostic School. 302

GENERAL PROGRAM STATEMENT

California operates two residential schools for the diagnosis, education and treatment of children orthopedically or neurologically afflicted. The northern school is located adjacent to San Francisco State College, while the southern school is next to the campus of California State College at Los Angeles.

The schools were originally established as the result of a study made by the State Departments of Education and Public Health in the early 1940's. The purpose of the study was to identify the number of cerebral palsied children in need of special treatment. As the result of this investigation, the Legislature authorized in 1944 the establishment of two state residential schools for cerebral palsied children to be administered by the State Department of Education.

In 1948 the northern school established temporary quarters near Redwood City. In 1955 it moved into its permanent facility in San Francisco. The southern school was located initially at the Convalescent Home of Children's Hospital in Los Angeles and moved later to Altadena. In 1964 the southern school moved into its permanent facility next to Los Angeles State College.

In 1955 the Legislature broadened the scope of the existing programs to include "other similarly handicapped children." The program was extended to children with central nervous system disorders in addition to cerebral palsied children. The number of cerebral palsied children

Diagnostic School for Neurologically Handicapped Children—Continued

enrolled has steadily decreased since then to the point where they now represent less than one fourth of the two schools' enrollment. To reflect the new emphasis in the program, the 1968 Legislature changed the name of the two schools from schools for Cerebral Palsied Children to Diagnostic Schools for Neurologically Handicapped Children.

ANALYSIS AND RECOMMENDATIONS**Objectives of the Program**

The objectives of the Diagnostic Schools for Neurologically Handicapped Children are to (1) diagnose individual orthopedic and neurological disorders and prescribe an appropriate educational and medical placement, (2) provide a program of education and treatment to children for whom no local program is available, and (3) serve as a resource facility and demonstration laboratory for the training of teachers, therapists and other professional personnel in the treatment of neurologically handicapped children.

Structure of the Program

There are four principal components to the operation of each of the Diagnostic Schools for Neurologically Handicapped Children: (1) short-term diagnostic program, (2) long-term education and treatment program, (3) professional personnel training, and (4) special projects.

(1) *Short-Term Diagnostic Program.* At each school an extensive program of medical and educational diagnosis is provided to neurologically handicapped residents of California between the ages of 3 and 21 years. All children accepted for diagnostic study must be reviewed by the Admissions and Discharge Committees. A child is usually referred to one of the diagnostic schools by his local school district, a public health authority, or a private physician because previous attempts at determining the child's disorders have been inconclusive.

The diagnostic evaluation usually requires from two to five days depending on the complexity of the individual case. Approximately six children are evaluated weekly at each school under this program. One or both parents must be present during the evaluation period. As part of the diagnostic program, the child is examined by a pediatrician, a psychologist, a psychiatric social worker and other professional personnel, who prescribe the educational and medical program which will allow the child to develop to the fullest extent of his capabilities. Instructional recommendations made by the diagnostic schools are forwarded to the child's school district.

Upon completion of the short-term diagnosis, the child is either referred to a special education program in his home community, referred to an appropriate public or private agency for further services, or enrolled in the school's long-term educational program as a residential or day student.

(2) *Long-Term Education and Treatment Program.* Children who cannot receive appropriate services for their condition are accepted for education and training in the residential program. The residential program is limited to 36 students at the northern school and 32 at the southern. The period of enrollment normally ranges from one year to

Diagnostic School for Neurologically Handicapped Children—Continued

a maximum of 18 months depending upon the specific needs and recommendations for the child. Special facilities and personnel at each location provide occupational, physical and speech therapy which can be individually suited to the needs of a particular child.

Classes available include those for children whose primary diagnoses are aphasia (inability to understand the spoken or written language) and/or dyslexia (incapacity to read understandingly) or variations thereof. Classes are also provided for children whose primary diagnosis is cerebral palsy and who require more intensive therapy than can be provided in the local community.

(3) *Professional Personnel Training.* Both schools serve as resource and demonstration centers for students, teachers, physicians and other professionals studying the special education of neurologically handicapped children. Classes in special education are conducted by San Francisco State College and Los Angeles State College on the campus of each facility. The schools also receive assistance on a part-time basis from students and teachers studying at other nearby colleges and universities.

(4) *Special Projects.* There are presently three research and development projects for neurologically handicapped children being conducted at the two schools.

a. *ESEA Title I Projects.* An Educational Prescription Program funded with both state and federal funds for the purpose of identifying language-learning disabilities among neurologically handicapped children is being administered at both schools. This project is designed as a remediation program to change the children's learning behavior. Successful remediation techniques are provided to teachers in public schools serving children with similarly complicated learning disorders. A reading laboratory for strengthening the reading skills of pupils enrolled at the northern school is also funded under Title I. Ten children with reading levels ranging from that of a nonreader to grade 3 participated in this program for nine months. At the end of the project the reading levels ranged from grade 1 to grade 5, with the average gain in reading levels being two years and three months in an instructional period of nine months.

b. *ESEA Title VI-C Deaf-Blind Project.* This project provides federal and state funds to examine and recommend placement for deaf-blind children who were products of maternal rubella during pregnancy. They are children who are multihandicapped and whose major physiological deficit is sensory loss for hearing and vision. These children are seen for a period of two weeks at the schools. Thirty children were examined the last school year and approximately 100 are to be seen this year.

c. *ESEA Title VI-A Followup Project.* The Southern Diagnostic School through an interagency agreement with the Department of Education received this year a federal grant for a one-year project providing educational followup services for children who received short-term diagnosis at the school.

Diagnostic School for Neurologically Handicapped Children—Continued
Measuring the Costs

The combined General Fund budget request for the Diagnostic Schools for Neurologically Handicapped Children totals \$1,481,867. It consists of \$767,675 for the northern school and \$714,392 for the southern school. There are no requests for new positions at either school for the budget year. A total of \$19,656 in federal funds under Title I of the Elementary and Secondary Act of 1965 is anticipated by the two schools. Of this amount the northern school expects \$10,343 and the southern \$9,303.

In Table 1, the General Fund expenditures and cost-per-pupil data are reviewed for a four-year period. Program expenditures and average cost per pupil reflect the prorated share of administrative and plant operations as well as nonfederal reimbursements. The average cost per pupil receiving the short-term diagnostic services includes feeding and lodging expenses which are provided at no cost to the child and his parents during the evaluation period.

Table 1
Expenditures and Cost-per-Student Data

| | <i>Actual 1967-68</i> | <i>Actual 1968-69</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> |
|--|---------------------------|---------------------------|------------------------------|-----------------------------|
| <i>Northern School</i> | | | | |
| Diagnostic services (short term) | | | | |
| Enrollment ----- | 245 | 245 | 245 | 245 |
| Expense ----- | \$142,306 | \$152,995 | \$169,548 | \$177,795 |
| Average cost per child per evaluation | 581 | 624 | 692 | 726 |
| Education and treatment program (long term) | | | | |
| Enrollment ----- | 42 | 43 | 36 | 36 |
| Expense ----- | \$119,601 | \$129,333 | \$144,134 | \$151,767 |
| Average cost per child ----- | 2,848 | 3,077 | 4,037 | 4,216 |
| Residential and personal care (long term) | | | | |
| Enrollment ----- | 40 | 41 | 36 | 36 |
| Expense ----- | \$325,498 | \$358,571 | \$392,296 | \$407,548 |
| Average cost per child ----- | 8,137 | 8,746 | 10,897 | 11,320 |
| Special projects and services | | | | |
| Professional personnel training ----- | \$19,099 | \$19,350 | \$23,338 | \$24,565 |
| Title I ESEA projects (state share) ----- | - | 9,000 | 16,000 | 6,000 |
| Total General Fund Expense, Northern School ----- | \$606,504 | \$669,249 | \$745,316 | \$767,675 |
| <i>Southern School</i> | | | | |
| Diagnostic services (short term) | | | | |
| Enrollment ----- | 107 | 137 | 180 | 200 |
| Expense ----- | \$87,540 | \$117,015 | \$141,183 | \$151,130 |
| Average cost per child per evaluation | 818 | 854 | 784 | 755 |
| Education and treatment program (long term) | | | | |
| Enrollment ----- | 32 | 32 | 32 | 32 |
| Expense ----- | \$113,557 | \$115,299 | \$123,725 | \$128,927 |
| Average cost per child ----- | 3,459 | 3,603 | 3,866 | 4,029 |

Diagnostic School for Neurologically Handicapped Children—Continued

Table 1—Continued

| Expenditures and Cost-per-Student Data | | | | |
|--|---------------------------|---------------------------|------------------------------|-----------------------------|
| <i>Southern School</i> | <i>Actual 1967-68</i> | <i>Actual 1968-69</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> |
| Residential and personal care (long term) | | | | |
| Enrollment ----- | 32 | 32 | 32 | 32 |
| Expense ----- | \$328,424 | \$361,432 | \$395,862 | \$408,300 |
| Average cost per child ----- | 10,263 | 11,295 | 12,371 | 12,759 |
| Special projects and services | | | | |
| Professional personnel training ---- | \$23,828 | \$17,264 | \$19,035 | \$19,835 |
| Title I ESEA projects (state share) | — | 3,000 | 16,000 | 6,000 |
| Total General Fund Expense, Southern School ----- | \$553,349 | \$614,010 | \$695,805 | \$714,192 |

Table 1 shows a decrease of five students (from 41 to 36) this year in the long-term residential program at the northern school. The facility at the northern school was originally constructed and later modified to accommodate 36 children in residence. In light of this and taking health, fire and safety factors, the Department of Education has set a capacity of 36 residential students at the northern school.

Continuing and Extending Project "Followup" in 1970-71

We recommend that the Legislature require the Department of Education to give priority in the allocation of federal funds under ESEA Title VI-A to continue Project "Followup" at the Diagnostic School for the Neurologically Handicapped, Southern California, and to initiate the same project next school year at the Diagnostic School for the Neurologically Handicapped, Northern California.

The Department of Education received \$22,832 in federal funds under Title VI-A of the Elementary and Secondary Act of 1965, for Project "Followup" for the Diagnostic School for the Neurologically Handicapped, Southern California. Since ESEA Title VI funds are not available directly to the state residential schools, the Department of Education through an interagency agreement contracted with the Southern Diagnostic School to conduct this project.

Each diagnostic school offers a short-term program of medical and educational diagnosis for neurologically handicapped children and provides instructional recommendations to their local schools upon completion of the evaluation. This project's objective is to provide educational followup services for children evaluated at the Southern Diagnostic School to determine whether or not the local school districts did in fact implement the recommendations made and, secondly, whether the findings did in fact help the long-range educational planning for children evaluated.

A coordinating teacher was hired for the project in September 1969 to observe and follow up on the children diagnosed. This year the coordinator will also evaluate the instructional recommendations made by the Diagnostic School in terms of their relevance to the pupils' present educational placement and level of performance.

Diagnostic School for Neurologically Handicapped Children—Continued

We feel that a continuous followup study of this nature providing feedback for better utilization of staff and facilities is necessary for measuring the overall effectiveness of a program. Federal funds under ESEA Title V-A should be made available to continue this project at the Southern Diagnostic School and initiate a similar project at the Northern Diagnostic School.

Proposal to Initiate School District Reimbursements to Diagnostic Schools

We recommend that the Legislature require school districts to reimburse the Diagnostic Schools for the Neurologically Handicapped for those children enrolled in the long-term education and treatment program in the amount of \$19,040 for a General Fund savings of \$10,080 at the Northern Diagnostic School and \$8,960 at the Southern Diagnostic School.

School districts are required under existing law to reimburse the California School for the Blind (Section 25851.1 of the Education Code) and the Schools for the Deaf (Section 25601.1 of the Education Code) for educating handicapped children in the residential schools. The school districts' share of payment is determined on the basis of the amount of revenue derived from the district tax rate with certain designated exceptions. Currently there are no provisions requiring school districts to reimburse the Diagnostic Schools for Neurologically Handicapped Children.

We believe that school districts should contribute to the education of long-term enrollees while they are at the diagnostic schools just as they contribute for blind and deaf children in residential schools. We estimate that the annual per student reimbursement for 1970-71 will amount to \$280 per pupil. If this reimbursement per student factor is applied to the proposed budget year enrollment at the two schools, total reimbursements would equal \$19,040 for a General Fund savings of \$10,080 at the Northern School and \$8,960 at the Southern School.

Department of Education**CALIFORNIA SCHOOL FOR THE DEAF, BERKELEY****Item 79 from the General Fund****Budget page 297**

| | |
|---|-------------|
| Requested 1970-71 | \$2,473,821 |
| Estimated 1969-70 | 2,412,758 |
| Actual 1968-69 | 2,264,990 |
| Requested increase \$61,063 (2.5 percent) | |
| Increase to improve level of service \$16,452 | |
| Total recommended reduction | \$1,450 |

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS*Analysis
page*

We recommend that instructional in-state traveling for the California School for the Deaf at Berkeley be reduced for a General Fund savings of \$1,450. 309

Department of Education

CALIFORNIA SCHOOL FOR THE DEAF, RIVERSIDE

Item 80 from the General Fund

Budget page 297

| | |
|---|-------------|
| Requested 1970-71 | \$2,824,670 |
| Estimated 1969-70 | 2,769,431 |
| Actual 1968-69 | 2,493,570 |
| Requested increase \$55,239 (2.0 percent) | |
| Total recommended reduction | None |

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis
page

We recommend that the multihandicapped deaf unit at the California School for the Deaf in Riverside include in its enrollment a cross section of multihandicapped deaf. Further, we recommend that the Department of Education be instructed to submit to the Joint Legislative Budget Committee by November 1, 1970 an evaluation of the first year's operation of the multihandicapped deaf unit in light of the ultimate facility to be planned and the nature of the program to be offered for the multihandicapped deaf children.

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GENERAL PROGRAM STATEMENT

The State of California operates two special schools for the deaf, California Schools for the Deaf at Berkeley and at Riverside, providing educational, diagnostic, and residential services to deaf minors. The first residential school for the deaf was established in San Francisco in 1860. Seven years later, the school moved to its present location in Berkeley, where it operated jointly with the School for the Blind until they administratively separated in 1922. The Berkeley school, serving the northern portion of the state, is the oldest facility of its kind in the country. Today, the campus consists of 120 acres with 22 major buildings.

The Riverside school serving the southern portion of the state was opened in 1953. The school was established to satisfy the increasing educational needs of acoustically handicapped children in southern California. The school consists of 36 buildings located on a 75-acre campus.

Both schools come under the supervision of the Division of Special Schools and Services of the State Department of Education and offer a full educational program that is both academically and vocationally oriented.

ANALYSIS AND RECOMMENDATIONS

Objective of the Program

The objective of the California Schools for the Deaf is to provide a program of elementary and secondary education with residential care to deaf and multihandicapped deaf children for whom no appropriate local services are available.

California School for the Deaf—Continued
Structure of the Program

There are four major elements in the operation of the California Schools for the Deaf. These are (1) educational program, (2) diagnostic services and professional training, (3) special projects, and (4) residential program.

(1) *Educational Program.* Children between the ages of 5½ and 20 whose hearing loss is of such a severity that they cannot get along in the regular programs of the public schools or in a program for hard-of-hearing children are eligible for enrollment. Applications for admissions are evaluated by the schools' eligibility committees to determine if the child can profit adequately from the instructional programs offered. The education program at both schools is divided into five departments with a special unit for the multihandicapped deaf at the Riverside school.

a. The lower school, for children aged 5½ through 8, provides assistance in the development of communication skills through auditory training, lipreading, and speech training.

b. Elementary school, grades 1-4, continues emphasis on language development concepts. Manual fingerspelling is used to supplement speech, speech reading and amplification.

c. Junior high school, grades 5-8, uses the simultaneous method of instruction consisting of oral communication supplemented by manual fingerspelling.

d. High school, grades 9-12, uses the means of learning a communication taught previously to pursue regular academic studies. A college preparatory program is offered also for students planning to attend Gallaudet College in Washington, D.C., and the National Technical Institute for the Deaf in Rochester, New York.

e. Vocational department, grades 7-12, provides prevocational and vocational instruction in various trades. The Department of Vocational Rehabilitation assists students in providing postgraduate opportunity to higher education, for further vocational training, and for vocational placement. Advanced vocational education programs are available through a special program conducted at Riverside Junior College.

In June 1969, the two schools graduated 101 pupils—Berkeley 59 and Riverside 49. Followup contacts with 94 of the graduates indicated that approximately 54 percent are presently in higher education as compared to an average of approximately 44 percent between 1959 and 1964. The remaining 46 percent contacted are employed fulltime, in on-the-job training, or are housewives.

f. A Multihandicapped Deaf Unit was established this fiscal year at the Riverside School, providing a comprehensive diagnostic, educational, and residential program. Although the Legislature had authorized a residential program for 30 multihandicapped deaf, it is presently limited to 16 residential and 2 day students because of the failure of the successful bidder to build and deliver three portable units for the program by November 1969. The children are currently utilizing existing facilities which can accommodate only 16 residential children.

California School for the Deaf—Continued

The need for a multihandicapped deaf program was based upon the information obtained from two studies conducted by the Department of Education. The Calvert study in 1968 identified 984 deaf children in California under the age of 15 having one or more major handicaps in addition to deafness. Table 1 shows the breakdown of the number of additional handicaps within the 984.

Table 1
Multihandicapped Deaf in California by Number of Handicaps

| | |
|---|-----|
| Deafness plus 1 handicap | 431 |
| Deafness plus 2 handicaps | 273 |
| Deafness plus 3 or more handicaps | 280 |
| Total identified | 984 |

Individual handicaps in addition to deafness for the 984 multihandicapped deaf identified included 506 cases of mental retardation, 422 cases of emotional disturbance, 357 cases of visual impairment, 340 cases of muscular disabilities, and 238 cases of aphasia.

The report suggests that beyond the 984 identified, there are an estimated 365 multihandicapped deaf children in the birth-to-three-year age group and an additional 147 in the three-to-six-year age group, principally because of the rubella epidemic of 1964-65. Considering these additional children, the report estimates that there are 1,732 multihandicapped deaf in California, as shown in Table 2.

Table 2
Multihandicapped Deaf in California by Age

| Age | | |
|-------------|----------------|-------|
| Birth to | 3 years | 615 |
| 3 years to | 6 years | 397 |
| 6 years to | 9 years | 267 |
| 9 years to | 12 years | 256 |
| 12 years to | 15 years | 197 |
| Total | | 1,732 |

The second study related to the multihandicapped deaf was a federally funded pilot program for seriously emotionally disturbed deaf children conducted at the Riverside school. The pilot program demonstrated that these children profited from a program designed to meet their specialized needs. Of the 21 boys, ages 8-12, seen during the program, nine improved sufficiently to be returned to the regular school program for the deaf. Based on this pilot project, the report entitled *The Multihandicapped Deaf and Blind in California* states "... It was concluded that this type of program might well be as effective with deaf children who had additional handicapping conditions and other emotional disturbances."

2. *Diagnostic Services and Professional Training.* This program has two major elements:

a. *Diagnostic Services* is a program for testing students at the two schools to determine the degree and type of hearing loss. Social-adjustment services are also provided for emotionally disturbed deaf chil-

California School for the Deaf—Continued

dren so that they can adapt to their new setting. In addition, their parents receive counseling and guidance in order that they may be able to understand the problems that arise in the home environment.

b. Professional Personnel Training is a program which seeks to improve teaching techniques and curricula in the instruction of deaf. It is anticipated that 51 teachers, psychologists and other personnel will participate in this training at the two schools during this academic year.

3. *Special Projects.* There are three major project activities during the current year.

a. A preschool project for 25 preschool deaf children and their parents during the summer at the Berkeley school. The one-week institute's purpose is to help parents of deaf children in understanding the differences and special needs these differences create in the deaf child and in himself. This is an ongoing state supported program.

b. ESEA Title I projects consist of the following: (a) Visual Education Media Center (Berkeley and Riverside), furnishing educational film for deaf students; (b) six-week summer school (Berkeley and Riverside), emphasizing intensive educational and vocational training programs for approximately 100 high school students at each school; (c) Social Hygiene Program (Riverside), stressing social development, family development, and personal hygiene; (d) Instructional Improvement Programs for Preschool Children (Berkeley and Riverside), instructing preschool children and their parents in the development of communication skills and techniques; and (e) Integrated Program with Hearing Students (Berkeley), permitting selected deaf students with exceptional potential to pursue a post-high school education in the public schools.

c. Federal Vocational Education Act provides funds on a matching basis for various vocational projects at Berkeley and Riverside.

4. *Residential Program.* A comprehensive residential program is provided at both the Berkeley and Riverside facilities. It can accommodate 449 at Berkeley and 464 at Riverside. The majority of the students participating in the educational program are housed on campus. Each of the dormitories are under full-time supervision by counselors who have responsibility for all out-of-school activities. Meals are provided in campus cafeterias under the control of public health dietitians. In addition, a program of medical care is provided through staff physicians and nurses. The infirmary of Berkeley is operated by the School for the Blind, which is reimbursed by the Deaf School for the services.

Measuring the Costs

The 1970-71 budget request from the General Fund for the California Schools for the Deaf is reflected in the Governor's Budget as a combined figure for the two schools in the amount of \$5,298,491. The breakdown of this amount is \$2,473,821 for the Berkeley school and \$2,824,670 for the Riverside school. The budget request for Berkeley includes three additional watchmen (\$16,452) for the purpose of doubling night coverage and providing round-the-clock security on weekends. The school is presently authorized three watchmen to police

California School for the Deaf—Continued

both the schools for the deaf and blind. Due to the increasing number of trespassers on both of these campuses and on the acreage behind the regular campus, a force of six men will be needed to double the night shift from one to two men and to provide full coverage on weekends. In addition to these positions requested, the Berkeley budget contains a saving of \$10,356 with the deletion of the position of assistant economic analyst. There are no General Fund workload increases or decreases for the budget year at the Riverside school.

In addition to General Fund requests, a total of \$299,395 in federal funds is anticipated at the two schools for 1970-71. The Governor's Budget shows these federal funds lumped together with "other reimbursements" in the reconciliation of the budget. Both schools expect federal funds under the Elementary and Secondary Act of 1965 estimated to be \$136,268 at Berkeley and \$146,002 at Riverside. Federal funds amounting to \$7,665 at Berkeley and \$9,460 at Riverside will also be made available under the Vocational Education Act of 1963. Finally, under the provisions of Section 25601.1 of the Education Code, school districts are required to pay a share of the district tax rate for the support of their district children attending the residential schools for the deaf. It is estimated that Berkeley will receive \$168,000 and Riverside \$155,900. The local school district contribution amounts to about 6 percent of the schools' current expenditures.

Table 3 reviews the General Fund expenditures and cost-per-pupil data for the budget year and the prior two years. Administration and plant operation costs as well as nonfederal reimbursement are prorated among the various programs. The estimated salary savings for the current and budget year are shown in Table 3 as a deduction from the subtotal.

Table 3
Expenditures and Cost-per-Student Data

| | 1967-68 <i>actual</i> | 1968-69 <i>actual</i> | 1969-70 <i>estimated</i> | 1970-71 <i>estimated</i> |
|---|--------------------------|--------------------------|-----------------------------|-----------------------------|
| Berkeley | | | | |
| Educational Program | | | | |
| Enrollment ----- | 510 | 501 | 490 | 490 |
| Expense ----- | \$888,928 | \$914,639 | \$1,003,719 | \$1,018,990 |
| Average cost per child ----- | 1,765 | 1,826 | 2,048 | 2,080 |
| Prevocational and Vocational Program | | | | |
| Enrollment ----- | 320 | 320 | 320 | 320 |
| Expense ----- | \$222,207 | \$268,066 | \$284,552 | \$290,390 |
| Average cost per child ----- | 694 | 694 | 737 | 749 |
| Residential Program | | | | |
| Enrollment ----- | 424 | 420 | 410 | 410 |
| Counseling and guidance ----- | \$582,206 | \$655,802 | \$719,477 | \$749,895 |
| Feeding ----- | 289,756 | 324,324 | 364,128 | 375,131 |
| Medical/dental ----- | 45,272 | 43,520 | 48,550 | 48,550 |
| Average cost per child ----- | 2,115 | 2,437 | 2,632 | 2,712 |

California School for the Deaf—Continued

Table 3—Continued

Expenditures and Cost-per-Student Data

| | 1967-68 actual | 1968-69 actual | 1969-70 estimated | 1970-71 estimated |
|---|-------------------|-------------------|----------------------|----------------------|
| <i>Berkeley</i> —Continued | | | | |
| Special services and projects | | | | |
| Diagnostic services ----- | \$42,248 | \$40,332 | \$41,016 | \$41,136 |
| Professional personnel training ---- | 7,002 | 9,776 | 10,272 | 10,770 |
| Preschool project ----- | 11,467 | 8,531 | 7,100 | 7,100 |
| Other projects ----- | 24,751 | | | |
| Subtotal ----- | \$2,115,952 | \$2,264,990 | \$2,478,814 | \$2,541,962 |
| Estimated salary savings ----- | - | - | -66,056 | -68,141 |
| Total General Fund expense ----- | \$2,115,952 | \$2,264,990 | \$2,412,758 | \$2,473,821 |
| <i>Riverside</i> | | | | |
| Educational Program | | | | |
| Enrollment ----- | 550 | 539 | 539 | 539 |
| Expense ----- | \$1,020,911 | \$1,066,196 | \$1,119,311 | \$1,140,093 |
| Average cost per child ----- | 1,771 | 1,978 | 2,067 | 2,115 |
| Prevocational and Vocational Program | | | | |
| Enrollment ----- | 350 | 350 | 350 | 350 |
| Expense ----- | \$233,234 | \$244,110 | \$279,761 | \$280,563 |
| Average cost per child ----- | 666 | 666 | 739 | 764 |
| Multihandicapped Unit | | | | |
| Enrollment ----- | - | - | 30 | 30 |
| Expense ----- | - | - | \$216,689 | \$225,521 |
| Average cost per child ----- | - | - | 7,223 | 7,517 |
| Residential Program (excludes Multi-handicapped Unit) | | | | |
| Enrollment ----- | 464 | 460 | 465 | 465 |
| Counseling and guidance ----- | \$657,719 | \$721,041 | \$745,772 | \$758,463 |
| Feeding ----- | 288,122 | 324,494 | 361,697 | 363,471 |
| Medical/dental ----- | 60,426 | 69,820 | 80,246 | 81,425 |
| Average cost per child ----- | 2,316 | 2,425 | 2,529 | 2,555 |
| Special services and projects | | | | |
| Diagnostic services ----- | \$39,243 | \$31,582 | \$36,881 | \$36,881 |
| Professional personnel training ---- | 5,606 | 6,600 | 7,002 | 7,002 |
| Other projects ----- | 17,741 | 29,727 | - | - |
| Subtotal ----- | \$2,323,002 | \$2,493,570 | \$2,847,359 | \$2,893,419 |
| Estimated salary savings ----- | - | - | -77,928 | -68,749 |
| Total General Fund expense ----- | \$2,323,002 | \$2,493,570 | \$2,769,431 | \$2,824,670 |

Although Table 3 shows an enrollment of 30 students in the multi-handicapped deaf unit at the Riverside School, there are presently only 18 students in the program because of the absence of suitable facilities to accommodate 30 children. As noted previously, the contractor who was supposed to build three portable units for the program has thus far failed to deliver. This has necessitated reducing the authorized program from 30 to 18 pupils. With only 18 students in the program instead of the authorized 30, the average cost per pupil in the program has increased to about \$10,223, i.e., \$3,000 per student more than indicated in Table 3. This increase in average per pupil cost in the multihandicapped deaf unit is due principally to the fact the

California School for the Deaf—Continued

teaching and related staff were hired in September 1969 to serve a projected enrollment of 30 pupils.

Reduction in Instructional In-state Traveling at Berkeley

We recommend that instructional in-state traveling for the California School for the Deaf at Berkeley be reduced for a General Fund saving of \$1,450.

The budget for the California School for the Deaf at Berkeley contains \$3,000 for in-state instructional traveling. Of this amount, \$1,250 is reimbursed to the Berkeley school by county welfare agencies for student traveling leaving a remainder of \$1,750 as state expenses for in-state teacher traveling. The school expended \$212 for this activity in 1968-69 and estimates an expenditure of \$230 for this fiscal year. The Deaf School at Riverside has requested \$300 as state expense for instructional in-state traveling for the budget year—\$1,450 less than the Berkeley school.

The Berkeley school has not demonstrated a need for funding in the amount of \$1,750, particularly in view of the small amount expended in the current and past year. We also believe that the instructional in-state traveling needs of both deaf schools are similar in nature and, therefore, recommend that this item be budgeted at a total of \$1,550, i.e., \$1,250 for reimbursable student traveling and \$300 for teacher in-state traveling.

Proposal to Expand Composition of Multihandicapped Deaf Unit at Riverside

We recommend that the multihandicapped deaf unit at the California School for the Deaf in Riverside, include in its enrollment a cross section of multihandicapped deaf. Further, we recommend that the Department of Education be instructed to submit to the Joint Legislative Budget Committee by November 1, 1970, an evaluation of the first year's operation of the multihandicapped deaf unit in light of the ultimate facility to be planned and the nature of the program to be offered for the multihandicapped deaf children.

In the near future the multihandicapped deaf unit at the California School for the Deaf at Riverside, will provide educational, diagnostic, and residential services for an estimated 200-210 multihandicapped deaf children. In addition, the permanent facility will include a diagnostic and medical and educational evaluation program to provide services on an outpatient basis to an estimated 90 children per year.

The Department of Education's report entitled *The Multihandicapped Deaf and Blind in California* identified 984 multihandicapped deaf children in 1968 with a wide variety of handicaps as we have illustrated in Tables 1 and 2. In its report outlining the special requirements for the multihandicapped deaf unit, the department states that the objective of the educational center is "... to develop and provide a variety of educational programs which will offer maximum learning opportunities for these children."

Of the 18 multihandicapped deaf children presently in this experimental program, 11 are mentally retarded and emotionally disturbed.

California School for the Deaf—Continued

and the remaining 7 are emotionally disturbed. We feel that a program of this nature designed to gain information for the proposed facility should include a cross section of the multihandicapped deaf children which the department has identified and which the educational programs and facility are ultimately to serve.

Department of Education**STATE EDUCATION AGENCY FOR SURPLUS PROPERTY****Item 81 from the Surplus Educational Property
Revolving Fund****Budget page 231**

| | |
|--|-------------|
| Requested 1970-71 ----- | \$3,397,784 |
| Estimated 1969-70 ----- | 3,189,323 |
| Actual 1968-69 ----- | 2,922,412 |
| Requested increase \$208,461 (6.5 percent) | |
| Total recommended reduction ----- | None |

GENERAL PROGRAM STATEMENT

The State Educational Agency for Surplus Property is located within the Division of Public School Administration in the Department of Education. This agency is responsible for obtaining and distributing available federal surplus property and receiving and redistributing food commodities obtained free from the U.S. Department of Agriculture to eligible institutions in California. Examples of eligible institutions are public elementary, secondary, high schools, colleges and universities, hospitals and health center clinics as well as nonprofit, tax-exempt schools, colleges and universities.

Costs of handling and processing surplus property and food commodities are recovered from participating institutions by charges which are paid into the Surplus Property Revolving Fund.

The State Educational Agency for Surplus Property anticipates a cost to participating institutions of \$3,425,000 in the current fiscal year, while it is anticipated that the surplus property to be distributed has an estimated resale federal purchase value of approximately \$40 million and that the food commodities have an estimated wholesale value of \$35 million.

Surplus funds which might accumulate in the revolving fund are credited yearly to the accounts of institutions buying surplus property and food commodities in proportion to their financial participation. The State Educational Agency for Surplus Property operates warehouses located in Los Angeles, Sacramento and San Leandro.

ANALYSIS AND RECOMMENDATIONS

We recommend approval. A sum of \$3,397,784 is proposed for expenditure by the State Educational Agency for Surplus Property in 1970-71. There is no cost to the State General Fund. The proposed

State Education Agency for Surplus Property—Continued

budget is to be funded totally from the estimated total revolving fund resources for 1970-71 of \$4,111,061. The increase in the request for 1970-71 over the previous years is a result of anticipated continuing increases in available surplus from U.S. military sources in Europe and the Far East.

**Department of Education
DIVISION OF LIBRARIES**

Item 82 from the General Fund

Budget page 313

| | |
|--|-------------|
| Requested 1970-71 ----- | \$1,880,000 |
| Estimated 1969-70 ----- | 1,881,550 |
| Actual 1968-69 ----- | 1,789,502 |
| Requested decrease \$1,550 (0.1 percent) | |
| Total recommended reduction ----- | None |

GENERAL PROGRAM STATEMENT

The State Library, headed by the State Librarian, provides general library services to the public, provides basic reference services for the Legislature and the executive branch of the government, and maintains a collection of historical material relating to California. 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 units which will be discussed as follows:

1. Library Consultant Services
2. Reader Services
3. Law Library
4. Technical Services

1. Library Consultant Services

This unit provides consultant services to the state's 196 libraries. The consultants advise local libraries regarding the planning and construction of new facilities and make surveys of local library requirements. The unit is partially responsible for implementing the California Public Library Services Act and for supervising projects authorized under the federal Library Services and Construction Act. These programs are summarized below.

Public Library Development Programs

a. Public Library Services Act. The Public Library Services Act seeks to improve the quality of local library services by encouraging the establishment of cooperative library systems. The program authorizes two types of grants to regional library systems, establishment grants and per capita grants. A sum of \$1.0 million is proposed for subventions for the program in 1970-71. This is discussed in the subventions portion of this analysis.

Division of Libraries—Continued

b. Library Services and Construction Act. This is a federally financed program authorized by PL 89-511 and designed to improve local library services. The titles of the act are:

Title I (Services). This title provides federal funds to extend and improve library services in areas without local libraries or with sub-standard services. Funds are used for the purchase of books, materials and for state level administration. In 1970-71 it is estimated that California will receive approximately \$1.2 million for Title I projects.

Title II (Construction). This title provided federal assistance for construction of library facilities through fiscal year 1967-68 with approximately \$1 million being carried over into 1968-69. There were no funds for construction purposes for fiscal year 1969-70 and none are projected for 1970-71. Presently there are 41 public library construction projects in the state receiving funds under the provisions of this title from federal allocations in prior years. Since initiation of this title in 1964, 60 library building projects in California have received grants.

Title III (Interlibrary Cooperation). This title was enacted by the 1966 Congress and seeks to encourage cooperation between local libraries. Presently funds are being used to support a program designed to improve library services for business and industry, to support library workshops and to finance expanded library services.

Title IV, also enacted by the 1966 Congress, and provides federal assistance for two purposes:

Title IVa (Institutional Library Services). This title is presently financing seven demonstration projects designed to promote cooperation among state institutions, to provide improved library services and to provide consultative service to state institutions.

Title IVb (Services for Physically Handicapped). This title is being implemented by improving the State Library's collection of material for the blind and physically handicapped and by establishing a pilot program in a local library to demonstrate the need for adequate library programs for the handicapped.

2. Reader Services

The Reader Services Bureau administers seven public service sections which provide direct library services for patrons and interlibrary loans. Representative of the units in this section are a rare books section, a books for the blind unit, a general circulation section and a legislative reference section.

3. Law Library

This unit maintains legal reference material for use by the Legislature, the bench, the bar, law enforcement agencies, law students and the public.

4. Technical Services

This unit, containing six sections, is responsible for the acquisition, maintenance and improvement of local library collections and administers a processing center initiated by the Library Services and Con-

Division of Libraries—Continued

struction Act which purchases catalogs and classifies books for 45 libraries subscribing to the service.

ANALYSIS AND RECOMMENDATIONS

We recommend approval of this item as budgeted. General Fund support for the State Library in 1970-71 is proposed at \$1,880,000 for the administration of the State Library and the administration of the state-financed library development program. The proposed amount for 1970-71 represents a decrease of \$1,550 under the present level.

During 1969-70 a total of 3.0 positions were established administratively with federal funds for support of the Library Services and Construction Act and 1.8 positions were deleted from the State Library, Federal Technical Services, for which the federal grant had not been renewed, for a total increase of 1.2 positions for fiscal year 1969-70.

The State Library proposed position request for 1970-71 consists of 6.7 deletions and 5.5 additions for a total reduction of 1.2 positions. Of the 6.7 proposed deletions 6.0 involve State Library functions which are supported by state funds, and the deletion of 0.7 temporary help position is under the Library Services Construction Act, Services for the Physically Handicapped which is supported by federal funds. The 5.5 proposed additional positions are under the Library Services and Construction Act, supported by federal funds. They are for administration, the processing center, and services for the physically handicapped.

STATE TEACHERS' RETIREMENT SYSTEM

Items 83 and 84 from the General Fund
and Teachers' Retirement Fund

Budget page 328

| | |
|---|-------------|
| Requested 1970-71 | \$2,600,684 |
| Estimated 1969-70 | 2,398,194 |
| Actual 1968-69 | 1,845,133 |
| Requested increase \$202,490 (8.4 percent) | |
| Increase to improve level of service \$39,699 | |
| Total recommended reduction | None |

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis
page

We recommend that the Legislature amend Section 14101 of the Education Code to require school districts to increase their share of the administrative costs of the State Teachers' Retirement System from \$1.00 to \$1.25 semiannually for each teacher employed for a General Fund appropriation reduction of \$134,815 and a corresponding increase in the Retirement Fund contribution.

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State Teachers' Retirement System—Continued

| | <i>General Fund</i> | <i>Retirement Fund</i> |
|--|-------------------------|----------------------------|
| Total Requested | \$1,400,460 | \$1,200,224 |
| Recommended Reduction and Augmentation | —134,815 | +134,815 |
| Total Recommended | \$1,265,645 | \$1,335,039 |

GENERAL PROGRAM STATEMENT

In 1913 the Legislature established a statewide system for payment of retirement salaries to public school teachers in California. A Public Teachers' Retirement Salary Fund was established to support the system. It was administered by the State Board of Education, the original governing board of the system. In 1944 the name of the system was changed to the State Teachers' Retirement System (STRS). The retirement system remained under the direct jurisdiction of the State Board of Education until 1963 when it was removed from the Department of Education and placed under the control and management of the nine-member State Teachers' Retirement Board.

The board consists of three ex officio members (Superintendent of Public Instruction, the Controller, and the Director of Finance) and six members appointed by the Governor for four-year staggered terms. The board is responsible for setting policy and making rules. It has the sole power and authority to hear and determine all facts pertaining to applications for benefits under the retirement system and to make all decisions pertaining to the administration. The board also has exclusive control of the investments of the Teachers' Retirement Fund and the administration of the fund.

In 1967 the Legislature enacted a bill providing for a new position of Chief Executive Officer to be appointed by and responsible to the Retirement Board. The Chief Executive Officer is the top administrator in the agency.

ANALYSIS AND RECOMMENDATIONS

Objectives of the Program

The objectives of the State Teachers' Retirement System are: (1) to provide retirement allowances, disability benefits and survivor benefits for teachers working in the public schools, (2) to aid in the recruitment and retention of a qualified body of teachers, (3) to provide for the orderly retirement of aged and infirm teachers, and (4) to assure that all members of the retirement program are aware of their rights, benefits and current status.

Structure of the Program

Organization. The system's reorganization, as approved by the board in 1968, has been completed. As a result of the recommendations made by a management survey of the STRS by the firm of Peat, Marwick, Mitchell and Company in 1967, for the Joint Legislative Retirement Committee, the STRS headquarters was expanded from a three division structure to five divisions. These divisions are (1) Records and Statistics Division, (2) Member Service Division, (3) Accounting Division, (4) Management Control Division and (5) Data Processing Division.

State Teachers' Retirement System—Continued

Some of the most significant changes resulting from the reorganization include: (1) the establishment of a formalized systems and procedures group within the Management Control Division to assist in the development of computer-oriented, monthly reporting procedures and management information systems; (2) the division of the responsibilities of the former Membership Division into the newly formed Records and Statistics Division and Member Service Division; (3) the creation of the position of Actuarial Coordinator within the Management Control Division to function as liaison between the board, the top administrative staff of the system and the consulting actuarial firm and (4) the formation of an executive committee to deal with day-to-day administrative activities within the STRS.

Membership. On June 30, 1968, the system had 305,707 active members. An active member is anyone who has money on deposit in the Retirement Fund. Service, disability and survivor benefits were paid in the same period to 37,661 members. By the end of the budget year, it is estimated that the active membership will have increased to 334,354 and the members receiving benefits will have increased to 43,051. Table 1 illustrates the growth of the membership and the beneficiaries for an eight-year period.

Table 1
Number of Active Members and Beneficiaries

| <i>Year</i> | <i>Active members</i> | <i>Total receiving benefit</i> |
|--------------------------|-----------------------|--------------------------------|
| 1965-66 ----- | 263,533 | 31,795 |
| 1966-67 ----- | 274,788 | 33,443 |
| 1967-68 ----- | 290,848 | 35,510 |
| 1968-69 ----- | 305,707 | 37,661 |
| 1969-70 (estimate) ----- | 320,173 | 39,984 |
| 1970-71 (estimate) ----- | 334,354 | 43,051 |
| 1971-72 (estimate) ----- | 348,977 | 46,019 |
| 1972-73 (estimate) ----- | 363,943 | 48,905 |

Monthly Reporting. The study entitled *Actuarial Survey and Status Report on Administrative Improvement* presented in May 1969 to the Joint Legislative Retirement Committee concluded that "Practically every function at STRS is severely hampered by the lack of a complete and current member record." The information which is required to update service and contribution data are contained in the county reports submitted to the STRS. Since the STRS was founded in 1913, these reports have been prepared annually. Annual reporting has resulted, for example, in delays from three to as many as 18 months after the effective date of retirement before a retired member could expect to receive his first payment. Members' annual statements of accounts were also not available from 2 to 2½ years after the end of the fiscal year to which the contributions were attributable.

To simplify and accelerate the flow of data to the STRS, it was decided to change from annual to monthly reporting similar to the Public Employees' Retirement System. Four counties comprising 10 percent of the system's membership started reporting monthly on July 1, 1969. It is planned that in the next three fiscal years the entire system will be fully on monthly reporting and members' statement

State Teachers' Retirement System—Continued

of accounts will be provided 60 to 90 days after the end of the school year.

Verification Program. One of the long-range projects of the STRS is the program to verify members' service, and to record this information in both the manual and mechanized records at the STRS headquarters. In the 1969-70 budget, 46 additional limited-term positions were authorized for the system's accelerated verification of service program which had a backlog of about 90,000 records. The funds to support this program have not materialized. The verification program has been scaled down in the current and budget year. The majority of the 46 limited-term positions will be reclassified and reassigned to monthly reporting which the system has determined to be of a more critical need.

Electronic Data Processing (EDP). Under a joint agreement concluded in June 1968, the STRS shares the use of a computer system with the Public Employees' Retirement System (PERS) and the Department of Veterans Affairs. By combining resources with PERS, the Teachers' Retirement System is now able to take advantage of the technology and experience of the PERS personnel. Additionally, this approach will provide cost savings at STRS for equipment and personnel, and provide greater equipment capability than could otherwise be afforded by a STRS operated system.

The STRS's Data Processing Division has devoted considerable time to collecting and developing data for the Joint Legislative Retirement Committee to determine the actuarial valuation of the Teachers' Retirement Fund. The division has also been engaged in converting bond and mortgage accounting procedures from punched-card accounting methods to computer processing. Through the use of EDP capabilities, it is planned that retirement contributions will be reported on a monthly basis, allowing annual posting to be accomplished approximately three months after the close of a fiscal year. The conversion of its operations to EDP equipment is expected to continue through 1972-73.

Investments. The services required to execute the investment program as approved by the Retirement Board are performed for the STRS by the staff of the Public Employees Retirement System through an interagency agreement. In fiscal year 1970-71, STRS will support 50 percent of the cost of the Bond Investment Office and 50 percent (up from 20 percent in the current year) of the cost of the Investment and Mortgage Section.

Prior to 1968, it was the policy of the Retirement Board to invest only in corporate and governmental bonds. The board changed its policy in 1968 and allowed the STRS to invest in the mortgage market. During the 1968-69 fiscal year, the system made purchases and commitments totaling \$175 million consisting entirely of debt securities. Bonds accounted for \$112.4 million and single-family FHA-VA mortgages amounted to \$62.6 million or 4.2 percent of the total investment portfolio. The system's investments into the mortgage area accounted

State Teachers' Retirement System—Continued

for approximately 36 percent of the total investment commitments for the year.

The rate of return on the investment portfolio at the end of 1968-69 amounted to 4.93 percent, up from 4.57 percent from the previous year. The following table indicates the book value of the investment portfolio and the rate of return for the past five years.

Table 2
Investment Portfolio

| <i>Fiscal year ended June 30</i> | <i>Investments at book value (millions)</i> | <i>Rate of return Percent</i> |
|--------------------------------------|---|-----------------------------------|
| 1965----- | \$975 | 4.19% |
| 1966----- | 1,099 | 4.23 |
| 1967----- | 1,235 | 4.39 |
| 1968----- | 1,366 | 4.57 |
| 1969----- | 1,534 | 4.93 |

In 1969 the Legislature approved Assembly Constitutional Amendment 15 to amend the California State Constitution permitting the STRS to invest in common stock. If successfully acted upon by the voters in November 1970, the STRS will have the same authority to invest in common stock now possessed by all other retirement systems.

Recodification of the Law. The Peat, Marwitch, Mitchell management survey for the Joint Legislative Retirement Committee in 1967 also recommended a complete recodification of the STRS Law to make it simpler, understandable, and administratively workable. During the 1969 session of the Legislature, the Retirement Board supported AB 1728 to completely recodify the STRS Law without making any substantive changes. This bill became Chapter 896, Statutes of 1969, and became effective November 10, 1969.

Measuring the Costs

The total proposed support budget for the State Teachers' Retirement System for 1970-71 amounts to \$2,600,684 of which \$1,400,460 or 53.8 percent is funded through the General Fund. The remaining amount, \$1,200,224 comes from the State Teachers' Retirement Fund made up of school district contributions and excess interest earned from the Retirement Fund.

In the current year, STRS is authorized 245.2 positions of which 73 are for limited terms. Of these limited-term positions, 46 authorized by the 1969-70 budget for the verification program have not been filled because of the failure of school districts to contribute their share (25 percent) of the administrative costs of the STRS. The remaining 27 limited-term positions were authorized to handle backlog problems in preparation for the change to monthly reporting. They will terminate at the end of this fiscal year resulting in the total reduction of authorized positions for the STRS from 245.2 in 1969-70 to 218.2 in 1970-71.

There are no requests for increases in the authorized manpower level for the 1970-71 fiscal year. The STRS does request, however, to fill 41 of the 46 positions authorized for 1969-70 and not filled. The 41 positions will be filled as shown in Table 3.

State Teachers' Retirement System—Continued

Table 3

Filling of Authorized Positions for 1970-71

Positions

| | |
|----|---|
| 27 | will be used for limited-term positions for monthly reporting. |
| 7 | will be used for workload and level of service increases throughout the system (2 retirement officers, 1 senior stenographer and 4 clerks). |
| 7 | will be assigned to the verification program. |
| — | |
| 41 | Total proposed by STRS |
| +5 | will remain unfilled. |
| — | |
| 46 | Total proposed by the budget |

Although the budget indicates that all 46 positions will be filled before salary savings, the STRS believes that there are sufficient funds in the budget to support only 41 positions because of the increase in salary savings. The 1970-71 budget has increased the total amount of salary savings from \$39,925 this fiscal year, which excludes the savings for the 46 unfilled positions, to \$92,235 for 1970-71. We feel that a technique which increases salary savings to maintain authorized positions is a questionable budgetary practice and should be discontinued.

Increase in School Districts' Share of Administrative Costs

We recommend that the Legislature amend Section 14101 of the Education Code to require school districts to increase their share of the administrative costs of the State Teachers' Retirement System from \$1.00 to \$1.25 semiannually for each teacher employed for a General Fund appropriation reduction of \$134,815 and a corresponding increase in the Retirement Fund contribution. Section 13805 of the Education Code prescribes that the administrative costs of the Teachers' Retirement System are to be divided between the General Fund (50 percent) and the Retirement Fund (50 percent) made up of 25 percent from school district contributions and 25 percent from excess interest from the Retirement Fund. The school districts' share is further limited to \$2 per teacher per year employed in the months of October and March.

It is estimated that school district contributions for the administrative costs of the STRS will be unable this fiscal year to meet the 25 percent share. The 1969-70 budget had been predicated on the basis of 294,000 contributing teachers. It is estimated, however, that the money received from districts will cover only 248,000 teachers, a difference of 46,000 teachers or \$92,000 less than anticipated. These estimates are based on actual computer counts made in the county reports submitted in October 1969. The STRS has reported that the difference between the number of teachers counted and the number contributing is probably caused by a floating force of 13 to 16 percent of the teaching force not employed when the count is made in October and March.

As we have previously noted, the amount of General Fund money requested to support the STRS is approximately \$200,000 more than the amount provided by the school district contributions and interest contribution. Although the Attorney General has ruled that the General Fund expenditures to administer the STRS are permitted to exceed the 50 percent statutory limitation, we feel that school districts should con-

Higher Education—Continued

tribute their share as employers. We recommend, therefore, that the rate per teacher be increased from \$1 to \$1.25 semiannually in 1970-71. The 25-cent increase multiplied by the number of teachers reported by the school districts (269,630) will increase the Retirement Fund contribution by \$134,815 from \$1,200,224 to \$1,335,039 and thereby reduce the General Fund appropriation from \$1,400,460 to \$1,265,645 for a General Fund savings of \$134,815.

HIGHER EDUCATION**SCOPE AND FUNCTION**

The public higher education system in California, composed of 120 campuses and colleges serving over one million students, is the largest in the nation. This system is separated into three distinct segments—the University of California, the California State Colleges and the California Community Colleges. To provide a guideline for orderly and sound development of this system, the Master Plan for Higher Education in California 1960-75 was developed and largely incorporated into the Donahoe Higher Education Act of 1960. The purpose of the act was to define the functions and responsibilities of each segment and to establish an economical and coordinated approach to the needs of higher education.

The University of California

In addition to the instruction function which is basic to all segments of higher education, the University of California is designated as the primary state-supported agency for research. Instruction is provided to both undergraduate and graduate students in the liberal arts and sciences and in the professions, including the teaching profession. The University has exclusive jurisdiction over instruction in the profession of law and graduate instruction in the professions of medicine, dentistry, veterinary medicine and architecture. It has sole authority for awarding the doctorate degree with the exception that in selected fields, joint doctoral degrees may be awarded in conjunction with the California State Colleges.

The California State Colleges

The primary function of the state colleges is to provide instruction to both undergraduate and graduate students in the liberal arts and sciences, in applied fields and in the professions including the teaching profession. The granting of bachelor's degrees and master's degrees is authorized but doctorate degrees may not be granted except under the joint doctoral program noted above. Faculty research is authorized only to the extent that it is consistent with the instruction function.

The California Community Colleges

Instruction in the public community colleges is limited to the lower division level of undergraduate study (freshman and sophomore) in the liberal arts and sciences and in vocational or technical subjects. The

Higher Education—Continued

granting of the associate in arts or the associate in science degree is authorized.

Governance and Student Eligibility

To govern the University of California the State Constitution grants full power of organization and government to a 24-member board of regents with substantial freedom from legislative or executive control. The University system consists of nine campuses, including a separate medical facility at San Francisco, and numerous special research facilities located in all sections of the state. Medical schools are presently located at the San Francisco, Los Angeles, San Diego, Davis and Irvine campuses. Hastings College of Law in San Francisco, although affiliated with the University, operates under a separate statutory board of directors.

The opportunity to attend the University is open to all high school graduates who finished in the upper 12½ percent of their graduating class and to qualified transfer students from other institutions.

The California State Colleges are governed by a statutory 20-member board of trustees created under the Donahoe Act of 1960. Although the board of trustees does not have the constitutional autonomy of the regents, the act did provide for centralization of the policy and administrative functions which are carried out by the Chancellor's office. The system includes 19 existing campuses including the new California State College at Bakersfield scheduled to open in the fall of 1970. Admission to the state colleges is open to students in the upper one-third of their high school graduating class and to qualified transfer students from other colleges and universities.

A 15-member Board of Governors of the California Community Colleges was created by statute in 1967 to provide leadership and direction to the development of the existing 92 campuses that comprise the system. Effective July 1, 1968, the new board assumed all the administrative and control functions related to the community colleges that were formerly placed in the State Department of Education. Unlike the University and state college systems, community colleges are administered by local boards and derive the primary source of funding from the local tax base. As a result the new board is directed by statute to maintain this local autonomy and control as it relates to the administration of the colleges. Admission to the community colleges is open to any high school graduate. Other students may be admitted under special exceptions such as apprentice training, previous military service and educational potential.

The Coordinating Council for Higher Education is an 18-member advisory body created under the Donahoe Act to provide a coordinated review of the higher education system. The council advises the Governor and Legislature as well as the governing boards of the three segments on matters pertaining to state financial support, long-range physical development, new programs and other concerns.

Higher Education—Continued

ADMISSION AND ENROLLMENT

The three segments of California's public higher education system admit students on the basis of varying ability and achievement levels. By statutory regulation any high school graduate must be admitted to a public community college and additional authorization is granted to admit any person who is 18 years of age. Although the respective governing boards establish the admission standards for the state colleges and the University, these standards have been in conformity with guidelines established in the master plan. As a result standards are set for admission to the state colleges with the intent to restrict the admission of freshmen to those who were in the top one-third of their high school class. At the University admission standards limit freshmen to the top one-eighth of their class.

For admission to advance standing at the state colleges and University, transfer students are required to have a grade point average of 2 and for those students not originally eligible to enroll as freshmen at the University a 2.4 average is required. Both segments require a bachelor's degree for admittance to graduate study but individual departments at the University usually establish additional requirements.

Both the University and state colleges are allowed to waive admission standards for selected students with academic promise. The original master plan guideline provided for a 2-percent level of waivers but to accommodate disadvantaged students this was increased to 4 percent.

University policy places higher admission standards for undergraduate nonresidents than for California residents. Whereas resident students accepted as freshmen come from the upper one-eighth of the high school graduates, only nonresident students in the upper one-sixteenth of the graduates are admitted.

Enrollment data is the major factor used for determining the budgetary needs of higher education for both support and capital outlay. As a result accurate projections of student demand are necessary if the master plan objective to provide higher education services to all qualified students is to be accomplished. It should be emphasized that this objective of the master plan was intended to apply to the entire higher education system rather than to each segment separately.

The master plan survey team anticipated that all qualified students might not be provided for at the campus of their choice or even the segment of their choice. This was clearly the concept of the recommendation to redirect students to the public community colleges by establishing a 1975 goal of 40 lower division students to 60 upper division students at both the University and the state colleges. The only method available to the segments to redirect students to the community colleges is to deny those students admissions under the assumption that the students will enroll in a community college.

Enrollment estimates included in the budget are reported in a different manner for each segment. University enrollment statistics include a distribution of students by level of enrollment through the budget year, but for the state colleges this information is provided on

Education

General Summary

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the basis of level of instruction. The community colleges instruct only lower division students but report information on the basis of average daily attendance since they receive state funding on school apportionment basis.

The enrollment data for the three segments of public higher education is provided in Table 1.

Table 1
Annual Enrollments

| | <i>Actual 1968-69 FTE</i> | <i>Estimated 1969-70 FTE</i> | <i>Proposed 1970-71 FTE</i> |
|---------------------------|-----------------------------------|--------------------------------------|-------------------------------------|
| University of California | | | |
| Lower division ----- | 29,190 | 29,370 | 28,975 |
| Upper division ----- | 36,515 | 39,335 | 41,928 |
| Graduates ----- | 29,554 | 32,776 | 30,830 |
| Totals ----- | 95,259 | 101,481 | 101,733 |
| California State Colleges | | | |
| Lower division ----- | 68,849 | 71,320 | 77,300 |
| Upper division ----- | 84,489 | 93,930 | 105,000 |
| Graduates ----- | 9,050 | 9,990 | 11,435 |
| Totals ----- | 162,438 | 175,240 | 193,735 |
| Community Colleges ----- | ADA | ADA | ADA |
| Totals ----- | 308,133 | 341,482 | 385,000 |
| Grand Totals ----- | 565,880 | 618,203 | 680,468 |

EXPENDITURE SUMMARY

The actual and estimated total and state expenditures for higher education since 1968-69 are shown on Table 2. In the support budget there is a \$33.9 million increase over the current year in state funds while total expenditures have decreased by \$71.1 million. The state's share of the total cost of higher education will be at a low for the three years at a level of 55.7 percent of the \$1,331 million total. The Capital Outlay budget estimates a total expenditure of \$286.1 million in the current year and \$142 million in the budget year, the state share of which is \$155.9 million and \$70.1 million respectively. The state share of capital outlay will be 49.3 percent in 1969-70, the lowest for the three years shown. However, it is difficult to make conclusive observations on capital outlay expenditures. Funds listed for 1969-70 and 1970-71 might not be spent in those years and will show up again as capital outlay expenditure items in future budgets. Similarly, the expenditure estimates for these two years include funds authorized but not spent in prior years. The capital outlay figures shown for 1968-69 are final.

Table 2
Expenditure Summary for Higher Education
 (in thousands)¹

| | <i>Actual 1968-69</i> | | | <i>Estimated 1969-70</i> | | | <i>Proposed 1970-71</i> | | |
|---|-----------------------|------------------------------------|--------------|--------------------------|-----------------------|--------------|-------------------------|-----------------------|--------------|
| | <i>Support</i> | <i>Capital outlay</i> ² | <i>Total</i> | <i>Support</i> | <i>Capital outlay</i> | <i>Total</i> | <i>Support</i> | <i>Capital outlay</i> | <i>Total</i> |
| Coordinating Council for Higher Education ---- | \$866 | -- | \$866 | \$1,075 | -- | \$1,075 | \$1,068 | -- | \$1,068 |
| University of California ² - | 505 | -- | 505 | 559 | -- | 559 | 546 | -- | 546 |
| California State Colleges - | 657,747 | \$91,278 | 749,025 | 736,897 | \$49,858 | 786,755 | 763,902 | \$25,391 | 789,293 |
| Community Colleges ----- | 290,546 | 46,228 | 336,774 | 329,679 | 37,554 | 367,233 | 333,000 | 16,120 | 349,120 |
| Hastings College of Law - | 288,606 | 101,248 | 389,854 | 356,455 | 180,286 | 536,741 | 395,657 | 78,510 | 474,167 |
| Maritime Academy ----- | 237,549 | 70,395 | 307,944 | 288,116 | 87,809 | 375,925 | 311,214 | 34,793 | 346,007 |
| State Scholarship and Loan Commission ----- | 861 | 31,976 | 32,837 | 4,277 | 56,533 | 60,810 | 1,482 | 38,034 | 39,516 |
| Higher Education Opportunity Program - | 592 | 13,609 | 14,201 | 3,846 | 30,344 | 34,190 | 838 | 19,064 | 19,902 |
| Total Expenditures --- | 1,332 | 436 | 1,768 | 1,642 | 30 | 1,672 | 1,836 | -- | 1,836 |
| Total State Expenditures ----- | 803 | 436 | 1,239 | 1,058 | 30 | 1,088 | 1,231 | -- | 1,231 |
| State Expenditures as a percent of Total Expenditures ----- | 914 | 96 | 1,010 | 1,034 | 259 | 1,293 | 978 | 77 | 1,055 |
| | 700 | 96 | 796 | 815 | 259 | 1,074 | 762 | 77 | 839 |
| | 8,505 | -- | 8,505 | 13,705 | -- | 13,705 | 14,898 | -- | 14,898 |
| | 8,437 | -- | 8,437 | 13,611 | -- | 13,611 | 14,846 | -- | 14,846 |
| | -- | -- | -- | -- | -- | -- | 9,130 | -- | 9,130 |
| | -- | -- | -- | -- | -- | -- | 9,130 | -- | 9,130 |
| Total Expenditures --- | \$958,831 | \$226,034 | \$1,183,865 | \$1,115,085 | \$286,966 | \$1,402,051 | \$1,188,951 | \$142,012 | \$1,330,963 |
| Total State Expenditures ----- | 539,132 | 130,764 | 669,896 | 637,684 | 155,996 | 793,680 | 671,567 | 70,054 | 741,621 |
| State Expenditures as a percent of Total Expenditures ----- | 56.2% | 57.9% | 56.7% | 57.2% | 54.4% | 56.6% | 56.4% | 49.3% | 55.7% |

¹ Figures not in italics constitute total expenditures. Figures in italics constitute General Fund expenditures.

² All expenditures included except those for special federal research projects.

³ Includes unexpended funds from previous fiscal years.

Higher Education—Continued

**MAJOR SOURCES OF SUPPORT FOR HIGHER EDUCATION
IN CALIFORNIA**

A summary of the funding of current expenditures for higher education in California for the last completed fiscal year, 1968-69, is shown in Table 3. The total expenditure figure for the University of California of \$657.7 million excludes \$259.1 million of federal funds supporting three large federal research projects administered by the University. With these research funds included, the state support of \$293.9 million amounts to 32 percent of the University's 1968-69 expenditures. An additional 6 percent is supported from student fees, 15.7 percent from other sources and the remaining 46.3 percent from federal funds. Without these federal research projects included in the total, the University's support budget is funded 44.7 percent from state sources, 25.1 percent from federal sources, 21.9 percent from other sources and 8.3 percent from student fees.

The California State Colleges' operating budget for 1968-69 totals \$288.6 million and does not include \$17.2 million in federal funds for college research, institutions and special projects. Excluding these funds which are handled through foundations, the state's share of the budget totals 82.3 percent, the federal share totals 4.9 percent and student fees equal 7.9 percent.

Our estimate for the community colleges is based on projections from 1967-68 data. This is necessitated by the lack of more current information due to the late reporting schedule on official community college data. According to our estimate, 68.8 percent of community college support comes from local funds, 29.5 percent comes from state funds and 1.7 percent from federal funds and student fees.

Approximately \$1.6 billion was expended for higher education support in 1968-69. Of this amount \$674.4 million (or 48.4 percent) was from state funds, \$245.7 million (or 18.4 percent) was from local support, \$206 million (or 15.4 percent) was from federal support and the remaining amount totaling \$238.6 million (or 17.8 percent) came from student fees and other sources.

Table 3
Expenditures for Higher Education Current Expenses by Source of Funds 1968-69
 (in Thousands)

| <i>Institutions</i> | <i>State support</i> | <i>Local support</i> | <i>Federal support</i> | <i>Student fees</i> | <i>Other²</i> | <i>Totals</i> | <i>Percent</i> |
|---------------------------------------|--------------------------|--------------------------|----------------------------|-------------------------|--------------------------|--------------------|----------------|
| University of California----- | \$293,934 | -- | \$164,851 | \$54,695 | \$144,287 | \$657,747 | 49.2 |
| California State Colleges----- | 237,549 | -- | 14,048 | 22,717 | 14,300 | 288,614 | 21.5 |
| Community colleges ¹ ----- | 105,465 | 245,684 | 4,000 | 2,000 | -- | 357,149 | 26.6 |
| Other agencies ³ ----- | 10,446 | -- | 23,117 | 654 | -- | 34,217 | 2.7 |
| Totals----- | \$647,394 | \$245,684 | \$206,016 | \$80,066 | \$158,567 | \$1,337,727 | 100.0% |
| Percent of total----- | 48.4 | 18.4 | 15.4 | 6.0 | 11.8 | 100 | |

¹ Estimated.

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

³ Includes Hastings College of Law, the California Maritime Academy, the Coordinating Council for Higher Education and the State Scholarship and Loan Commission.

Higher Education—Continued

STUDENT CHARGES

There are two types of student charges utilized by California's system of higher education to gather additional revenue. These are tuition and fees.

According to the Master Plan for Higher Education, "tuition is defined generally as student charges for teaching expense, whereas fees are charged to students, either collectively or individually, for services not directly related to instruction, such as health, special clinical services, job placement, housing and recreation." Although there has been a traditional policy as enunciated in the Master Plan that tuition should not be charged to resident students, there has been an equally traditional policy to charge "fees" to resident students.

All three segments impose a tuition on students who are not legal residents of California. Foreign students at the University are required to pay the same tuition as other nonresidents but statutes require a separate lower fee at the state colleges. Exceptions to the "tuition-free" policy can be found at the University of California where a small tuition is charged to resident students in selected health sciences fields and at the Maritime Academy.

There are two basic types of fees charged both resident and non-resident students enrolled in the regular academic session of the University and state colleges. The first is the registration fee, or materials and service fee as it is called at the state colleges. These mandatory fees are intended to cover laboratory costs and other instructionally related items, student health services, placement services and other student services incidental to the instructional program. The second type includes auxiliary service fees which are user fees for parking facilities, residence halls and residence dining facilities.

The Regents have the constitutional powers to determine the level of tuition and fee charges. Section 23751 of the Education Code authorizes the Trustees to establish the level of fees but maximum levels of resident tuition are established by statutes. The Board of Governors of the Community colleges is required to set the level of nonresident tuition and the local colleges may levy fees to cover parking and/or health services to a maximum of \$10 per year.

Table 1 illustrates the current level of the tuition and fees at the various segments. Where these vary from campus to campus, a range is indicated.

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Table 1
Basic Annual Student Charges—1969-70
(Academic Year)

| | <i>University of California</i> | <i>California State Colleges</i> | <i>California Community Colleges</i> |
|--|-------------------------------------|--------------------------------------|--|
| Registration fee ----- | \$300 | \$108 | \$0-10 ² |
| Tuition—residents ¹ ----- | | | |
| Medicine ----- | 250 | -- | -- |
| Dentistry-pharmacy ----- | 200 | -- | -- |
| Tuition—nonresident ¹ ----- | 1,200 | 890 | 375 |
| Foreign ----- | 1,200 | 255 | 375 |
| Student organization fees ----- | 13-33 | 18-30 | -- |
| Student union fees ----- | 11-31 | 6-18 | -- |
| Application fee ----- | 10 | 10 | -- |
| Auxiliary services fees ----- | | | |
| Room and board ----- | 985-1,200 | 618-1,260 | -- |
| Parking ----- | 30-50 | 26-45 | 0-12 ² |

¹ Tuition charges are in addition to other fees.

² Statutory maximum for the community colleges is \$10 for parking or health services or a combination of both.

The registration fee at the University and the materials and services fees at the state colleges, represent the primary fee that is charged to all students. Although there are similarities in the uses of these fees, there are also important differences. Tables 2 and 3 show the expenditure distribution by student of these fees for the University and state colleges. A comparison of these tables shows the University has gone well beyond the state colleges in utilizing this type of fee as a source of income for such areas as intercollegiate athletics, cultural programs, and student grants-in-aid.

Table 2
Distribution of University of California Registration Fee
(Cost per Student)

| | <i>1969-70</i> |
|---|-----------------|
| Instruction and Research: ----- | \$27.00 |
| Laboratory fees ----- | |
| Organized Activities and Auxiliary Enterprises: ----- | 15.40 |
| Intercollegiate athletics ----- | |
| Extension and Public Service: ----- | 5.80 |
| Arts and lectures ----- | |
| Student Services: ----- | |
| Dean of students ----- | 3.20 |
| Educational student and alumni placement ----- | 13.70 |
| Public ceremonies and cultural programs ----- | 3.10 |
| Recreation activities ----- | 11.40 |
| Health service ----- | 71.90 |
| Student aid administration ----- | 9.40 |
| Counseling ----- | 14.60 |
| Foreign student program ----- | 2.80 |
| Housing service ----- | 6.80 |
| Miscellaneous student services ----- | 8.50 |
| Student Aid: ----- | |
| Grants-in-aid ----- | 38.30 |
| Education opportunities program ----- | 19.50 |
| Provisions for Allocation: ----- | |
| Capital debt service ----- | 20.00 |
| Unallocated fees ----- | 28.20 |
| Total ----- | \$300.00 |

Higher Education—Continued

Table 3
Distribution of California State Colleges Materials and Service Fee
(Cost per Student)

| | 1969-70 |
|-----------------------------------|---------|
| Administration and teaching ----- | \$36 |
| Student health services ----- | 24 |
| Student personnel ----- | 41 |
| Financial aid ----- | 7 |
| Total ----- | \$108 |

Tuition

One of the recommendations of the 1960 Master Plan was for the respective governing boards to "reaffirm the long-established principle that state colleges and the University of California shall be tuition free to all residents of the State." A review of the historical practice in the two segments indicates that neither segment has, as a matter of policy, been entirely tuition free.

The 1868 Organic Act establishing the University, authorized tuition with the qualification that "... as soon as the income of the University shall permit, admission and tuition shall be free to all residents of the state." After three months of a tuition of \$10 per semester, the regents declared a tuition-free policy for all departments of the University except the medical colleges. Medical students presently pay a tuition in the amount of \$250 while students of dentistry and pharmacy pay \$200 per year. Tuition has been authorized by statute since 1862 at the state colleges. Prior to 1933 various course fees were charged depending upon the individual course taken. From 1933 to 1953 the state colleges openly charged a small tuition which amounted to \$17 per year until 1953 when it was merged with the materials and service fee. Although no "tuition" has been charged since then, statutory authorization still exists in Section 23753 of the Education Code which limits the yearly tuition that may be charged to \$25.

The philosophy of tuition-free education in the community colleges has been firmly established and only recently can be seen the use of mandatory fees for noninstructional costs in such areas as health services and parking.

The General Fund revenue problem now facing the state, which stems in some measure from the rapid increase in expenditures for higher education during the past decade, has generated considerable reevaluation of the so-called "tuition free" policy.

In October 1969, the Coordinating Council for Higher Education, after reviewing a staff report on student charges, concluded that charges at the University and state colleges, when compared to those in other states, appeared to be low and that additional revenue beyond that to be provided from state and federal sources would be required. As a result the council directed its staff to "prepare specific proposals for increased student charges."

Following review of the staff alternatives at the December 1969 meeting, the following action was taken by the council:

Higher Education—Continued

"The Coordinating Council advises the Governor, the Legislature, the Board of Regents, and the Board of Trustees, that student charges should be increased moderately at the University of California and the California State Colleges, and that the following policies be adopted with respect to such charges:

1. Increased student charges should be set by the Board of Regents of the University and Trustees of the State Colleges. Revenues from these charges should be used to:
 - a. Fund debt service for capital outlay expenditures (over and above the level of existing 1969-70 state support) for instructional and student service facilities, exclusive of health sciences.
 - b. Supplement student financial aid in order to increase access to the University and state colleges of students unable to attend because of financial reasons.
2. Revenue over and above that needed for debt service and student aid should be used at the discretion of the respective governing boards.
3. Increased charges should be collected in the form of a "flat" charge."

Estimates of Revenues from Tuition

Estimated revenue for various levels of tuition were made in the coordinating council study by the University and state colleges. The estimated net revenue at levels of \$100, \$200 and \$400 are shown in Table 4.

Table 4
Estimated Net Revenue from Various Levels of Tuition 1970-71
(Revenue in Millions)

| | Levels of tuition | | |
|---|-------------------|--------|--------|
| | \$100 | \$200 | \$400 |
| University of California ¹ ----- | \$5.1 | \$9.9 | \$18.7 |
| California State Colleges----- | 8.6 | 14.2 | 19.9 |
| Totals----- | \$13.7 | \$24.1 | \$38.6 |

¹ University estimates do not include additional administrative costs associated with tuition increase or financial aid programs and should be reduced accordingly.

The net revenue is obtained by reducing the estimated gross revenue to reflect the anticipated reduction in student enrollment and the additional student aid required to offset the increased fee for low-income students. For example, the University estimate anticipates that an increase of \$100 in 1970-71 would divert about 2,300 students away from the University out of a total enrollment estimate of 97,000. With the addition of a student aid program that equaled the increased charge, it is estimated that about 1,000 of these students would be retained by the University.

Comparisons to Fees in Other States

The council's conclusion that student charges at the University and state colleges appear to be lower than those in many comparable states stems from a council staff report on student charges. This report com-

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pared University charges to those of 104 member institutions of the Association of State Universities and Land Grant Colleges and state college charges were compared to those of 225 member institutions of the American Association of State Colleges and Universities.

The University comparisons were made over a seven-year period (1962-63 to 1968-69) and showed that in each of these years student charges at the University were below either the mean or median charge of the 104 institutions. In 1968 the mean charge was \$393 and the median was \$360 as compared to the average University charge of \$334.

Comparisons for the state colleges was made over a three-year period (1966-67 to 1968-69). In 1968 the mean charge was \$347 and the median was \$300 as compared to the average state college charge of \$117.

The council staff discounted the relevance of these surveys on the basis that there does not appear to be a logical connection between some national "norm" and the desired amount of higher education in California. In addition, there are two other criticisms of these comparisons that should be noted.

The primary criticism is that the institutions chosen for comparison purposes are really not comparable. The list of 104 institutions used to compare with the University include many institutions that are not classified as universities by the American Association of University Professors and many of these have low tuition rates. Included in the list are Federal City College (\$75), University of Puerto Rico (\$144), Prairie View A & M College (\$166), and Maryland State College (\$220). It is interesting to note that of the 225 institutions compared to the state colleges none of the institutions are recommended by the council as a comparison institution for determining state college faculty salary needs.

A second criticism is that the 1968-69 data do not reflect recent increases in tuition. Many public institutions have increased tuition and fees for 1969-70. Tables 5 and 6 show the tuition and fees for the nine public institutions of the "Big Ten." These institutions are proposed by the council to be used for University of California salary comparisons. Table 5 compares 1969-70 tuition and fees and shows the increase over 1968-69 for in-state students and Table 6 gives this information for nonresident students.

For resident students large fee increases occurred in 1969 at Purdue, Indiana and Iowa and eight of the nine institutions increased fees significantly. None of these institutions have lower fees than the University of California. For nonresident students as shown in Table 6 large fee increases also occurred, but in this case University of California fees would still exceed those of five of the nine public supported "Big Ten" schools.

General Summary

Education

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Table 5

Tuition and Mandatory Fees in Public "Big Ten" Universities (1968-69 and 1969-70)

| | 1968-69 | 1969-70 | Increase |
|--------------------------------|------------------------|------------------------|----------|
| Illinois ----- | \$270 | \$352 | \$82 |
| Indiana ----- | 390 | 650 | 260 |
| Iowa ----- | 370 | 620 | 250 |
| Michigan ----- | 480 | 480 | -- |
| Michigan State ----- | 556 | 539 | 33 |
| Minnesota ----- | 405 | 510 | 105 |
| Ohio State ----- | 510 | 600 | 90 |
| Purdue ----- | 400 | 700 | 300 |
| Wisconsin ----- | 350 | 430 | 80 |
| Mean ----- | \$415 | \$548 | \$133 |
| Median ----- | 400 | 539 | 234 |
| University of California ----- | \$318-348 ¹ | \$318-351 ¹ | -- |

¹ Mandatory fees vary by campus depending on special student fees. The majority of students are required to pay between \$20 to \$30 in addition to the \$300 registration fee.

Nonresident Tuition and Fees in Public "Big Ten" Universities (1968-69 and 1969-70)

| | 1968-69 | 1969-70 | Increase |
|--------------------------------|----------------------------|----------------------------|----------|
| Illinois ----- | \$850 | \$958 | \$108 |
| Indiana ----- | 1,050 | 1,490 | 440 |
| Iowa ----- | 1,000 | 1,250 | 250 |
| Michigan ----- | 1,540 | 1,540 | -- |
| Michigan State ----- | 1,264 | 1,399 | 135 |
| Minnesota ----- | 951 | 1,251 | 300 |
| Ohio State ----- | 1,110 | 1,650 | 540 |
| Purdue ----- | 1,200 | 1,600 | 400 |
| Wisconsin ----- | 1,150 | 1,630 | 480 |
| Mean ----- | \$1,124 | \$1,419 | \$295 |
| Median ----- | 1,100 | 1,490 | 380 |
| University of California ----- | \$1,518-1,548 ¹ | \$1,518-1,551 ¹ | \$0-3 |

¹ Mandatory fees vary by campus depending on special student fees. The majority of students are required to pay between \$20 and \$30 in addition to the \$300 registration fee and \$1,200 tuition.

Types of Tuition Plans Available

The Coordinating Council for Higher Education staff report explored five alternative plans for increasing student charges. These plans with some of the findings on each plan are summarized below.

1. Student charges in conjunction with a comprehensive loan program. The staff concluded that loan programs are less equitable than other alternatives primarily because they do not include means tests. In addition the costs of administration of these programs appear to be high.
2. Graduated student charges based on financial ability to pay. One of the weaknesses of this type of plan is that the factors commonly used in evaluating need are not included in the plan. Although based on adjusted gross income as a test of ability to pay, other factors such as family size, assets and extraordinary expenses are not evaluated.
3. A flat student charge in conjunction with student financial aid for those unable to meet the additional cost. This is the alternative

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recommended by the council on the basis that it provided the most equity to the student.

4. A differentiated student charge in conjunction with student financial aid. The charge would be based on a benefit or cost concept by level of instruction or discipline. Although this approach may be the most efficient method of pricing higher education, the problem of clearly identifying the educational benefits of each discipline appear to preclude council staff's acceptance of this method.
5. A voucher system whereby the state subsidy per student is allowed each student for use at the institution of his choice whether it be public or private. This would be accompanied by an increase in student charges. This could be an extension of the existing state scholarship program.

Proposals Considered by the Regents

At the January 1970 meeting of the regents two plans for raising student charges were submitted for consideration. The first, by the president of the University, is in conformity with the recommendations of the Coordinating Council for Higher Education. This proposes to increase fees in 1970-71 by \$180 with an additional increase of \$180 in 1971-72. The details of the plan were for half of the increase to be applied to the existing registration fee to be used for additional student financial aid. The other half of the increase would be collected from the establishment of a new educational facilities fee to provide additional capital outlay funds. University estimates of gross revenue from these fee increases show that \$18.6 million would be anticipated in 1970-71 and \$38 million is estimated for 1971-72.

The plan presented to the regents by the Governor proposed the same increase for undergraduate students of \$180 for 1970-71 with a further increase of \$180 in 1971-72. For graduate students a slightly higher increase was proposed of \$225 for each year. Under this plan all funds would be collected as a resident tuition and would be used to meet a part of the enrollment-related support costs of students rather than for capital outlay and student aid. In addition, the plan proposes that students with demonstrated financial need could defer payment of the tuition by accepting an obligation to repay after completion of their education under the same conditions as existing NDEA or other University loans are now made.

Legislative Review of Tuition

We recommend that the uses of any new revenue which may result from the levying of a tuition or fee increase at the University be included in the legislative review of the 1970-71 budget for the University. The University Plan to apply any additional revenue from an increased student charge to capital outlay and student aid and the Governor's plan to apply the increase to enrollment-related support both require close legislative review.

The 1970-71 Governor's Budget makes no provision for any additional revenue from increased student charges and the budget does not

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indicate those expenditure areas where a financial deficit exists. Because the Regents of the University have constitutional authority to increase student charges, this authority allows the University, without legislative approval, to increase revenue and expenditures over and above what is reported to be a statement of need in the 1970-71 Governor's Budget.

If it is the intent to apply any increased revenue from a new tuition charge to expenditure areas of the budget that are normally considered to be state funding responsibilities, then it is suggested that the effects of this policy be considered in the total University budget review prior to final legislative appropriation.

AVERAGE COST PER STUDENT

Average cost data have several uses. They can be used for performance analysis and, to a certain degree, as a measure of accountability. For the purpose of planning, they can be used to establish financial trends and evaluate changes over a period of time. When the cost data are constructed with a consistent methodology, it is possible to compare relevant cost factors among institutions. Such information is understood generally and is in constant demand.

In our 1967-68 *Analysis* we recommended that the Coordinating Council for Higher Education in cooperation with the University of California develop average cost-per-student data. The Senate Finance Committee requested the council to develop similar information for both the state colleges and the junior colleges.

In our analysis we stated that average cost data should reflect the following:

1. Represent the total instructional expense within the institution and, thereby, serve as an index of the cost of educating students.
2. Show the total cost of having one student attend the University for a year.
3. Reflect the cost to the state of having one student attend the University for one year.
4. Enable the state to identify what it is paying for.
5. Permit identification of costs that are not directly student-related or induced.
6. Fulfill the need for a budgetary standard that will reflect the degree of economy in total University expenditures as well as state support.
7. Allow the identification of the cost of instruction research and public service as well as the increased benefits to each to be derived by increasing program levels or establishing new programs.

We further specified that the report should include information on the type of dollar base used, the method of prorating budget costs and the composition of a cost deflating index if used.

In its report to the Legislature entitled *Cost-per-Student Computations in California Public Higher Education*, the council attempted to develop data which would satisfy all but the last two criteria, for

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which a major cost study would be required. At that time we noted that the figures for each institution are not directly comparable inasmuch as they are produced from systems which budget and account for their funds in different ways, because full-time equivalent students are calculated differently in each system and because the total costs of each system reflect the different educational functions assigned to each.

Our final comment on the report stated:

“Unfortunately, the method of arriving at enrollment determined costs in this report does not allow for the computation of average cost for graduate or undergraduate student. Thus, we are unable to show expense of educating students at different levels in the educational process. Also, as we noted above, this method does not satisfy the latter two criteria of fulfilling the need for a budgetary standard that reflects the degree of economy or identifying the costs of the delineated functions of the institutions and the benefits to be derived by expanding these functions. These items are all useful in cost analysis, and better methodology should be developed which will produce this data.”

The only activity since this report in developing cost-per-student data is the work done by each segment in relation to the new program budget structure.

Tables 1 and 2 show the enrollment-related costs per student using the Coordinating Council method for the University and the state colleges. The data is shown from 1958-59 through 1969-70 on a current-dollar basis and a 1969-70 constant-dollar basis so as to eliminate the inflationary effects on the dollars.

On a constant-dollar basis both the University and state colleges show a higher cost per student in 1969-70 than in any previous year.

Table 1
Enrollment Related Costs Per FTE Student
University of California
1958-59 Through 1969-70

| | <i>Expenditures per FTE student</i> | | <i>Expenditures per FTE student (Constant 1969-70 dollars)</i> | |
|--------------|-------------------------------------|--------------|--|--------------|
| | <i>Total</i> | <i>State</i> | <i>Total</i> | <i>State</i> |
| 1958-59----- | 1,712 | 1,339 | 2,527 | 1,976 |
| 1959-60----- | 1,813 | 1,416 | 2,577 | 2,013 |
| 1960-61----- | 1,879 | 1,471 | 2,554 | 1,999 |
| 1961-62----- | 1,910 | 1,496 | 2,536 | 1,986 |
| 1962-63----- | 2,054 | 1,607 | 2,617 | 2,048 |
| 1963-64----- | 2,168 | 1,698 | 2,713 | 2,125 |
| 1964-65----- | 2,252 | 1,759 | 2,759 | 2,155 |
| 1965-66----- | 2,408 | 1,883 | 2,830 | 2,213 |
| 1966-67----- | 2,691 | 2,106 | 3,082 | 2,412 |
| 1967-68----- | 2,743 | 2,152 | 3,028 | 2,376 |
| 1968-69----- | 2,946 | 2,321 | 3,058 | 2,409 |
| 1969-70----- | 3,088 | 2,453 | 3,088 | 2,452 |

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Table 2
Enrollment Related Costs Per FTE Student
California State Colleges
1958-59 Through 1969-70

| | <i>Expenditures per FTE student</i> | | <i>Expenditures per FTE student (Constant 1969-70 dollars)</i> | |
|--------------|-------------------------------------|--------------|--|--------------|
| | <i>Total</i> | <i>State</i> | <i>Total</i> | <i>State</i> |
| 1958-59----- | 941 | 863 | 1,532 | 1,405 |
| 1959-60----- | 1,024 | 909 | 1,607 | 1,426 |
| 1960-61----- | 1,099 | 988 | 1,608 | 1,445 |
| 1961-62----- | 1,126 | 994 | 1,626 | 1,435 |
| 1962-63----- | 1,166 | 1,026 | 1,617 | 1,423 |
| 1963-64----- | 1,185 | 1,032 | 1,615 | 1,406 |
| 1964-65----- | 1,196 | 1,050 | 1,591 | 1,397 |
| 1965-66----- | 1,308 | 1,179 | 1,619 | 1,460 |
| 1966-67----- | 1,430 | 1,265 | 1,666 | 1,474 |
| 1967-68----- | 1,460 | 1,308 | 1,621 | 1,452 |
| 1968-69----- | 1,676 | 1,481 | 1,739 | 1,537 |
| 1969-70----- | 1,811 | 1,594 | 1,811 | 1,594 |

Although the Coordinating Council report did produce a comparable method for determining enrollment related costs per student for community colleges, we are unable to collect the historical data necessary to present a comparable table. For the purpose of general information Table 3 shows the average current expenses of education paid by state and local funds per unit of average daily attendance.

Table 3
Total Current Expense of Education¹
California Community Colleges

| <i>Year</i> | <i>Current expense of education per average daily attendance.</i> |
|--------------|---|
| 1958-59----- | \$520.52 |
| 1959-60----- | 575.32 |
| 1960-61----- | 568.63 |
| 1961-62----- | 576.22 |
| 1962-63----- | 603.30 |
| 1963-64----- | 592.14 |
| 1964-65----- | 609.41 |
| 1965-66----- | 632.07 |
| 1966-67----- | 699.90 |
| 1967-68----- | 727.32 |

¹ Excludes food service, community service and capital outlay.

YEAR-ROUND OPERATION

We recommend rejection of the proposed termination of the summer quarter year-round operation program.

Background

Year-round operation in higher education is the operation of an institution for either four quarters or three semesters in an effort to achieve the maximum utilization of all existing facilities before making the decision to build new campuses or colleges. In California the problem of rapidly increasing enrollments and the need for facilities caused the idea of year-round operation to be advanced as early as 1955 in the

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Restudy of the Needs of California Higher Education by T. R. McConnell, T. C. Holy and H. H. Semans.

This proposal was given further support in the *Master Plan for Higher Education in California* which recommended that all public and private institutions of higher education offer summer programs equivalent to one quarter of a year and that "The coordinating agency study during 1960 the relative merits of trimester and four-quarter plans for year-round use of the physical plants of both public and private institutions, and on the basis of that study recommend a calendar for higher education in California."

In 1962, the University of California decided to begin planning for conversion to year-round operation. This action and the master plan recommendation caused the Coordinating Council for Higher Education in 1963 to (a) undertake a study of the entire concept of year-round use of facilities in all segments of higher education, and (b) place itself on record in favor of "... the greater utilization of all higher education facilities and personnel ...". The study was completed in February 1964, and resulted in a reaffirmation of support for the general concept of year-round operation and a specific endorsement of the quarter system as soon as adequate planning and funding could be obtained. This recommendation coincided with similar opinions received by the segments through their own preliminary studies. The Legislature endorsed year-round operation in Senate Concurrent Resolution No. 24 during the 1964 General Session, and based on the Governor's request, responded to the need for planning funds by appropriating \$350,000 for the University and \$233,873 for the state colleges for the 1964-65 fiscal year and \$125,000 and \$117,616, respectively, in 1965-66. These funds were used for systemwide planning and the establishment of conversion procedures at the individual campuses.

The financial estimates on year-round operation indicate that while there will be short-run increases in operating expenses, they will be more than offset by long-run decreases in capital expenditures. The first such estimate was offered in February 1964 by the Coordinating Council for Higher Education. It concluded that year-round operation at the University and state colleges would increase operating costs between 1967 and 1975 by \$109.7 million in 1963 constant dollars, but that capital outlay savings in the same period would amount to \$177.2 million for a net savings of \$67.5 million. Using preliminary data in the 1968-69 analysis we offset the capital outlay savings against (a) the costs of a lower summer quarter student faculty ratio, (b) of cycling from two semesters to three quarters, and (c) of planning and conversion. Our analysis produced a net higher education saving of \$43.4 million by 1975-76, which, although tentative, was not disproved. For further evidence we recommended that the Coordinating Council for Higher Education study this matter and report to the Joint Legislative Budget Committee prior to November 1, 1968.

1968 Restudy Confirms Substantial YRO Savings

The council contracted with a private management consulting firm in early 1968 to reevaluate the concept of year-round operation in both

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segments of higher education. The report was rendered in October of 1968 and shows that the decision to initiate year-round operation will produce significant savings to the state. It is estimated that the University and the state colleges will save \$85 and \$12 million respectively through 1975-76.

After reviewing the report and comments on it from the University and state colleges the council passed the following resolutions on February 3, 1969:

Resolved, That the Coordinating Council for Higher Education advise the Governor, the Legislature, the Trustees of the California State Colleges and the Regents of the University of California that it concurs with these recommendations; specifically, that the concept of year-round operations is sound and can result in significant total cost savings for the University of California and the California State Colleges, both in the short term and the long term; and be it further

Resolved, That the Council advises the Regents of the University and the Trustees of the California State Colleges that those campuses and colleges not now offering a summer quarter should be analyzed by the respective governing boards to determine those where cost savings can be realized and initiate planned conversion for them at the earliest practical date, consistent with the conversion planning schedule recommended by the consulting firm; and be it further

Resolved, That the Council request the Trustees of the California State Colleges and the Regents of the University of California to request their staffs to study the effects of scope and breadth of summer quarter course offerings and the resultant effects on enrollment toward the determination of whether the already significant financial benefits of year-round operations can be increased and to report these findings to the Council by December, 1969; and be it further

Resolved, That the Council request the Governor and the Legislature to provide the necessary financial support now and in the future so that the greatest potential savings from year-round operations can be realized.

Legislative Support

The Governor's Budget for 1968-69 did not include planning funds for the continuance of year-round operation at the state colleges on the rationale that higher operating expenses would prevent long-run savings. This action was amended by the Legislature which added \$396,241 into the budget to provide planning funds at San Fernando Valley, Chico, San Jose, and Fullerton, but the Governor vetoed the augmentation on the basis that the Coordinating Council was studying year-round operation and funds should be withheld pending completion of the study.

This action was continued in the 1969-70 budget in that the funds requested by the colleges for planning at the four colleges were not included in the Governor's Budget. The Legislature directed the continuation of year-round operation and augmented the 1969-70 budget

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by \$400,000 for planning which was again vetoed by the Governor on the rationale that this item was "low on the Trustees' priority list."

1970-71 Budget Proposes Termination of YRO

The 1970-71 budget proposes to completely eliminate the summer quarter programs at the University and state colleges.

The state college rationale for termination is based on fiscal considerations. In a letter of explanation the Chancellor's Office has stated that "at a special meeting on October 15, 1969, the Trustee Committees on Educational Policy, Finance and Faculty and Staff Affairs, approved the 1970-71 State College support budget request of \$335.6 million and established certain principles for the submittal of a priority listing of supplemental requests above the initial allocation. In implementing these principles, intended to serve the maximum number of students, at current levels of academic quality, within available resources, it was decided to phase out the State-supported, summer quarter operation. This decision was made in relation to the funding which could be made available in 1970-71 and was not considered by the Board of Trustees as long range policy issue.

"After careful consideration, the summer quarter was identified as a program which can be discontinued to accommodate the higher priority needs of the academic year, because: (1) it has the least impact on the instructional program; and (2) for the same number of dollars, more students can be accommodated systemwide in the academic year than during the summer quarter."

Termination of Year-round Operation Is Poor Policy

We believe that there are neither sufficient policy nor fiscal reasons upon which YRO can be reasonably terminated. All public studies on this subject have made conclusive statements as to the savings to be realized by the year-round operation program. The Coordinating Council resolution discussed previously was the result of the most recent such study. Existing data show that except for one college the summer quarter programs are less expensive than the regular quarters.

We believe that it is inconsistent for the budget to fail to provide capital outlay funds necessary for expanding enrollments while at the same time canceling major programs which offer better utilization of existing facilities. There is clear evidence that enrollments will continue to grow at a relatively high rate while it is increasingly difficult to construct facilities due to lack of bond funds and interest rate ceilings. We believe that the Legislature should subject the rationale of the budget to serious investigation during the budget hearings and restore the year-round operation program to the extent feasible at this late date relative to academic programming for the 1970 academic year.

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SPACE UTILIZATION IN CALIFORNIA INSTITUTIONS OF HIGHER EDUCATION

The history of facility space utilization in California dates from the 1948 "Report of the Survey of the Needs of California in Higher Education" and was followed by the 1955 "Restudy" of these needs. The "Restudy" recommended a standard room utilization of 36 scheduled hours per week with class enrollments averaging 67 percent of room capacity. These standards were in effect until the 1960 Master Plan reduced them by concluding that evidence at that time indicated more moderate standards should be established. The Master Plan recommended that (a) standard utilization of classrooms shall in no case average less than 30 scheduled hours per week with class enrollments averaging 60 percent of room capacity and that (b) the newly established Coordinating Council for Higher Education should study this matter.

Space Utilization Studies of the Coordinating Council for Higher Education

The Coordinating Council for Higher Education began its study of space utilization in 1963 and in 1966 rendered an extensive report on classroom, laboratory, office and library space utilization. The council found that as of fall 1963 each segment's instructional rooms were scheduled as shown in Table 1.

Table 1
Average Hours per Week of Classroom Use, Fall 1963
University of California and State Colleges

| | 8 a.m. to 5 p.m. (5-day) | 5 p.m. to 10 p.m. Daily and Saturday | Total |
|---|--------------------------------|---|----------|
| Maximum use possible ----- | 45 hours | 34 hours | 79 hours |
| California State Colleges (1963 actual) ----- | 25.1 | 4.3 | 29.4 |
| University of California (1963 actual) ----- | 27.1 | 1.8 | 28.9 |

The percent of station occupancy when classrooms were in use averaged 72 percent at the state colleges and 57 percent at the University.

The council determined that "it is unrealistic to hope a campus could be so planned, using computers, that classes could be scheduled all hours of the day in all rooms," and discredited Saturday use by stating "while some courses are offered on Saturday, utilization on that day is almost always lower than on weekdays." As to station occupancy rates the council found that "obviously, classrooms cannot be filled to 100 percent capacity since students drop and add courses, courses change somewhat each semester, and it is impossible to predict class sizes in a way as to allow them to fit perfectly into classrooms of equal sizes." It then recommended a standard that classrooms be scheduled 34 hours out of a 45-hour week (8 a.m. to 5 p.m., 5 days) with the student station occupancy averaging 66 percent. Table 2 compares this standard to the fall 1963 scheduled usage.

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Table 2

State College and University Classroom Utilization, Fall 1963
Data Compared to 1966 CCHE Standard

| | 8 a.m. to 5 p.m. (5-day) | 5 p.m. to 10 p.m. Daily and Saturday | Total hours | Percent of total stations occupied |
|---------------------------------|--------------------------------|---|----------------|--|
| CCHE Standard | 34 hours | none | 34.0 | 66% |
| California State Colleges | 25.1 | 4.3 | 29.4 | 72 |
| University of California | 27.1 | 1.8 | 28.9 | 57 |

This standard was adopted and is currently in effect for capital outlay planning for the state colleges and the University.

Included in the same report was the recommendation that the standards should be continually reviewed and that a new utilization study and a complete review of the space standards should be planned for fall 1968.

Space Utilization Studies of the Legislative Analyst

Our office has previously made recommendations to increase space utilization and cited the fact that the defeat of Proposition No. 3 in 1968, which would have provided bonding for higher education facilities construction, mandated reexamination of opportunities for greater utilization. In seeking information for the 1969-70 *Analysis*, we found three things. First, the CCHE had not updated the data it produced in 1963, second, the state colleges had neither instituted formal space utilization reports into their data requirements at the Chancellor's level nor, in most cases, at the college level and, third, the University had maintained the data in a useful form.

Table 3 shows the most recent utilization situation.

Table 3

The California State College and University Classroom Utilization Factors
Fall 1968

| | 8 a.m.-5 p.m. | | | 8 a.m.-10 p.m. | | |
|-----------------------|---------------------------------|------------------------------------|------------------------------------|---------------------------------|------------------------------------|------------------------------------|
| | Hours of room utilization | Station occupancy percentage | Hours of station utilization | Hours of room utilization | Station occupancy percentage | Hours of station utilization |
| State College | | | | | | |
| Chico | 32.8 | 75 | 24.1 | 37.2 | 73 | 26.4 |
| Fresno | 44.4 | 57 | 25.1 | 47.2 | 56 | 25.6 |
| Fullerton | 39.7 | 74 | 29.5 | 49.3 | 72 | 35.4 |
| Hayward | 29.6 | 74 | 21.3 | 34.2 | 69 | 23.3 |
| Humboldt | 33.2 | 67 | 21.8 | 34.6 | 66 | 22.7 |
| Long Beach | 36.1 | 82 | 29.2 | 48.3 | 79 | 37.9 |
| Los Angeles | 38 | 66 | 25.1 | 48.6 | 65 | 32 |
| Pomona | 31.9 | 76 | 23.7 | 31.9 | 76 | 23.7 |
| Sacramento | 35.2 | 73 | 25.8 | 43.8 | 70 | 30.2 |
| San Bernardino | 29 | 55 | 16.3 | 31.9 | 54 | 17 |
| San Diego | 38.2 | 72 | 27.1 | 43 | 70 | 29.6 |
| San Fernando | 33.9 | 73 | 24.9 | 39.5 | 70 | 27.2 |
| San Francisco | 40.2 | 66 | 26.2 | 47 | 63 | 29.6 |
| San Jose | 33.2 | 74 | 24.7 | 39.1 | 71 | 28.2 |
| San Luis Obispo | 35.2 | 79 | 27.5 | 36.9 | 79 | 28.8 |
| Sonoma | 29.6 | 70 | 20.7 | 31.4 | 71 | 21.7 |
| Stanislaus | 35 | 56 | 19.8 | 39.6 | 56 | 21.5 |
| All State Colleges.. | 35.7 | 71 | 24.9 | 41.6 | 70 | 29.1 |

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Table 3—Continued

The California State College and University Classroom Utilization Factors
Fall 1968

| | 8 a.m.—5 p.m. | | | 8 a.m.—10 p.m. | | |
|--------------------------|---------------------------|------------------------------|------------------------------|---------------------------|------------------------------|------------------------------|
| | Hours of room utilization | Station occupancy percentage | Hours of station utilization | Hours of room utilization | Station occupancy percentage | Hours of station utilization |
| University of California | | | | | | |
| Berkeley ----- | 28.5 | 53 | 15.1 | 29.9 | 52 | 15.5 |
| Los Angeles ----- | 26.4 | 58 | 15.3 | 27.9 | 56 | 15.6 |
| Davis ----- | 29.0 | 70 | 20.3 | 29.9 | 70 | 20.9 |
| Riverside ----- | 27.3 | 55 | 15.0 | 28.4 | 54 | 15.3 |
| Santa Barbara ---- | 23.8 | 66 | 15.7 | 26.3 | 67 | 17.6 |
| San Diego ----- | 28.5 | 57 | 16.2 | 30.9 | 59 | 18.2 |
| Irvine ----- | 32.9 | 58 | 19.1 | 38.8 | 58 | 22.5 |
| Santa Cruz ----- | 22.6 | 81 | 18.3 | 24.3 | 80 | 19.4 |
| Total University - | 27.1 | 59 | 16.0 | 28.8 | 58 | 16.7 |
| CCHE Standard --- | 34.0 | 66 | 22.4 | -- | -- | -- |

Thus, in comparison to the CCHE hour usage and station occupancy components of the space utilization standard, the University's utilization was below standard while the state college's utilization was above standard on the scheduled hour component. Compared to the fall 1963 data the state colleges have increased their utilization by 12.2 hours per week (41.4 percent) while the University has not increased its utilization.

These comparisons are not very meaningful, however, if they are based on relatively low standards. In relation to full five-day utilization the CCHE standards require that rooms be scheduled only 48 percent of the total of all hours available, i.e., 34 hours out of a total of 70 hours between 8 a.m. and 10 p.m. daily. In the 1969-70 analysis we recommended that a standard of 75 percent (53 hours) be realized. This would be accomplished by extending the current 8 a.m. to 5 p.m. standard to the 5 p.m. to 10 p.m. period. This relationship along with the actual segmental experience is demonstrated in Table 4.

Table 4

| | 8 a.m.—5 p.m. (5 days) | 5 p.m.—10 p.m. (5 days) | Total (5 days) | Percent of full utilization |
|---|---------------------------|----------------------------|-------------------|-----------------------------------|
| Full utilization ----- | 45 hours | 25 hours | 70 hours | 100% |
| Legislative Analyst Recommendation ----- | 34 | 19 | 53 | 75 |
| Current CCHE Standards-- | 34 | 0 | 34 | 48 |
| University of California (1968 actual) ----- | 27.1 | 1.7 | 28.8 | 41.1 |
| State Colleges (1968 actual) ----- | 35.7 | 5.9 | 41.6 | 59.4 |

Our recommendation was based on the consideration that (1) building construction funds were scarce and (2) qualified students were being denied admission to state colleges when there appeared to be space available in the evening hours. We believed that it was reasonable to recommend that the institutions which have been constructed on a standard for use between 8 a.m. and 5 p.m. to provide a balanced

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education program should, with the same standards, utilize the evening hours using the following considerations.

A. Budget Considerations. The major budget factor is that any increased utilization must be accompanied with additional instruction positions and related office space. Better utilization is promoted primarily to gain savings in capital outlay funds and under conditions of inadequate capacity, to permit added enrollments. All normal costs related to an increase in the number of students must be recognized. The support budget for the state colleges is based on formulas generated by inputs of FTE students. Nearly all functions of the institution's budget are affected. More students require additional student aid personnel, accounting personnel, admissions and records personnel, financial aid assistance, security personnel and related building space.

B. Educational Policy. The existing facilities have been constructed under an education policy which stresses the teaching relationship of close faculty-student contact. Within this policy is the factor that class size should not exceed certain limits. This teaching function of the state colleges has led on an average to undergraduate class size of 40 students and a graduate class size of 20. The current space has been constructed with this factor in the design at a classroom utilization rate of 34 hours per week with 66 percent station occupancy. To suddenly change our utilization of stations to 100 percent, as might appear possible at first glance, would increase our class size by approximately one-third. This is a significant change in the level of education. One-hundred-percent student station occupancy can and has been achieved in some classes. To require this level of all classes would create new constraints on the education system which must be fully evaluated. Thus, only classes which can draw large classes would be taught. Courses in nursing, engineering, special therapy and physical education which currently have low enrollments might be dropped.

If student assignments were mandated, then again we have significantly changed the education policy of the state. The normal matrix for a bachelor's degree is for a student to achieve 120 units of credit over a four-year period of time. Within this matrix are some required courses. However, there are sufficient "elective" courses to allow individual interests to develop into a career pattern. A requirement of 100 percent station occupancy would appear to place more mandated class assignments upon the student. Our proposed standards would maintain current class size while seeking to utilize more hours.

Current Status of Space Utilization Studies

Based on the above considerations, the 1969 Budget Conference Committee directed that "all segments of higher education are required to report by November 1, 1969 on their proposed method of how to reach a classroom utilization standard of 75 percent of the hours available between 8 a.m. and 10 p.m. Monday through Friday (53 hours). The student stations in each room shall be at least two-thirds utilized under this proposal." In addition, the Coordinating Council for Higher Education was directed to restudy its standards.

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Reports in accordance with the above legislative directive have been received from the coordinating council, the state colleges, the University and the community colleges.

Coordinating Council for Higher Education. On October 20, 1969, the Coordinating Council for Higher Education transmitted an information program report on its restudy of existing space and utilization standards. The council reports that during June of 1969 an advisory committee on utilization was formed to determine (1) the extent of intersegmental cooperation required to conduct a utilization study, (2) the type of data to be collected for subsequent analysis (in terms of space inventory and its utilization), and (3) a time table for data collection and a final report.

The council's report states "that space inventories for the three segments as of fall term 1968 were available, but that a course section report relating to inventory utilization would not be available from the community colleges until fall 1969. Therefore the committee established the following schedule for completing its report.

1. Collect space inventory and course section reports for the fall term 1969.
2. Complete study of utilization by June 1, 1970.
3. Analyze data, and revise standards where appropriate.
4. Submit final report to the Legislature by November 1970.

In view of this schedule, the council staff has proposed to the office of the Legislative Analyst that the reporting date be postponed until November 1970."

At a December 3, 1969 Ways and Means hearing on this subject we were concerned that the approach taken by the council appears to be oriented to, and dependent upon, what utilization is currently being accomplished. While this may be informative, we were uncertain as to how it effects a planning standard to the degree that a report on the most feasible standard must be postponed until reports on current utilization are submitted. We believe that the orientation of the report should be in a positive direction towards what maximum standards are possible within sound educational considerations.

Since the December 3, 1969 hearing, additional information has been received from the Coordinating Council which discusses more extensively factors that will be studied by the council. These include scheduling policies, student and faculty resistance to changes, parking problems and stage of campus development. The net effect, however, is that council advice on this subject will not be available until November 1970.

State Colleges. The report submitted by state colleges does not directly answer the legislative directive to report "on their proposed method of how to reach a classroom utilization standard of 75 percent of the hours available between 8 a.m. and 10 p.m. Monday through Friday (53 hours)." Instead, the report offers rebuttals to our arguments for a 53-hour utilization schedule and concludes that further study is necessary, during which time an interim goal of 30 hours per

Higher Education—Continued

week will be adopted for station utilization in classrooms. (The current CCHE standard is 22.4 station utilization hours per week while our proposal would call for 35 station utilization hours).

Rebuttals include the arguments that:

1. Space utilization is already of high priority to the state colleges.
2. The current class scheduling system would be destroyed by adoption of the proposed utilization standards.
3. Current utilization rates are higher than for any other state.
4. The current high utilization rates have been achieved at the expense of important (unspecified) educational objectives.
5. Since students prefer day classes it is possible that a cost benefit analysis would show that in some instances it would be less costly to eliminate evening programs and build more facilities for day time use.
6. Master plans will have to be reexamined.
7. Class laboratory experience may be reduced.
8. Additional faculty office and library space would be needed.
9. Automobile traffic and parking problems would be monumental.
10. The potential for student unrest would be increased. One of the important factors in counteracting unrest, the extracurricular activity program, would be necessarily curtailed.

The arguments presented are of a general nature. The report does not specify which educational objectives are expended due to increased utilization; it does not present a cost benefit analysis to substantiate the argument that building more space for day use may be cheaper than having evening programs, and in any case it assumes existing student preferences. It does not specify how much class laboratory work would be reduced and it does not specify the quantity of office, parking and library space needed.

As stated previously, the basis of our utilization proposal of 53 hours is that the current facilities which were designed and constructed to present a balanced academic program during 75 percent of the 8 a.m. to 5 p.m. time period, be also utilized 75 percent of the 5 p.m. to 10 p.m. time period. (Saturday classes could be used to reduce this 75 percent factor). While it is possible that students and faculty may find evening class less desirable, we must face the fact that approximately 10,000 qualified students were not admitted to the state colleges this fall. If given the choice of evening classes or no classes, we believe it is reasonable to assume that serious students would choose the former.

While on the one hand we are presented with arguments of why higher utilization cannot be achieved, it is interesting to note that data submitted for the fall of 1968 shows that many colleges are close to achieving the 53-hour (75 percent) standard of room utilization. Fresno, Fullerton, Long Beach, Los Angeles and San Francisco were achieving at least 47 hours of classroom use as shown in Table 3.

Two of the colleges, Fullerton and Long Beach, exceed our standard when the room utilization and station occupancy components are combined to ascertain station utilization. In regard to this the Chancel-

Higher Education—Continued

lor's Office report maintains "this situation developed due to a willingness on the part of the faculty and staff of the colleges to extend both themselves and the facilities. This was necessary because of an enrollment increase of great magnitude. However, there is no question that this over utilization of the existing physical plant and faculty and staff was considered to be a temporary condition and eventually, as the physical expansion of the state college facilities caught up with the enrollment projections, normal utilization of facilities would return. Thus, it is not necessarily sound to use the situation of the last few years as the basis for increasing utilization of the physical facilities."

We believe that part of the Chancellor's Office proposed future review should be devoted to extensively examining the Long Beach and Fullerton colleges as case examples used in the study of the effects of high utilization. Such a method would provide more specific information to be related to educational policy and would provide data which would show whether or not the so-called "overutilization" had any measurable negative effect on the quality of education.

University of California. The University of California's report of November 1, 1969, on achieving the proposed standard of 75 percent of the 70 hours available between 8 a.m. and 10 p.m. five days per week does not present a new planning goal as does the state college proposal. It does include management directives to the campus chancellors concerning the need for better utilization. It specifies that California leads the nation in space utilization. The report includes facility inventory data and analytical studies designed to show that increased classroom utilization could lead to increased total costs.

The study on increased costs is based principally on the argument that afternoon and evening classes would attract lower than average class sizes which would produce a high salary cost per unit of instruction. Such high costs would cancel any capital outlay savings in three to five years.

We have reviewed the statistical material presented by the University and agree that based on the assumption of lower than average student attendance, additional utilization of classrooms could produce more total cost than savings. This assumption is based on traditional attendance patterns which must be weighed in light of current student demand for entrance into higher education. The decision to choose afternoon and evening classes is currently being presented in a different context than in previous years. We believe that qualified students will be more willing to choose such classes when the alternative is the denial of admission to higher education.

An important schedule of data entitled "Utilization Rates and Unit Areas of Organized Class Facilities" which has traditionally been included in the regents' budget was not included in the November 1, 1969 information presented. This schedule is designed to show each campuses' room utilization, station occupancy and station utilization rate.

At the December 3, 1969 hearing, University officials explained that EDP problems led to the absence of the data. Since that hearing the

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data have been compiled and submitted to the Legislature on January 20, 1970, as shown in Table 3.

Additional information from the University submitted in January 1970 has stressed the University's willingness to cooperate in the effort to obtain better classroom space utilization. The information states that it is scaling down capital outlay requests for additional classrooms, that space per student has been reduced and that a new computer based system is under design to improve effectiveness of scheduling.

Community Colleges. The Board of Governors of the Community Colleges reports that under a contractual relationship (Comprehensive Facilities Grant Program) with the Coordinating Council for Higher Education, it is conducting a study relating to the existing utilization among the several community colleges in California. Upon completion of this study it will be able to tell the Joint Legislative Budget Committee the current utilization rates in effect in the community colleges. While not challenging the findings in relation to the recommendations contained in the conference committee report, it desires agreement to complete the study. It is estimated that this utilization study will be completed about October of 1970.

A second consideration is that the 10-year programs for capital outlay construction, authorized by Chapter 19 of Division 14 of the Education Code, require that these programs be submitted to the Chancellor's Office 21 months before the fiscal year in which the programs represented in a 10-year plan will become effective if acted upon favorably by the Legislature. This factor hinders the implementation of higher standards during 1970-71.

Conclusions

From the foregoing we reach the following conclusions:

1. All segments of public higher education in California are seeking to improve their utilization of facilities.
2. No segment of higher education has fully demonstrated how 75 percent utilization can be achieved, although individual state colleges approximate that degree of utilization.
3. The most recent state college data show that the colleges are utilizing their lecture rooms an average of 41.6 hours with a station occupancy rate of 70 percent for a station utilization rate of 29.1 hours.
4. The most recent University of California data show that the campuses are utilizing their lecture rooms an average of 28.8 hours with a station occupancy rate of 58 percent for a station utilization rate of 16.7 hours.
5. The current Coordinating Council for Higher Education utilization standard calls for a lecture room average use of 34 hours with a station occupancy rate of 66 percent for a station utilization of 22.4 hours.
6. The Coordinating Council for Higher Education will present a review of its standards on November 1, 1970.

Higher Education—Continued

7. The most effective additional room utilization will occur only if class sizes are maintained at the average station occupancy rate.

8. All supportive services such as security, faculty and related space must be recognized when student enrollments are increased due to increased utilization.

9. *Enrollments may be limited significantly in the near future due to space limitations. We believe that our findings demonstrate additional capacity in the University and state college systems. By increasing room utilization between 8 a.m. and 10 p.m. to 75 percent there is classroom space available in almost every institution. The unlimited choice of students and faculty in arranging courses may be affected somewhat, but we believe that this a better alternative than denying admission to qualified applicants.*

TEACHER PREPARATION IN CALIFORNIA

On October 27, 1969 our office prepared an extensive report on teacher training in response to HR 343 of 1969 and questions of the Assembly Education Committee. The material presented an overview of the major precredentialed and postcredentialed teacher training programs currently being conducted in the State of California in accordance with the following outline:

Programs Primarily for Preservice Teacher Training

Traditional Higher Education Programs

Internships

Distribution of EPDA Funds 1969-70

Federal Teacher Corps

The Need for In-service Training

Programs For Both Preservice and In-Service Teacher Training

Laboratory School Programs

Preservice and In-service McAteer Projects

Programs Primarily For In-service Teacher Training

The Elementary And Secondary Education Act

Title I—Compensatory Education

Title III—Supplemental Educational Centers

Title IV—ESEA—Educational Laboratories

Professional Development And Program Improvement Act of 1968

The Continued Need to Prepare Teachers

In reviewing teacher training programs it is helpful to discuss the current magnitude of the teaching force and California's projected needs. In February 1967, the State Department of Education issued a major study entitled "Teacher Supply and Demand in California, 1965-1975." Table 1 summarizes the enrollments and teacher demand reported.

Higher Education—Continued

Table 1

| Enrollment and Teacher Demand 1960-1975 | | | | | | |
|---|------------------|----------|-----------------|----------|-------------------|----------|
| School Year | Elementary Level | | Secondary Level | | All School Levels | |
| Actual | Enrollment | Teachers | Enrollment | Teachers | Enrollment | Teachers |
| 1959-60 -- | 2,189,568 | 70,258 | 1,001,117 | 41,130 | 3,190,745 | 111,388 |
| 1960 ----- | 2,284,203 | 73,412 | 1,083,898 | 44,088 | 3,368,101 | 117,500 |
| 1961 ----- | 2,377,918 | 76,879 | 1,166,782 | 46,643 | 3,544,700 | 123,522 |
| 1962 ----- | 2,472,768 | 80,890 | 1,261,487 | 50,539 | 3,734,255 | 131,429 |
| 1963 ----- | 2,568,695 | 84,702 | 1,359,641 | 54,426 | 3,928,336 | 139,128 |
| 1964 ----- | 2,654,791 | 88,982 | 1,434,552 | 58,512 | 4,089,343 | 147,494 |
| 1965 ----- | 2,740,888 | 92,914 | 1,486,241 | 61,282 | 4,227,129 | 154,196 |
| Projected | | | | | | |
| 1966 ----- | 2,838,736 | 97,865 | 1,572,024 | 64,808 | 4,410,760 | 162,673 |
| 1967 ----- | 2,914,493 | 102,244 | 1,639,172 | 67,731 | 4,553,665 | 169,975 |
| 1968 ----- | 2,979,945 | 105,093 | 1,716,143 | 71,061 | 4,696,088 | 176,154 |
| 1969 ----- | 3,039,399 | 109,172 | 1,783,327 | 73,750 | 4,822,726 | 182,922 |
| 1970 ----- | 3,077,033 | 111,190 | 1,851,874 | 76,759 | 4,928,907 | 187,949 |
| 1971 ----- | 3,110,536 | 113,053 | 1,918,209 | 79,677 | 5,028,745 | 192,730 |
| 1972 ----- | 3,158,774 | 115,347 | 1,969,778 | 81,976 | 5,128,552 | 197,323 |
| 1973 ----- | 3,213,595 | 117,762 | 2,025,276 | 84,081 | 5,238,871 | 201,843 |
| 1974-75 -- | 3,272,237 | 120,311 | 2,074,238 | 86,234 | 5,346,475 | 206,545 |

While the total yearly increase in teacher demand increases by 4,000-5,000 per year this must be considered in conjunction with turnover due to retirements, family duties, etc., estimated in Table 2.

Table 2

Maximum Estimated Annual Teacher Requirements 1960-1975

| | Replacements | | Growth | | Total | | |
|------------------|--------------|-----------|------------|-----------|------------|-----------|-------------|
| Year | Elementary | Secondary | Elementary | Secondary | Elementary | Secondary | Grand Total |
| 1960-1961 | -- 5,831 | 3,414 | 3,154 | 2,958 | 9,000 | 6,400 | 15,400 |
| 1961-1962 | -- 6,093 | 3,659 | 3,467 | 2,555 | 9,500 | 6,200 | 15,700 |
| 1962-1963 | -- 6,381 | 3,871 | 4,011 | 3,896 | 10,400 | 7,800 | 18,200 |
| 1963-1964 | -- 6,714 | 4,195 | 3,812 | 3,887 | 10,500 | 8,100 | 18,600 |
| 1964-1965 | -- 7,030 | 4,517 | 4,280 | 4,086 | 11,300 | 8,600 | 19,900 |
| 1965-1966 | -- 7,386 | 4,856 | 3,932 | 2,770 | 11,300 | 7,600 | 18,900 |
| 1966-1967 | -- 7,712 | 5,086 | 4,951 | 3,526 | 12,700 | 8,600 | 21,300 |
| <i>Projected</i> | | | | | | | |
| 1967-1968 | -- 8,123 | 5,379 | 4,379 | 2,923 | 12,500 | 8,300 | 20,800 |
| 1968-1969 | -- 8,486 | 5,622 | 2,849 | 3,330 | 11,300 | 9,000 | 20,300 |
| 1969-1970 | -- 8,723 | 5,898 | 4,079 | 2,689 | 12,800 | 8,600 | 21,400 |
| 1970-1971 | -- 9,061 | 6,121 | 2,018 | 3,009 | 11,100 | 9,100 | 20,200 |
| 1971-1972 | -- 9,229 | 6,371 | 1,863 | 2,918 | 11,100 | 9,300 | 20,400 |
| 1972-1973 | -- 9,383 | 6,613 | 2,294 | 2,299 | 11,700 | 8,900 | 20,600 |
| 1973-1974 | -- 9,574 | 6,804 | 2,415 | 2,105 | 12,000 | 8,900 | 20,900 |
| 1974-1975 | -- 9,774 | 6,979 | 2,549 | 2,153 | 12,300 | 9,100 | 21,400 |

From the data in Table 2, we can estimate a teacher demand of approximately 20,000 per year for at least the next five years. Under current output conditions, California's institutions of higher education will not be able to supply the total demand. A part of the supply will come from institutions outside of California as shown in Table 3.

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Table 3

Estimates of Teacher Supply

| Year | Elementary | | Secondary | | Totals | | Grand Total |
|---------|------------|--------------|-----------|--------------|--------|--------------|-------------|
| | Calif. | Out of State | Calif. | Out of State | Calif. | Out of State | |
| 1967-68 | 4,100 | 1,360 | 5,300 | 2,970 | 9,400 | 4,330 | 13,730 |
| 1968-69 | 4,500 | 1,500 | 5,800 | 3,250 | 10,300 | 4,750 | 15,050 |
| 1969-70 | 4,900 | 1,630 | 6,300 | 3,530 | 11,200 | 5,160 | 16,360 |
| 1970-71 | 5,300 | 1,760 | 6,900 | 3,870 | 12,200 | 5,630 | 17,830 |
| 1971-72 | 5,700 | 1,900 | 7,400 | 4,150 | 13,100 | 6,050 | 19,150 |
| 1972-73 | 6,200 | 2,060 | 7,800 | 4,380 | 14,000 | 6,440 | 20,440 |
| 1973-74 | 6,600 | 2,200 | 8,400 | 4,710 | 15,000 | 6,910 | 21,910 |
| 1974-75 | 7,000 | 2,330 | 8,900 | 4,990 | 15,900 | 7,320 | 23,220 |

The above projections were based on findings that currently 31 percent of the teachers with between zero and three years of teaching experience come from out of state. Thirty-seven percent of K-6 teachers, and 42 percent of 7-12 teachers came from out of state. Therefore, it was estimated that 25 percent of new K-6 teachers and 36 percent of new 7-12 teachers can be expected to come from out of state. Ratios based on these estimates were applied to the inputs from California to estimate the number of teachers from out-of-state institutions entering California teaching between 1967 and 1974, shown in Table 3.

A final important consideration is the finding that the teacher output of California's institutions of higher learning is predominantly secondary credentialed teachers despite the school districts' demand for more elementary credentialed teachers than secondary credentialed teachers.

The Need for In-service Training

In the Teacher Supply and Demand Report mentioned previously, a sample of 4,874 teachers shows that 22 percent of California teachers have taught (not including gaps) 0-3 years, 36 percent 4-10 years, 27 percent 11-20 years, and 13 percent more than 20 years.

About 9 percent of K-6 teachers and 6 percent of 7-12 teachers will reach mandatory retirement age before 1975. The fact that approximately 40 percent of our teachers have taught more than 10 years does not in itself lead to qualitative conclusions. However, when coupled with the small amount of in-service training demonstrated in our report, the conclusion follows that a higher priority should be given to in-service training.

Conclusions

Our full report is too extensive to be included. However, from our review of the programs outlined we made the following findings:

General Findings

1. The teacher training function is of low academic priority within our institutions of higher education and our state and federal categorical aid programs.

Higher Education—Continued

2. There is a need for more statewide interaction between institutions of higher education and school districts in the area of preservice and in-service teacher training.

3. There is little formal statewide or regional dissemination of teacher training information.

4. The central offices of the University of California and the California State Colleges have not assumed a leadership role in encouraging innovative teacher education programs.

Preservice Teacher Training

5. There is a need to provide more preservice classroom experience prior to student teaching. Academic courses requiring such participation have not been fully utilized.

6. Internship and teacher aide programs are of demonstrated usefulness. They help recruit people who have realized their teaching orientation at a late stage in their academic development. They provide income to those that might have foregone teaching preparation due to economic reasons. They can relieve district recruitment problems. They can be utilized in models oriented towards in-service training. They can provide valuable education services which aid the instruction function in classrooms.

7. There is no formal recognition of internships in the budget formula used to generate faculty positions for the schools of education. Such positions can be generated through reimbursements from districts.

8. There is ability within existing budgets for institutions of higher education to adopt experimental teacher training programs of proven effectiveness, i.e., courses requiring more in-district participation.

Laboratory Schools

9. On-campus laboratory schools no longer serve the teacher training function for which they were originally designed. On-campus laboratory schools have not clearly demonstrated that their current function cannot be adequately performed in district laboratory schools.

10. District laboratory school programs are less expensive than on-campus laboratory schools, can usually handle the same projects and have the advantage of being a joint venture with school districts, "where the action is" and relevant to community needs.

11. The EPDA Development Centers have a reasonable program design. They are, however, limited in effectiveness by the high cost per unit of training.

Federal Programs

12. Title I and Title III programs have not emphasized teacher training needs.

State Programs

13. The McAteer RATE program has done little to address teacher training needs as spelled out by the Legislature in Education Code Section 6454(b).

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14. The McAteer RATE program has over-invested its limited teacher training funds in one project of unproved statewide effectiveness.

In-service Teacher Training

15. Traditional in-service teacher training programs are of random orientation and limited effectiveness in addressing major programs such as low student performance in reading and math.

FINANCING CALIFORNIA COMMUNITY COLLEGES**Background**

California's community college system consists of 68 districts governed by local boards which operate 92 colleges. These colleges offer two years of instruction leading to the Associate of Arts degree which for some students is the termination of their academic careers while for others it is the midpoint to a bachelors degree achieved by transferring to a four-year institution of higher education. In 1968-69 there were 417,774 students in average daily attendance calling for an expenditure of approximately \$350 million in support budgets of which the State of California provided approximately one-third (\$105,465,390) while the local districts provided the remaining support with minor federal government support.

At the statewide level the Board of Governors of the Community Colleges was created by Chapter 1549, Statutes of 1967, to "provide leadership and direction in the continuing development of junior colleges as an integral and effective element in the structure of public higher education in the state." The functions of this board were specifically designed to preserve local autonomy and control in the relationship between the new board and the governing boards of the local community colleges and the duties each is to perform. The board is composed of 15 members who were appointed by the Governor for the first time on January 15, 1968.

Financing Community Colleges

As mentioned previously, approximately one-third of the total support budget costs for community colleges is provided by the State of California. The percentage of state support by college varies from as low as 7 percent to as high as 50 percent depending primarily on the results of an apportionment computation formula.

State apportionments are determined by first providing a flat basic aid grant of \$125 per ADA to all districts maintaining community colleges regardless of local wealth. Additional state support is then provided to less wealthy districts by the use of a foundation program designed to provide equalization aid.

In the following example a district with \$100,000 of assessed valuation per student would receive the basic aid of \$125 per student with \$268 in equalization aid for a total state allocation of \$393 per ADA. Using the following formula the equalization aid (E) per student would be the product.

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$$\text{Equalization Aid (E)} = \text{1969-70 Foundation Amount (\$643)} - \left[\text{Basic Aid (\$125)} + \left\{ \frac{\text{District Aid}}{\text{Standard Computational Tax Rate (\$0.25)} \times \text{Local Assessed Valuation per ADA}} \right\} \right]$$

$$\begin{aligned} \text{(E)} &= \$643 - [\$125 + (\$0.25 \times \$100,000)] \\ \text{(E)} &= \$643 - \$125 - \$250 \\ \text{(E)} &= \$268 \end{aligned}$$

A wealthier district which could afford a higher district aid contribution would receive less equalization aid due to the formula, while the very wealthiest districts would receive basic aid but no equalization aid.

The theory behind the equalization aid formula recognizes that there should be a minimum statewide level of support for community colleges set at the foundation level with local districts supplementing this in accordance with the level of support which is feasible. District resources are raised from property taxes fixed by law at a maximum level of 35 cents per \$100 of assessed valuation for general purposes with limited permissible overrides.

Problems with Current Financing System

The chief problem with the current financing procedure is that a great variance occurs in expenditures per student throughout the 68 college districts largely due to the fact that high wealth districts (those with a large assessed valuation per ADA) can raise more revenue than a low wealth district with the same tax effort.

Thus, in 1967-68 the average current expense spent per regular resident student ranged from a low of \$568 to a high of \$1,220 with an average expense of \$727. In terms of the distribution of the 285,247 regular ADA students in 1967-68, 83.4 percent (238,027) were in colleges spending less than \$766 in average current expense per student (\$766 was the average state level of expense on high school students the same year). The remaining 16.7 percent of the students were in those colleges spending from \$766 to \$1,220 per student. While the level of expenditure per student is not the only criteria of educational quality, it is reasonable to assume that the level will be less for those students (83.4 percent) in colleges spending less than \$766 per student than for those in colleges spending more.

A related factor is that the wide range of ability among districts allows for variations of tax effort by local taxpayers with less wealthy districts having to produce a greater effort (tax rate) in order to support students at levels comparable to wealthier districts. In 1967-68 district tax rates for community college purposes ranged from 35 cents to 85 cents. This disparity is further aggravated by the constitutional and statutory requirement for the \$125 basic aid program which is allocated regardless of need or local ability to pay.

A final consideration is the fact that the Master Plan for Higher Education established the community colleges as a major element in

Higher Education—Continued

California's system of higher education. By promoting the 60-40 program in four-year colleges wherein only 40 percent of undergraduates should be freshmen and sophomores, it placed a burden on community colleges to handle students diverted from the four-year schools due to the policy. The Master Plan recommended that the State of California should fund 45 percent of community college costs in consideration of the above program and the statewide benefits received. However, as of 1969-70 the state's share of such funding is less than 33 percent.

Alternative Funding Proposals

Changes in the current funding for community colleges have been considered in several recent reports. In 1966 the State Department of Education contracted for a report entitled "Financing Junior Colleges in California," in 1969 the Coordinating Council for Higher Education presented a report entitled "Review of Junior College Finance" and recent agendas of the Board of Governors of the Community Colleges have presented additional information on the subject. From these sources we will discuss the major alternatives for changes in the levels of funding and systems of funding.

Levels of Funding

Full State Funding. The State of California could assume full responsibility for funding community college support costs. This arrangement would relieve local property taxes of approximately \$200 million in obligations and allow for more uniform distribution of funds per student.

The major difficulty with this approach is that it would add a large and rapidly growing fiscal burden onto the state tax base and it would also constitute a major change in education policy. Current policy recognizes that community colleges are to be managed by locally elected boards capable of responding to local needs. Total state support would probably lead to more central review and control, presumably by the Board of Governors and state control agencies.

50-50 Funding. In accordance with the Master Plan guideline and the increasing responsibility of the community colleges, the state could increase its share of support from its current approximate level of 33 percent to 50 percent. This would allow the current system of local administration to continue.

The major drawbacks to this proposal are (a) that while seeking more funding from statewide revenue, it does not propose to reform the current inequities of expenditure per student and tax efforts discussed previously, and (b) the additional state cost would be approximately \$60 million.

Changes in Systems of Funding

Divide State School Fund into Two Funds. It has been proposed that the existing school fund could be separated into two funds, one for K-12 education grades and one for grades 13 and 14. This would follow the concept of Senate Bill 1481 of the 1967 Legislative session.

The advantages of this proposal would be related to gaining increases

Higher Education—Continued

in the foundation level and correspondingly in the state funding share. It is argued that separate identification would aid in comparing community college support to state college and University support instead of comparing it to K-12 support. Additional advantages would be the retention of "school fund" identification which has the constitutional assurance of top priority for state funds, has procedures for emergency situations and could be modified by law without including considerations which affect K-12 districts.

The disadvantages of this approach relate to the fact that current inequities would continue and it is feared that too much state control would result.

Uniform Statewide Property Tax. Under a system of uniform property tax all assessed valuation in the state would be taxed at perhaps 25 cents per \$100 to provide the local share of the foundation program. Provision could be made to allow locally desired overrides and the payment of additional costs by nondistrict territory for equipment and capital outlay. Funds would be collected at the local level and remitted to a special state fund to be allocated on an ADA basis.

The uniform tax levy system would reduce the effect of individual district financial ability, continue a foundation program approach and provide a financial incentive for nondistrict territory to annex to a district. In addition, it would not affect local control and under current law it would result in a 10-cent general purpose local tax usage (the difference between the 35-cent statutory limit and the 25-cent statewide tax).

A discussion of basic reform in the system of public school finance starts on page 191 of this Analysis. We believe that legislative action is necessary for basic reform in the current system of finance. Criteria against which reform should be measured can be found in the discussion on page 193. These criteria include greater equalization through a statewide property tax for schools and a more meaningful definition of the foundation program.

**STUDENT PARTICIPATION IN THE GOVERNANCE
OF INSTITUTIONS OF HIGHER EDUCATION**

The 1969 Conference Committee directed that the general issue of the student's role in the process of governance and the application of that role in the current governing structure of the individual state colleges and University campuses be examined by special task forces in each segment of higher education. It directed that these task forces (1) be representative of administrators, faculty and students, (2) be convened at the earliest possible date in order to implement their findings and recommendations by fall 1969, and that (3) final reports on the recommendations and their implementation be rendered to the Legislature by the fifth day of the 1970 session so that any financial implications can be adequately considered.

State Colleges

In response to this directive the state colleges have reported that there is little doubt that the future holds the prospect of increasing

Higher Education—Continued

student involvement in institutional governance. While the pace and process will vary from college to college, the direction is set.

Expanding involvement on all-college committees will continue and it seems likely that students will ultimately take seats on faculty tenure, retention and promotion committees. However, it is probable that the greatest "growth rate" will be at the academic departmental level.

The colleges' report is still in a preliminary form since it was believed that the size of the California State College System, and diversity of its 19 individual colleges, makes reliance on a single, system-wide task force, charged with developing recommendations with equal relevance for all institutions, somewhat questionable.

A series of regional study groups will begin their work in late January 1970. Each group will be composed of administrators, faculty and students representing from two to four colleges. Groupings will be based on size and similarity of institutions.

Representatives from these regional study groups will form a systemwide task force by late February, charged with integrating the findings and recommendations of the regional groups into a final report to be submitted to the Legislature by early June.

University of California

The University of California has submitted a more extensive task force report on student participation in governance. The task force was composed of three students, three professors, three chancellors and two members of the president's office.

Basic guidelines included the assumptions that students should provide leadership in decisions which affect student life on campus and faculty should provide leadership in decisions that involve curricula and courses. As a result of their deliberations the task force has made the following recommendations:

1. Departments and other similar units should establish a means for increased involvement of students in the decision making process.
2. Colleges and multidepartmental schools should establish a means for involving students in the formulation of overall policy.
3. Campus administrators should create suitable mechanisms for insuring effective student input at every appropriate point in the administrative process.
4. The Academic Senate should continue to develop and implement procedure by which students become increasingly involved in consultation and discussion of matters related to scholarly endeavors, courses and curricula.
5. In the light of prior recommendations and in order to insure effective representative student involvement in campus decision making processes, student governments should be strengthened by all possible means.
6. Campuses should provide a means by which broad concerns of the University can be discussed by representatives of the entire community—faculty, students, staff and administration—and which would provide advice to the various segments of the University.

Higher Education—Continued

In discussing these recommendations it was determined that the key administrative unit of the University is the department, since its role is to initiate. In discussing the validity of student government policies the task force rejected the view that low voting rates or controversial statements should invalidate such policies. However, the strengthening of student government is still needed. Student voting on the Academic Senate was discouraged, yet participation on committees, except those dealing with personnel matters, was encouraged.

While it is too soon to judge the results of the segmental task force recommendations, we are encouraged by the attitude and efforts made to date. While no one study or report can be definitive in establishing the proper approach to a complex social issue in institutions of higher education, it can provide needed ideas and leadership. Of particular relevance is the sixth recommendation made by the University. Envisioned in the discussion of this recommendation was the establishment of campus forums to provide open communication.

COORDINATING COUNCIL FOR HIGHER EDUCATION

Items 85 and 86 from the General Fund

Budget page 339

| | |
|---|-----------|
| Requested 1970-71 ----- | \$546,186 |
| Estimated 1969-70 ----- | 558,633 |
| Actual 1968-69 ----- | 504,727 |
| Requested decrease \$12,447 (2.2 percent) | |
| Total recommended reduction ----- | None |

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS*Analysis
page***1. Admissions**

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We recommend that the Coordinating Council for Higher Education analyze the admissions priority plan expressed in the Master Plan for Higher Education, compare it with existing policies and plans implemented by the segments and make recommendations about the advisability and feasibility of implementing the Master Plan recommendations in California's system of higher education. The report is to be made to the Joint Legislative Budget Committee by November 1, 1970.

2. Federal Programs

366

We recommend that the \$30,495 Title VIII program be transferred to the Office of Intergovernmental Management which has state program responsibility of state/local relations and planning.

We recommend that an evaluation of the Title VIII Community Development Training Program's success and failure be presented to the Governor and Legislature annually after the final completion of projects.

We recommend that the Legislature submit a resolution to California's congressional delegation to amend Title VIII of the

Coordinating Council for Higher Education—Continued

Housing Act of 1964 to incorporate a fixed allocation of funds formula giving weight to states with urban centers.

3. WICHE

We recommend that the Legislature seek clarification of the Governor's intent to withdraw from WICHE. We recommend California's continued membership. 368

GENERAL PROGRAM STATEMENT

The Coordinating Council for Higher Education was established by the Legislature under the Donahoe Higher Education Act of 1960 based on a recommendation in the Master Plan for Higher Education to provide an independent agency to coordinate the activities of the University of California, the California State Colleges and the Community Colleges. The council recommendations are advisory and are generally intended to prevent duplication of responsibilities and to assure a satisfactory level of quality in each segment of higher education consistent with its assigned function.

The council has 18 members, of which 9 are appointed by the Governor and confirmed by the Senate. Six of the Governor's appointments are general public members and three represent California's private colleges and universities. Of the remaining nine members, three, including the president, represent the University of California and are selected by the regents, three, including the chancellor, are selected by the board of trustees to represent the California State Colleges, and three, including the chancellor, are selected by the Board of Governors of the Community Colleges.

1970-71 Budget

The Coordinating Council's budget for 1970-71 is composed of seven programs totaling \$1,112,997 as shown in Table 1.

Table 1
Programs of the Coordinating Council for Higher Education

| Program | Actual 1968-69 | Estimated 1969-70 | Proposed 1970-71 |
|--|-------------------|----------------------|---------------------|
| A. State Coordination | \$482,253 | \$510,165 | \$497,219 |
| B. Higher Education Facilities and Equipment | 145,722 | 111,705 | 114,683 |
| C. Higher Education Facilities Comprehensive Planning | 180,935 | 353,175 | 354,575 |
| D. Community Service and Continuing Education | 42,139 | 54,527 | 56,025 |
| E. Training in Community Development | (13,147) | 30,495 | 30,495 |
| F. Higher Educational Opportunity | — | 20,000 | 45,000 ¹ |
| G. Western Interstate Commission | 15,000 | 15,000 | 15,000 |
| Totals | \$866,049 | \$1,095,067 | \$1,112,997 |
| Revenues | | | |
| General Fund | \$504,727 | \$578,633 | \$591,186 |
| Federal Funds | 361,322 | 516,434 | 521,811 |

¹ Allocation from appropriation made by Item 99.

Coordinating Council for Higher Education—Continued

A. STATE COORDINATION PROGRAM

| | <i>Actual</i> 1968-69 | <i>Estimated</i> 1969-70 | <i>Proposed</i> 1970-71 | <i>Change</i> |
|--------------------|--------------------------|-----------------------------|----------------------------|---------------|
| Expenditures ----- | \$482,253 | \$510,165 | \$497,219 | \$12,946 |
| Man-years ----- | 25.6 | 25.5 | 24.5 | -1 |

According to the Donahoe Act, the council is to carry out its advisory responsibilities in three ways: (1) by reviewing and commenting on the budget requests submitted to the Governor and the Legislature by the University and the state colleges, (2) by making recommendations on the articulation of the functions of the University, the state colleges and the community colleges and (3) by advising the Governor and the Legislature on matters affecting the orderly growth of each segment such as the need for and the location of new colleges, campuses and programs. The council fulfills these obligations by presenting a series of advisory reports on a wide variety of subjects. In the current year it has presented or will present reports dealing with additional centers operation, federal programs, continuing education, junior colleges and other subjects. In addition, the council responds to special requests from the Governor and the Legislature. These include studies on the doctor of arts degree (excellence in teaching), the governance of junior colleges, multiyear budgeting, cost-per-student, faculty workload, automatic data processing, student financial aid and others. A more extensive list of studies is shown in the Governor's budget presentation.

Budget modifications to this program include the transfer of 1.5 positions to the training in Community Development Program discussed elsewhere in this analysis and the elimination of a supervising clerical position.

Admissions Priority Plan for Higher Education Needed

We recommend that the Coordinating Council for Higher Education analyze the admissions priority plan expressed in the Master Plan for Higher Education, compare it with existing policies and plans implemented by the segments and make recommendations about the advisability and feasibility of implementing it in California's system of higher education. The report is to be made to the Joint Legislative Budget Committee by November 1, 1970.

Restrictive admissions standards were established in the Master Plan for Higher Education under the policy guideline that "the quality of an institution and that of a system of higher education are determined to a considerable extent by the abilities of those it admits and retains as students. This applies to all levels—lower division, upper division, and graduate." The separation of functions between the University of California and the California State Colleges justified a separate standard for each segment. However, the Master Plan was explicit in stating that "both should be exacting (in contrast to public higher educational institutions in most other states) because the junior colleges relieve them of the burden of doing remedial work. Both have a heavy obligation to the state to restrict the privilege of entering and remaining to those who are well above average in the college-age group."

Coordinating Council for Higher Education—Continued

The Master Plan recommended that "in order to raise materially standards for admission to the lower division, the state colleges select first-time freshmen from the top one-third (33 $\frac{1}{3}$ percent) and the University from the top one-eighth (12 $\frac{1}{2}$ percent) of all graduates of California public high schools." In discussing the allocation of students among institutions, the survey team foresaw a possibility of overcrowding and stated that "the tightened admission standards . . . will help to divert many students to the junior colleges; so may overcrowded conditions on state college and university campuses. Persuasive counseling might help sell the merits of the junior colleges. . . . Eventually, the systems may have to resort to quotas and develop methods of selection in addition to basic admission requirements. . . . Among the better criteria suggested for choosing those applicants to be admitted to a particular institution, when all cannot be accommodated, are the following:

1. The best students should be granted their first choice. The Technical Committee on Selection and Retention of Students stressed the importance of giving the exceptional applicant the privilege of choosing where he is to go.

2. Continuing or reentering students at each institution should be given preference over new students.

3. Applicants within commuting range might be chosen before those requiring dormitory accommodations.

4. The more advanced student could be favored over the less advanced.

The team is less favorably impressed with these possible criteria:

1. Students with extracurricular skills—athletic, forensic, musical—might be preferred.

2. Sons and daughters of alumni might be given some preference.

3. Applications might be accepted in the order in which they are received, providing admission standards are met.

4. Choice by chance, through drawing lots, could be resorted to if other means fail."

We believe that the criteria for admissions expressed by the Master Plan are reasonable.

In contrast to these Master Plan guidelines, the current state college admissions plan appears to be based on the less favorable criteria. Thus, admissions are based on chronological order in which they are received with choice by drawing lots used to decide when the number of applicants of equal chronological priority exceeds the openings available. In addition, there appears to be an inconsistency concerning the third Master Plan desirable admission criteria that "applicants within commuting range might be chosen before those requiring dormitory accommodations." In December 1969, Hayward announced that it would give priority to surrounding area transfer students over out-of-area transfer students. However, the same policy was not announced at the other bay area colleges, San Jose, San Francisco and Sonoma. It would appear that such unilateral decisions allow Hayward area students an

Coordinating Council for Higher Education—Continued

admissions advantage since they have highest priority in their own area and equal priority as San Jose and San Francisco.

We believe that a thorough analysis of the Master Plan's admissions priority system as it compares to existing priorities in the University and state colleges should be accomplished. It is possible that if California's institutions of higher education cannot enroll all qualified students and if the current admissions policies are unreasonable an overall admissions priority program may need to be legislated. If it is, the advice of the Coordinating Council should be ascertained.

Enrollments in Higher Education

In response to the 1969 Budget Conference Committee report the Coordinating Council is studying enrollment projection methods throughout higher education. Preliminary information released in December of 1969 states that:

"There is too little intersegmental exchange of information as to policies and procedures which affect enrollment figures. Moreover, each segment prepares its own figures, in effect; there is no attempt to allocate total potential enrollment among the segments.

Enrollment projections are increasingly subject to management in relation to physical capacity and are drifting further away from representing actual 'demand.' The Department of Finance Phase I projections, based upon grade progression analysis, are not sufficiently sensitive to variations and trends in local and statewide participation rates to provide an acceptable measure of enrollment demand. Nor do they provide an adequate measure of the extent to which current enrollment demand is actually being met by public and private institutions of higher education in California.

The procedures which surround the preparation and approval of annual current expense budgets do not make adequate provision for unforeseen enrollment changes."

A final report on this matter is expected in the spring of 1970. We believe that a stronger role by the council in reviewing enrollments would be an appropriate leadership and coordinative position within the guidelines of its responsibilities.

Federal Funds Report

In response to the 1969 Budget Conference Committee directive that the council evaluate a coordinated system of (a) reporting current federal program requirements, and (b) reporting the volume and use of federal funds in California institutions of higher education. The council has reported that work in this area is currently being accomplished at the federal level. Rather than duplicate a complex task, the council has decided to review the output of the federal effort and report to the Legislature thereafter. We believe that this is a reasonable approach.

Coordinating Council for Higher Education—Continued

B. HIGHER EDUCATION FACILITIES AND EQUIPMENT PROGRAM

| | <i>Actual 1968-69</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> | <i>Change</i> |
|--------------------|-----------------------|--------------------------|-------------------------|---------------|
| Expenditures ----- | \$145,722 | \$111,705 | \$114,683 | \$3,978 |
| Man-years ----- | 5.9 | 7.2 | 7.2 | -- |

A. Higher Education Facilities Act. Under Title I of the Higher Education Facilities Act of 1963 the federal government provides matching funds on a one-to-one federal-state basis for junior colleges, technical institutes and four-year institutions to assist in financing the construction, rehabilitation or improvement of academic and related facilities. In its role as the administering agency (designated as such by the Legislature in 1964) the Coordinating Council is responsible for the receipt and processing of applications from all public and private institutions of higher learning, the establishment of priorities for these projects and recommendation to the U.S. Commissioner of Education of projects eligible for funding in accordance with the state plan. In addition, it may from time to time make recommendations for revisions in the state plan which must also be approved by the commissioner. Expenditures for the program are shown in Table 2.

Table 2
Allocation of Federal Funds Under Title I,
Higher Education Facilities Act of 1963

| | <i>Actual 1965-66</i> | <i>Actual 1966-67</i> | <i>Actual 1967-68</i> | <i>Actual 1968-69</i> |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| University of California----- | \$10,732,742 | \$11,913,404 | \$2,660,715 | \$2,491,751 |
| California State Colleges----- | 18,573,761 | 19,821,464 | 16,084,003 | 7,050,179 |
| Junior colleges and technical institutes ----- | 7,762,896 | 6,953,420 | 5,265,020 | 6,678,961 |
| Private colleges ----- | 9,910,010 | 7,063,874 | 3,101,000 | 5,611,901 |
| Totals----- | \$46,979,409 | \$45,752,162 | \$27,110,738 | \$21,832,792 |

B. Equipment Program, Higher Education Act. The second element, Title VI-A of the Higher Education Act of 1965, is designed to improve undergraduate instruction by providing instructional equipment and closed-circuit instructional television on a one-to-one matching basis. The federal allocation is made to the states on the basis of a two-part formula which accounts for the number of full-time students in the state in comparison to the full-time students nationally and the state's per capita income in comparison to that of other states.

According to the regulations of the program, no institution may make more than one application per year or receive more than \$100,000 for laboratory equipment or \$50,000 for closed-circuit television. As the designated administering agency for this program, the council is required to review all applications for assistance, establish priorities, make recommendations for approvals to the U.S. Commissioner of Education and recommend changes in the state plan. Table 3 shows the expenditures for this program in 1968-69.

Coordinating Council for Higher Education—Continued

Table 3
Allocation of Title VI-A Funds
1968-69

| Segment | Grants awarded | Amount |
|--------------------------------|----------------|-------------|
| Category I—Equipment: | | |
| Independent Colleges ----- | 13 | \$271,834 |
| Community colleges ----- | 7 | 325,987 |
| State colleges ----- | 1 | 50,000 |
| University of California ----- | 27 | 766,082 |
| Total ----- | 48 | \$1,413,903 |
| Category II—Closed Circuit TV: | | |
| Independent Colleges ----- | 1 | \$3,914 |
| Community colleges ----- | 7 | 135,292 |
| State colleges ----- | 3 | 23,937 |
| University of California ----- | 0 | -- |
| Total TV ----- | 11 | \$163,143 |
| GRAND TOTAL ----- | 59 | \$1,577,046 |

The 7.2 positions budgeted for the above activities are fully reimbursed from federal funds. *We recommend approval.*

C. HIGHER EDUCATION FACILITIES COMPREHENSIVE
PLANNING PROGRAM

| | Actual 1968-69 | Estimated 1969-70 | Proposed 1970-71 | Change |
|--------------------|----------------|-------------------|------------------|---------|
| Expenditures ----- | \$180,935 | \$353,175 | \$354,575 | \$1,400 |
| Man-years ----- | 2.1 | 3- | 4 | 1 |

This program is financed by a three-year grant from the U.S. Office of Education, is intended to enable California to develop a comprehensive plan for the construction of higher education facilities over the next 10 to 15 years. The plan is to include all two- and four-year public and private institutions.

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

This planning effort will have significant carryover effects on state spending for capital outlay for the segments since the facilities inventory information can be used to produce relevant space utilization data. As we discussed previously in the Scope and Function Section, the future needs of the segments can be more precisely analyzed and predicted with this type of data.

The budget for 1970-71 proposes one higher education specialist II position needed to handle computerized information gathering, storage and utilization. Funds for this program are reimbursed from the federal government. *We recommend approval.*

Coordinating Council for Higher Education—Continued

D. COMMUNITY SERVICES AND CONTINUING EDUCATION PROGRAM

| | <i>Actual</i> 1968-69 | <i>Estimated</i> 1969-70 | <i>Proposed</i> 1970-71 | <i>Change</i> |
|--------------------|--------------------------|-----------------------------|----------------------------|---------------|
| Expenditures ----- | \$42,139 | \$54,527 | \$56,025 | \$1,498 |
| Man-years ----- | 3.5 | 4 | 4 | - |

The Community Services and Continuing Education Program was established under the provisions of Title I as amended of the Higher Education Act of 1965, to strengthen the public service functions of colleges and universities as a means of combating various community problems including those of inadequate housing, poverty, recreation needs and employment. Funds are allocated on a one-to-three (state-federal) matching relationship. The amount of each state's allocation is determined by a flat grant of \$100,000 with the remaining funds shared on a population basis. As the agency selected for the administration of the act, the council is responsible for review, establishment of priorities, recommendations to the federal government for application approvals and changes in the state plan.

Program activities which have been conducted under Title I include leadership training for minority groups, community awareness programs for regional planning, urban planning seminars for city managers, middle management seminars on urban program solving, consumer education and home management classes for disadvantaged groups, training and counseling of minority businessmen from disadvantaged communities, municipal leaders' seminars in computer-based information systems, leadership training in community-school relations and TV symposia on community problems.

There are no changes proposed in the level of service. *We recommend approval.*

E. TRAINING IN COMMUNITY DEVELOPMENT PROGRAM

| | <i>Actual</i> 1968-69 | <i>Estimated</i> 1969-70 | <i>Proposed</i> 1970-71 | <i>Change</i> |
|--------------------|--------------------------|-----------------------------|----------------------------|---------------|
| Expenditures ----- | \$13,147 | \$30,495 | \$30,495 | - |
| Man-years ----- | 1 | 1.5 | 1.5 | - |

Title VIII of the Federal Housing Act of 1964 is designed to provide training and educational opportunity to state and local government personnel involved in community development. The program objective of such activity is to improve the quality of urban life. The federal administrator of this program is the Department of Housing and Urban Development (HUD). HUD's objectives in community development training support include preparation of manpower for the more traditional urban responsibilities of public housing, urban renewal and redevelopment, code enforcement and relocation. New and emerging responsibilities, such as low and moderate income housing, community organization, equal opportunity in housing and employment and all other phases of community development, neighborhood facilities, economic development and industrialization, urban planning, and

Coordinating Council for Higher Education—Continued

the crucial sector of state and local urban administration are also considered important elements of health community development program.

The 1968 amendments to Title VIII of the Housing Act of 1964 provide for the training of subprofessionals, in addition to the technical and professional personnel who were eligible for training under the original legislation. The amendments also broaden the scope of employing agencies to include private nonprofit organizations which are conducting or have responsibilities for housing and community development programs. As these organizations are assuming an increasingly important role in community development, especially in the development of low and moderate income housing, the designated state agency is encouraged to design training programs to meet the needs of their employees who are eligible for training under Title VIII. Thus, all references to public sector employees include employees of private nonprofit organizations as well as employees of state and local government, with community development responsibilities.

State Administration

Title VIII funds are allocated on a 50-50 matching basis by HUD using a system which involves a designated state agency as an agent to coordinate and give priority to the funding requests. Despite HUD's retention of final decision control and its establishment of procedures which closely involve it in state programs, it attempts to operate under the policy that "building the capability of the designated state agency as a full partner in community development training will receive a high priority."

The Coordinating Council for Higher Education was designated by the Legislature (Chapter 65, Statutes of 1966, First Extraordinary Session, Education Code Section 22757) as the state agency to carry out the purposes of Title VIII. Although Title VIII is an urban development program, it was felt in 1966 that there would be a heavy emphasis upon institutions of higher education and therefore Section 22757 was included in a bill designating the Coordinating Council as administrator of two titles of the federal Higher Education Act of 1965.

Title VIII Funding

Funds were first appropriated for this program in 1968. The total amount of money available nationally for the program has been \$3 million in each of the past two years. In 1967-68 the council-approved plan contained 17 projects requesting \$252,000. A grant of \$135,000 to fund nine projects was received. In 1968-69 the plan contained 17 projects requesting \$270,000. A grant of \$151,000 to fund 11 projects was received.

It is expected that another \$3 million will be available nationally in fiscal year 1969-70. The state's General Fund administrative cost for this program has been approximately \$15,000 per year, while the participating local agencies must fund the 50 percent matching amounts. Table 4 shows the planned 1969-70 distribution of Title VIII funds.

Coordinating Council for Higher Education—Continued

Table 4

Summary of Title VIII Projects 1969-70

| <i>Local agency</i> | <i>Project</i> | <i>Federal funds</i> | <i>Total cost</i> |
|--------------------------------|-------------------------|----------------------|-------------------|
| CCHE | State Administration | \$15,203 | \$30,495 |
| Chico State College | Problem Sensitivity | 12,893 | 26,352 |
| UCLA | Manpower Development | 42,150 | 85,055 |
| State Personnel Board | State-Local Training | 19,791 | 39,582 |
| Merritt College | Community Planning | 14,950 | 29,900 |
| UCSC | Local Program Budgeting | 9,420 | 18,840 |
| State Department of Housing | Housing Code Workshops | 10,286 | 20,686 |
| UCI | Regional Solutions | 10,000 | 20,000 |
| USC | Preservice Training | 9,991 | 20,572 |
| Walnut Creek | Inservice Training | 3,124 | 6,324 |
| Oakland | Inservice Training | 3,617 | 7,260 |
| Totals | 11 projects | \$151,425 | \$305,072 |

From the data in Table 4 it can be concluded that Title VIII programs are generally administered by institutions of higher education distributed throughout the State of California with the main focus on aiding in the solutions of urban problems through specialized personnel training.

Current Program Difficulties

As we have reviewed this program, three problem areas have emerged which should be addressed in the immediate future. The first problem is that of receiving program performance evaluations, the second concerns whether there is a more appropriate state agency to administer the program, and the third concerns the amount of California's Title VIII allocation.

Performance Reports Needed

Program performance evaluation data is important to all government programs in California regardless of their being large, small, federal, state or local. In large programs such as those administered by the compensatory education staff of the Department of Education the state has established evaluation staffs to obtain objective feedback data. On smaller programs such as Title VIII, the independent evaluation cost would not be justified. Such evaluation becomes the duty of the program administrators at the federal and state level. Visitations and required reports from the project staff should be used for input to be analyzed for perhaps an annual report on accomplishments. To date, we are unaware of any comprehensive performance reports produced by the federal government or the CCHE.

Change of Administrative Agency Needed

The second problem with the Title VIII program is whether or not the CCHE is the proper administrative agency. While it is true that institutions of higher education are the chief participants, the program is designed to improve local community development. The issue centers on the merits of administration by organizational unit or by program responsibility. Thus, arguments can be made that state agencies with

Coordinating Council for Higher Education—Continued

responsibility for community development should administer Title VIII. Such agencies could be the Department of Housing and Community Development or the Office of Intergovernmental Management.

The most recent data available on the administrative agencies in other states for Title VIII demonstrates that this program is generally assigned to an agency which handles state and local governmental relations or state planning. Only nine states administer this program through education agencies and none use a department of housing.

California's Title VIII Allocation Needs Increase

A third problem with this program concerns the amount of funds received by this program in relation to the total amount available. As stated previously, approximately \$3 million have been available in funding years 1967-68 and 1968-69. However, California has only received some \$150,000 (5 percent) in each year. A general indicator of appropriate allocation is the percentage California's population bears to the nation's total which is 10 percent. While the percentage of population index should not always be the sole criteria of allocation, this index coupled with the fact that Title VIII is an urban community development program gives strong support to the argument that California is not receiving an appropriate allocation of funds. As stated previously, there is no fixed allocation formula, but rather a subjective criteria established by HUD administrators.

Since this is a federal program, the courses of action available to effect increases in the allocation must be classified in an "inducement" category rather than in a "direct control" category. A resolution by the California Legislature to our Washington delegation seeking Title VIII amendments to insure that a fixed allocation formula giving weight to urban factors is devised would be one course of action. A second (administrative) course of action would be for California to decline to participate in the Title VIII program on the rationale that \$150,000 has little impact on California's needs. If HUD chose to accept our declination it would void their program in an important area of the nation and perhaps place them in a difficult situation in justifying future appropriations. This course of action risks the current funding level which as stated in the premise is somewhat deficient in its ability to make an impact in California.

Conclusions and Recommendations

1. *We recommend that an evaluation of the Title VIII Community Development Training program's success and failure be presented to the Governor and Legislature annually after the final completion of projects.*
2. *We recommend that the \$30,495 Title VIII program be transferred to the Office of Intergovernmental Management which has state program responsibility for state/local relations and planning.*
3. *We recommend that the Legislature submit a resolution to California's congressional delegation to amend Title VIII of the Housing Act of 1964 to incorporate a fixed allocation of funds formula giving weight to states with urban centers.*

Coordinating Council for Higher Education—Continued

F. HIGHER EDUCATIONAL OPPORTUNITY PROGRAMS

| | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> | <i>Change</i> |
|--------------------|--------------------------|-------------------------|---------------|
| Expenditures ----- | \$20,000 | \$45,000 | \$25,000 |

It is proposed that the Coordinating Council design a state plan for EOP programs in California. In addition, the council will evaluate the effectiveness of individual college programs and annually develop for consideration a list of approved instructional programs. The funds shown in this budget are to be allocated from a central EOP item for all state agencies and is discussed on page 522 of this analysis. *We recommend approval as budgeted.*

G. WESTERN INTERSTATE COMMISSION FOR HIGHER EDUCATION COMMISSION PROGRAM

| | <i>Actual 1968-69</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> | <i>Change</i> |
|--------------------|-----------------------|--------------------------|-------------------------|---------------|
| Expenditures ----- | \$15,000 | \$15,000 | \$15,000 | -- |

The Western Interstate Commission for Higher Education (WICHE) is a nonprofit, public agency created by 13 western states to administer the Western Regional Education Compact. This compact was ratified by the Legislatures of the participating states in 1953 and had the objective of encouraging greater cooperation among the western states in the fields of higher education. California's three members are appointed by the Governor to serve four-year terms. WICHE's total representation includes three members from each of the 13 participating states. Its main offices and staff are located at Boulder, Colorado.

The Termination of California's WICHE Membership

The Governor's Budget for 1969-70 did not include membership dues of \$15,000 for California's continued participation in WICHE. This proposal was based on the argument that WICHE's programs do little to benefit California higher education, and there is not adequate accounting for expenditures from membership dues so that it is difficult to ascertain benefits related to the cost of the program.

On May 6, 1969 the Director of Finance requested legislative inclusion of the \$15,000 dues for WICHE in the 1969-70 budget on the rationale that "in order to withdraw from the compact it is required that legislation be enacted so the Governor can execute and transmit the intention of withdrawal." In accordance with the Governor's intent, the Legislature augmented the 1969-70 budget by \$15,000 in a special budget bill item with the following language: "... provided that the Governor gives notice after July 1, 1969 that California intends to withdraw from the compact after June 30, 1971."

On June 24, 1969 the Director of Finance requested that the Legislature eliminate the restrictive language since the administration planned to more thoroughly review the benefits of WICHE. Since both houses of the Legislature had acted identically on WICHE in accordance with the May 6 request, this was not a free conference difference to be negotiated and consequently the restrictive language remained in the 1969-70 Budget Act. On September 5, 1969 the Governor gave notice to WICHE of California's intended withdrawal.

Coordinating Council for Higher Education—Continued
Continued WICHE Membership Recommended

We recommend that the Legislature seek clarification of the Governor's intent to withdraw from WICHE. We recommend California's continued membership. It appears that the Director of Finance was precluded from reanalyzing the benefits of WICHE participation due to the late timing of the June 24, 1969 request. We believe that there are benefits to California from this program and that our membership should be continued. Of primary benefit is the student exchange program wherein students from other WICHE states are admitted to California institutions with fees up to \$3,000 for the institution. In 1967-68 11 states sent \$305,000 to seven California institutions to cover 146 students.

Another benefit is the Management Information System discussed in the state college section of this analysis. Under this system a common data base can be established in all institutions of higher education in WICHE's member states, including California, in order to make comparisons of academic programs. We believe that the Legislature should encourage a reconsideration of this issue with a view to continuance of WICHE participation by California.

UNIVERSITY OF CALIFORNIA

Item 87 through 90

Budget page 346

| | |
|--|---------------|
| Requested 1970-71 | \$333,100,000 |
| Estimated 1969-70 | 329,779,406 |
| Actual 1968-69 | 290,644,912 |
| Requested increase \$3,320,594 (1.0 percent) | |
| Total recommended augmentation | \$607,000 |

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

- | | <i>Analysis
page</i> |
|---|--------------------------|
| 1. Accelerate Overhead Savings | |
| As a policy option, \$2,250,000 of the additional 1969-70 overhead scheduled to be returned to the state in 1971-72 may be applied for use in 1970-71 to fund shortages in the University operating and capital budget. | 380 |
| 2. Budgeting of Assigned Overhead | 381 |
| We recommend that in future budget presentations the University be directed to include all expenditures of assigned overhead within the support budget expenditures. | |
| 3. Health Sciences 10-Year Master Plan | 387 |
| We recommend that the University be redirected to prepare a 10-year master plan for submission by November 1, 1970. | |
| 4. Summer Quarter | 391 |
| We recommend that the Legislature reaffirm approval of the summer quarter program and request the regents to re-establish the operation in 1971. | |

University of California—Continued

Analysis
page

- | | |
|--|-----|
| 5. University Patent Fund Income | 402 |
| We recommend a reduction of \$69,000 from organized research to reflect the state's share of 1968-69 University Patent Fund Income. | |
| 6. Data Processing—Management Information Center | 413 |
| We recommend an augmentation of \$176,000 to permit installation of remote terminals. | |
| We further recommend that the University prepare a report detailing standard administrative reports currently prepared by the administrative data processing center for submission by November 1, 1970. | |
| 7. Master Plan for University Computers | 414 |
| We recommend that the University develop a long-range master plan that will identify the future computing needs of the University. We further recommend that significant expansion of computer hardware be deferred until the report is completed. | |
| 8. Deferred Maintenance Backlog | 417 |
| We recommend an augmentation of \$500,000 to reduce the deferred maintenance backlog with a provision for equal matching from University funds. It is further recommended that the University prepare a detailed list of all deferred maintenance projects to be submitted by November 1 of each year. | |
| 9. University of California Retirement System | 420 |
| We recommend that the University of California with cooperation from the Public Employees' Retirement System prepare a report comparing costs and benefits of the University's retirement system with PERS. It is further recommended that the University not increase benefits prior to submission of the report. | |
| 10. We recommend that the University report by November 1 of each year a detailed listing of the uses of budgetary savings. | 423 |

GENERAL PROGRAM STATEMENT

The 1970-71 Governor's Budget proposes that the State of California appropriate \$333,233,200¹ for support of the current operations budget of the University in the fulfillment of its major functions of (1) instruction, (2) research and (3) public service as delineated in the *Master Plan for Higher Education in California* and to carry out these functions with distinction commensurate with the needs of the state as outlined in the *Academic Plan of the University of California 1968-69 to 1977-78*.

Instruction

A broadly based curriculum leading to the baccalaureate degree is offered by the University. In compliance with the Master Plan, in-

¹ Includes \$133,200 allocated from the Real Estate Education, Research and Recovery Fund. (See Item 196.)

University of California—Continued

creasing emphasis is placed on instruction in professional fields and graduate programs leading to master's and doctoral degrees. In 1968-69 a total of 22,951 degrees were granted, including 14,545 bachelor's degrees, 5,347 master's degrees and 3,039 doctor's degrees.

Research

The University of California is designated by the Master Plan to be the primary state-supported academic agency for research. The University places responsibility for administering research activities in three organizations, according to its academic plan: (1) academic departments, (2) agricultural research stations and (3) organized research units. Faculty members of academic departments engage in departmental research for the stated purpose of enriching their instructional programs. Departmental research is budgeted as part of the expense of instruction and departmental research. Organized research is conducted by agricultural experiment stations and separately organized research units and institutes. State funds are generally used to provide core support and initiate research projects which normally do not attract research grants. Also, state-supported programs offer employment for students which provides experience that is a valuable supplement to their academic education. The federal government is the largest supporter of research at the University. In addition to state and federal moneys, the University receives funds from private gifts and grants to support its research activities.

Public Service

The public service function of the University is provided by Agricultural Extension, University Extension and other public service programs. Agricultural Extension serves the agricultural community through research and educational programs, and the statewide population through improved agricultural products. Varied educational programs are offered by University Extension throughout the state which provide opportunities for adult education and participation in public affairs. Examples of other public services offered by the University campuses are lectures, programs in art and special conferences. A portion of the activities of the teaching hospitals and the library system are examples of educational programs that provide services to the public as a byproduct.

Enrollment Estimates

Institutional workload growth is best indicated by the size (enrollment) and mix (level of instruction) of the student population. The 1970-71 workload is based in the Governor's Budget on an estimated enrollment increase of 5,944 or 6.2 percent for three quarters (academic year), but when the summer quarter students are included the total full year increase is only 252 students or 0.2 percent. This results from the major budgetary decisions to abolish summer quarter programs at the Berkeley and Los Angeles campuses in 1970 which eliminates 5,692 FTE students. Table 1 compares 1969-70 budgeted enrollments to those proposed for 1970-71.

University of California—Continued

Table 1

| University of California Enrollments (as shown in the 1970-71 Governor's Budget) | | | | | |
|---|-------------------|---------------------|---------------------|------------------------|------|
| Summary of enrollment full-time equivalent students | Actual 1968-69 | Budgeted 1969-70 | Proposed 1970-71 | Change from 1969-70 | |
| General Campuses (Fall-winter-spring quarters) | | | | | |
| Lower division ----- | 28,302 | 27,979 | 28,975 | 996 | 3.6% |
| Upper division ----- | 33,762 | 36,557 | 41,457 | 4,900 | 13.4 |
| Graduates | | | | | |
| 1st stage ----- | 13,306 | 14,883 | 14,745 | -138 | -0.9 |
| 2nd stage ----- | 9,147 | 10,023 | 10,041 | 18 | 0.2 |
| Subtotal ----- | 84,517 | 89,442 | 95,218 | 5,776 | 6.5 |
| Health Sciences: (Fall-winter-spring quarters) | | | | | |
| Upper division ----- | 496 | 469 | 471 | 2 | 0.4 |
| Graduates | | | | | |
| 1st stage ----- | 4,924 | 5,373 | 5,582 | 209 | 3.9 |
| 2nd stage ----- | 415 | 505 | 462 | -43 | -8.5 |
| Subtotal ----- | 5,835 | 6,347 | 6,515 | 168 | 2.6 |
| Subtotal, 3-quarter enrollments ----- | 90,352 | 95,789 | 101,733 | 5,944 | 6.2 |
| Summer Quarter | | | | | |
| Lower division ----- | 888 | 1,391 | -- | -1,391 | -- |
| Upper division ----- | 2,257 | 2,309 | -- | -2,309 | -- |
| Graduates | | | | | |
| 1st stage ----- | 1,062 | 1,198 | -- | -1,198 | -- |
| 2nd stage ----- | 700 | 794 | -- | -794 | -- |
| Subtotal ----- | 4,907 | 5,692 | -- | -5,692 | -- |
| University Totals | | | | | |
| Lower division ----- | 29,190 | 29,370 | 28,975 | -395 | -1.4 |
| Upper division ----- | 36,515 | 39,335 | 41,928 | 2,593 | 6.6 |
| Graduates | | | | | |
| 1st stage ----- | 19,292 | 21,454 | 20,327 | -1,127 | -5.3 |
| 2nd stage ----- | 10,262 | 11,322 | 10,503 | -819 | -7.3 |
| Total University-- | 95,259 | 101,481 | 101,733 | 252 | 0.2% |

Graduate Enrollments Reduced

The policy decision to abolish summer quarter programs has a significant impact on the proposed enrollments for the University. These estimates assume that only 25 percent of the undergraduate FTE previously enrolled in the summer quarter would materialize as additional enrollment in the other three quarters. This assumption was not made for graduate students and results in all of the summer quarter graduate FTE being deleted from the enrollments.

There are other enrollment assumptions that apparently developed in the budget process after September 1969 when the regents' budget was released. Graduate enrollments have been reduced well below the previous long-range projections. The assumption that graduate enroll-

University of California—Continued

ments will be stabilized at last year's level in the regular three quarters is a significant policy change from previous enrollment assumptions made by the University.

In addition, health science enrollments, primarily for interns and residents, and graduate academic students have been reduced from previous estimates.

These various enrollment assumptions are difficult to identify specifically in numbers. To assist in evaluating the true magnitude of these changes, Table 2 compares the enrollments shown in the Governor's Budget with those printed in the regents' budget in September 1969. The latest estimates vary sharply from those originally released in September and show a net reduction of 4,421 students. Some change in estimates normally occur in the budget process between these two estimates based on actual fall registrations but these were not of such significance as to account for the magnitude of the changes shown in Table 2.

Table 2
Comparison of 1970-71 Enrollments Between Regent's Budget
and Governor's Budget

| | 1970-71 regents' budget | 1970-71 Governor's budget | Change from regents' budget |
|----------------------|-------------------------------|---------------------------------|-----------------------------------|
| General campuses | | | |
| Lower division ----- | 28,208 | 28,975 | 767 |
| Upper division ----- | 37,684 | 41,457 | 3,773 |
| Graduates | | | |
| 1st stage ----- | 15,986 | 14,745 | -1,241 |
| 2nd stage ----- | 11,145 | 10,041 | -1,104 |
| Subtotal ----- | 93,023 | 95,218 | 2,195 |
| Summer quarter | | | |
| Lower division ----- | 1,548 | -- | -1,548 |
| Upper division ----- | 2,583 | -- | -2,583 |
| Graduates | | | |
| 1st stage ----- | 1,397 | -- | -1,397 |
| 2nd stage ----- | 953 | -- | -953 |
| Subtotal ----- | 6,481 | -- | -6,481 |
| Health sciences | | | |
| Upper division ----- | 481 | 471 | -10 |
| Graduates | | | |
| 1st stage ----- | 5,632 | 5,582 | -50 |
| 2nd stage ----- | 537 | 462 | -75 |
| Subtotal ----- | 6,650 | 6,515 | -135 |
| University totals | | | |
| Lower division ----- | 29,756 | 28,975 | -781 |
| Upper division ----- | 40,748 | 41,928 | 1,180 |
| Graduates | | | |
| 1st stage ----- | 23,015 | 20,327 | -2,688 |
| 2nd stage ----- | 12,635 | 10,503 | -2,132 |
| Total ----- | 106,154 | 101,733 | -4,421 |

From Table 2 one can conclude that the University will not accept qualified students in 1970-71 to the same degree as in previous years.

University of California—Continued

In addition, the reduced graduate enrollments reflect a clear departure from the master plan policy for the University to expand enrollments in the graduate division.

Limitation of Undergraduate Admissions

In the fall of 1969 the three northern campuses (Berkeley, Davis and Santa Cruz) were required to limit enrollment and redirect students to another campus within the system. The number of qualified students who applied prior to the application deadline but were still redirected to other campuses was 3,958. Many of these students were unable or did not choose to attend the alternate campus made available to them.

The budget states that the University budget reflects the policy to admit all qualified undergraduate students. At the same time the summer quarter programs at Berkeley and Los Angeles are eliminated including 11,712 undergraduate students and one third of these represent 3,904 FTE on an annualized basis. The bulk of these FTE students will not be accepted for admission to the other three quarters.

Of greater impact is the fact that all of the students affected by dropping the summer quarter are at Berkeley and Los Angeles where 1970-71 budgeted undergraduates in the regular three quarters will be 569 students below the revised 1969-70 estimates. This indicates that the FTE students who would have been attending summer quarter at these two campuses will be either redirected to another campus or be denied admission.

Program Budget Versus the Functional Budget

The 1970-71 budget includes the initial attempt by the University to employ a program format. This is a departure from the functional type budget previously used to evaluate the required level of state financing. We have reviewed the University expenditure program using both the program and the functional structures. This review has produced two opposite conclusions. While the functional budget indicates the University has absorbed fiscal reductions in certain previously accepted workload areas, the program budget shows the University in a much stronger fiscal position over 1969-70.

The primary reason for this is that the historic budget was displayed in such a way as to provide for selective review of those areas considered to be state programs or state funding responsibilities. On the other hand the program budget format emphasizes total program review from all financial resources whether these funds are state appropriations or University-controlled funds.

State appropriations to the University comprise only a portion of the total expenditures of the University. In the 1970-71 Governor's Budget state funds of \$333,233,200 represents less than a third of the total expenditures of the University which exceed one billion dollars. The remaining funds are under exclusive control of the regents and derived from a variety of sources including contracts and grants from the federal government and endowments, gifts and grants from pri-

University of California—Continued

vate sources, some of which have special restrictions associated with the grant.

Under the new proposed budget it is difficult to relate separately the state appropriations to any measurement of program output or need and a review of this type is discouraged by the presentation. Our analysis for the 1970-71 budget retains identity of the state contribution and is not solely of the program budget. We suggest that in future program budgets the University clearly identify the state's financial interest of the various program elements, thereby maintaining this historic review capability.

The Program Budget Structure

The program budget lists six programs of which three are supportive to the others. Instruction, sponsored research and public service are the primary programs, and libraries is separately identified as a fourth program. The remaining two programs consist of educational supporting services, undistributed and distributed.

The instruction program is the largest and represents 42.1 percent of total University programs. Included here are all instructional activities including summer sessions and teaching hospitals which are principally self-supporting activities. Total instruction is budgeted at \$321,988,000, an increase of \$8,478,000 or 2.7 percent. We were unable to identify the specific components of this increase or to relate it to prior formulas to determine state funding responsibilities. Further, lack of output data precludes a cost-benefit approach to review of the data.

Lack of Output Data

The narrative in the budget describes University output as being "educated persons, including trained professional manpower; basic and applied research funding and a variety of specialized services to the public." In further clarification the budget states that "the ideal measure of output would be the value added by means of education received. This would include not merely the greater earnings capacity which results from higher education but also the greater ability to live a full, rich and satisfying personal and social life." The discussion continues with an explanation as to why it is difficult, if not impossible, to measure this output and for this reason no output data are included.

We agree that educational output is difficult to measure but it appears the University has been hindered in its search for output data by its own constraints. If the overall definition of University output was not set in such broad terms, initial output indicators such as student credit hours could be developed as well as other measures that would be relatively easy to collect. We are concerned that the University attempt to develop output data in terms of "value added" will fail because it cannot be identified and evaluated and that more objective measurements such as student credit hours, percentage relationship of students graduating to students entering, numbers dismissed or put on probation for failure to meet academic standards, etc., will be avoided because the University considers such data not to be meaningful.

University of California—Continued
ANALYSIS AND RECOMMENDATIONS

Expenditures

Table 3 shows the University of California budget for the 1969-70 and 1970-71 fiscal years. It is divided into cumulative totals showing: (1) Total Educational and General, (2) Total Support Budget, and (3) Grand Total of All University Funds. The first total includes the basic funds necessary to operate the University's current instructional, research and public service programs. The second total adds self-supporting auxiliary services such as residence halls, parking facilities, intercollegiate athletics, campus cafeterias, bookstores, etc., plus student aid programs. The grand total includes those funds designated as extramural by the University and is comprised of the total support budget plus special research contracts (Atomic Energy Commission) and other grants, contracts, gifts and appropriations received from various public and private sources which are used to supplement the University's program. This total includes those funds designated as "Expenditures Not Included in Overall Budget Totals" in the Governor's Budget.

Department of Finance Policy

In prior years, the Department of Finance developed the budget by determining workload increases on a function-by-function basis. These increases were normally determined by projecting unit costs for the previously approved budget at the same rate into the budget year. Unit costs vary from function to function, but usually consist of such measurements as students to be served and square footage to be maintained.

As far as we can determine, this method was not used in developing the level of state appropriations required for 1970-71. On a policy basis an allocation of \$333 million (\$3.3 million increase over the 1969-70 appropriation) was given by the Director of Finance to the University administration with the understanding that a budget would be developed within this amount which would accommodate all qualified undergraduate students who were California residents. Further constraints were placed on the University such as the limiting of enrollment for medical school interns and residents to the 1969-70 level and providing no state funding for the Urban Crisis or Economic Opportunity Programs. Within this framework the University was given freedom to allocate the \$333 million to its higher priority needs with the understanding that any specific enrollment or program reduction made by the University would have to be supported on education policy grounds.

The University Decisions

Faced with the decision to allocate an increase of \$3.3 million or 1 percent to accommodate a predicted enrollment increase of 4,673 or 4.6 percent, the University chose to hold student enrollment to the 1969-70 level. This was accomplished by elimination of summer quarter students and reducing graduate enrollments.

Table 3
Proposed Budget for 1970-71

| | 1969-70 | 1970-71 | Increase | Analysis page number |
|---|---------------|-----------------|--------------|----------------------------|
| 1. Instruction and departmental research----- | \$183,594,083 | \$189,099,890 | \$5,505,807 | 381 |
| 2. Summer quarter ----- | 11,583,475 | -- | --11,583,475 | 391 |
| 3. Summer session ----- | 1,379,598 | 1,538,574 | 158,976 | 394 |
| 4. Teaching hospitals ----- | 70,260,731 | 77,876,613 | 7,615,882 | 395 |
| 5. Organized activities—other ----- | 4,465,051 | 4,784,919 | 319,868 | 397 |
| 6. Organized research ----- | 41,202,682 | 41,293,807 | 91,125 | 399 |
| 7. Libraries ----- | 25,424,650 | 25,903,650 | 479,000 | 404 |
| 8. Extension and public service----- | 31,526,041 | 33,156,846 | 1,630,805 | 405 |
| 9. General administration ----- | 21,803,195 | 21,808,138 | 4,943 | 408 |
| 10. Institutional services and general expense----- | 11,418,101 | 11,768,264 | 350,163 | 409 |
| 11. Maintenance and operation of plant----- | 32,070,624 | 32,450,624 | 380,000 | 415 |
| 12. Student services ----- | 21,804,484 | 22,411,527 | 607,043 | 418 |
| 13. Staff benefits ----- | 28,703,575 | 29,296,000 | 592,425 | 419 |
| 14. Provisions for allocation----- | 13,830,167 | 20,247,032 | 6,416,865 | 422 |
| Budgetary savings ----- | --11,152,100 | --11,280,100 | --128,000 | -- |
| 15. Special regents' program----- | 8,030,000 | 7,129,000 | --901,000 | 424 |
| 16. Urban crisis ----- | 600,000 | -- | --600,000 | 426 |
| Totals, Education and General----- | \$496,544,357 | \$507,484,784 | \$10,940,427 | |
| 17. Auxiliary enterprises ----- | 40,850,776 | 44,603,866 | 3,753,090 | 428 |
| 18. Student aid ----- | 6,263,109 | 7,560,929 | 1,297,820 | 428 |
| Totals, Support Budget (continuing operations)----- | \$543,658,242 | \$559,654,579 | \$15,996,337 | |
| Sponsored research and activities----- | 193,145,440 | 204,247,004 | 11,101,564 | |
| Special federal research projects----- | 247,891,925 | 247,891,925 | -- | |
| Grand Total ----- | \$984,695,607 | \$1,011,793,508 | \$27,097,901 | |

University of California—Continued

The University budget, including the \$3.3 million increase, is a combination of workload increases, program reductions, and funding changes. Table 4 shows that workload increases totaling \$13,947,789 were added throughout the budget, but this was largely offset by \$11,302,085 in program reductions.

Table 4

University of California—Summary of Budget Increases—1970-71
State General Fund

| | <i>Amount</i> |
|---|----------------------|
| Workload increases | |
| 158 faculty | \$1,801,200 |
| 144 teaching assistants | 979,776 |
| Faculty support | 1,180,000 |
| Instructional use of computers | 44,000 |
| Health sciences instruction | 1,249,250 |
| Teaching hospital subsidy | 331,000 |
| Davis—Sacramento County Hospital | 19,000 |
| Irvine—Orange County Hospital | 250,000 |
| Dental clinics subsidy | 150,000 |
| Research grants and travel | 94,860 |
| Libraries | 479,000 |
| Maintenance and operation of plant | 379,797 |
| Student services | 97,570 |
| Institutional services and general expense | 118,720 |
| Staff benefits | 593,425 |
| Merit increases and promotions | 5,587,691 |
| Other provisions for allocation | 93,500 |
| Price increase | 500,000 |
| Totals, Workload | \$13,947,789 |
| Program reductions | |
| Summer quarter operations | —\$10,158,285 |
| Urban crisis program | —600,000 |
| Deferred maintenance | —500,000 |
| Miscellaneous | —43,800 |
| | —\$11,302,085 |
| Funding changes and offsets to state appropriation | |
| University restricted funds included in instruction items | —\$137,315 |
| Increased budgetary savings | —128,000 |
| Reduction in U.C. General Fund income | 497,664 |
| State share of federal overhead | —2,577,085 |
| Reduction in yearend balances | 3,018,626 |
| Total | \$673,890 |
| Total Increase, State General Fund | \$3,320,594 |

Revenue

In 1970-71 the total University support budget is \$559,654,479, which is an increase of \$15,996,337 or 2.9 percent over 1969-70. Of this increase, state funds added \$3,320,594 and University revenue sources added \$12,675,743. The state budgetary interest is not limited to the state appropriations. An additional \$27,444,398 of revenue listed as University sources is comprised of funds that offset the need for state appropriation. Specifically the amounts listed as "prior year General Fund balances" represents unspent state funds from the 1967-68 appropriations. In addition, the amount listed as "current year estimated

University of California—Continued

overhead" is the state share of federal contract and grant overhead and the "University General Fund" is composed primarily of tuition income which is used to support those areas considered to be a state funding responsibility. These revenue sources are shown in Table 5.

Table 5
Revenues—Total Support Budget—1969-70 and 1970-71

| | 1969-70 | 1970-71 | Increase |
|--|---------------|---------------|--------------|
| State appropriation ¹ ----- | \$329,912,606 | \$333,233,200 | \$3,320,594 |
| University sources ----- | | | |
| General funds ----- | 14,990,293 | 14,492,629 | —497,664 |
| Restricted funds ----- | 135,076,928 | 145,635,668 | 10,558,740 |
| Funds used as income ----- | | | |
| Current year estimated overhead -- | 7,732,685 | 9,931,159 | 2,198,474 |
| Prior year general fund balance -- | 5,660,625 | 3,020,610 | —2,640,015 |
| Restricted funds—current ----- | 1,965,758 | 2,370,758 | 405,000 |
| Restricted fund balances ----- | 206,882 | — | —206,882 |
| Regents' opportunity fund ----- | 8,030,000 | 7,129,000 | —901,000 |
| Total educational and general ----- | \$173,663,171 | \$182,579,824 | \$8,916,653 |
| Auxiliary enterprises and student aid ----- | 40,082,465 | 43,841,555 | 3,759,090 |
| Total University sources ----- | \$213,745,636 | \$226,421,379 | \$12,675,743 |
| Total revenues ----- | \$543,658,242 | \$559,654,579 | \$15,996,337 |

¹ Includes \$133,200 allocated from the Real Estate Education, Research and Recovery Fund. (See Item 196.)

Overhead Funds from the Federal Government

Included as a revenue in Table 5 is \$9,931,159 for current year estimated overhead representing the state share from federal grant and contract activity. In accordance with a memorandum of understanding between the University and the Department of Finance, half of all overhead receipts (after deducting agreed-to expenditures) are split equally between the University and the state. As shown below, estimated receipts are \$24,440,000. The amount listed as 1968-69 carryover represents the difference between actual net receipts and the original estimate in 1968-69 as determined by the formula.

| | |
|-----------------------------------|--------------|
| Estimated overhead receipts ----- | \$24,440,000 |
| Less assigned overhead ----- | —2,370,758 |
| | \$22,069,242 |
| Less 50 percent U.C. share ----- | —11,034,621 |
| Less 10 percent contingency ----- | —1,103,462 |
| Total state share ----- | \$9,931,159 |
| Add 1968-69 carryover ----- | 2,452,662 |
| Total 1970-71 ----- | \$12,383,821 |

The 1967 memorandum of understanding between the University and the Department of Finance defined the technical procedures to be used for estimating and dividing overhead receipts. The agreement states that the overhead "shall be estimated in advance and 90 percent of the state's share shall be assigned to the fiscal year in which such overhead

Table 6

Application of University of California Federal Contract and Grant Overhead Receipts

| | | <i>Application of overhead receipts</i> | | | | | <i>Distribution of Balance</i> | |
|----------------|------------------------------|---|--|------------------------------|-----------------------------------|----------------|--------------------------------|-----------------------------------|
| | | <i>Finance disallowed contract and grant expenditures</i> | <i>Finance contract and grant adminis- tration</i> | <i>Governor's Budget</i> | <i>Retained by University</i> | <i>Balance</i> | <i>Governor's Budget</i> | <i>Retained by University</i> |
| | <i>Overhead receipts</i> | | | | | | | |
| 379 1963-64 | ----- | \$9,803,511 | \$4,353 | \$60,000 | \$3,949,951 | \$3,949,951 | \$1,839,256 | \$919,628 |
| 1964-65 | ----- | 12,024,089 | 8,821 | 50,000 | 5,389,850 | 5,389,850 | 1,185,568 | 592,784 |
| 1965-66 | ----- | 14,460,897 | 7,841 | 209,130 | 6,871,682 | 6,871,682 | 500,562 | 250,281 |
| 1966-67 | ----- | 18,009,042 | 5,442 | 241,154 | 7,294,334 | 7,294,334 | 3,173,778 | 1,586,889 |
| 1967-68 | ----- | 21,103,741 | 49,028 | 1,756,610 | 7,575,000 | 7,575,000 | 4,148,103 | 2,074,051 |
| 1968-69 | ----- | 23,553,367 | 498 | 1,883,258 | 8,372,130 | 8,372,130 | 4,905,324 | 2,452,662 |
| 1969-70 (est.) | ----- | 19,000,000 | 1,568,872 | 1,965,758 | 7,732,685 | 7,732,685 | -- | -- |
| 1970-71 (est.) | ----- | 24,440,000 | 2,206,924 | 2,370,758 | 9,931,159 | 9,931,159 | -- | -- |

University of California—Continued

will be received, the 10 percent to be withheld by the University shall be set aside in a reserve to compensate for possible overestimates."

Table 6 displays how the overhead receipts are applied for each fiscal year since 1963-64. Beginning with 1967-68 receipts are shown for the year of receipt but for 1966-67 and before receipts were reported the year following receipt.

The agreement further explains that the difference between the actual receipts and the amount estimated will be applied to a future budget which is usually two years later. For instance the state's share of the 1968-69 excess overhead amounting to \$2,452,662 is applied as a reduction to the state appropriation in the 1970-71 budget. This can be seen in Table 7 which shows the total amount of the state share of receipts by fiscal year and how they are applied to the budgets for 1967-68 through 1970-71.

Table 7

**University of California Federal Contract and Grant Overhead,
as Applied to the Governor's Budget**

| Overhead Receipts for | Appropriated in the Governor's Budget for | | | | Total |
|-----------------------|---|--------------------|--------------------|---------------------|---------------------|
| | 1967-68 | 1968-69 | 1969-70 | 1970-71 | |
| Prior year balances-- | \$511,984 | - | - | - | \$511,984 |
| 1966-67 ----- | 7,294,334 | \$1,586,889 | - | - | 8,881,223 |
| 1967-68 ----- | 7,575,000 | - | \$2,074,051 | - | 9,649,051 |
| 1968-69 ----- | - | 8,372,130 | - | \$2,452,662 | 10,824,792 |
| 1969-70 ----- | - | - | 7,732,685 | - | 7,732,685 |
| 1970-71 ----- | - | - | - | 9,931,159 | 9,931,159 |
| | <u>\$15,381,318</u> | <u>\$9,959,019</u> | <u>\$9,806,736</u> | <u>\$12,383,821</u> | <u>\$47,530,894</u> |

Policy Option

For consideration as a policy option, \$2,250,000 of the additional 1969-70 overhead scheduled to be returned to the state in 1971-72 may be applied for use in 1970-71 to fund deficiencies in the University's operating and capital outlay budgets.

In the 1969-70 budget it was estimated that \$19,000,000 would be received from overhead. This was a reduction of \$1 million from the \$20 million originally estimated for 1968-69 on the basis that federal research activity was being reduced. As shown in Table 6, actual receipts for 1968-69 amounted to \$23,553,367, which was \$3.5 million greater than originally estimated. On the basis of this experience, 1970-71 is projected at \$24,440,000. It is now apparent that the 1969-70 estimate is well below the actual amount we can expect to realize. Assuming that final receipts will equal the \$23.5 million in 1968-69, we can expect at least an additional \$4.5 million of which \$2,250,000 will be the state's share. Although these funds would normally be returned to the state in the 1971-72 budget, we are suggesting that these identifiable savings be applied to the 1970-71 budget to finance shortages we have identified in other areas of the University budget, such as deferred maintenance and the management information system, with the remainder to be reallocated by the Legislature to meet the University's urgent capital outlay needs.

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Expenditures From Assigned Overhead

We recommend that in future budget presentations the University be directed to include all expenditures in assigned overhead within the support budget expenditure functions.

Assigned overhead represents those expenditures related to contract and grant administration that are funded from overhead receipts prior to the 50-50 division of the funds. In the Supplementary Report of the Committee on Conference on the 1968 Budget Bill, language was included requiring any new positions funded in this manner to be identified for legislative review in the normal budgetary process. The estimated expenditures identified in the Governor's Budget show an increase of \$405,000 or 20.6 percent detailed as follows:

| | 1969-70 | 1970-71 | Change |
|---|-------------------|-------------------|-----------------|
| Washington office ----- | \$93,856 | \$101,109 | \$7,253 |
| Indirect cost studies ----- | 82,592 | 73,182 | -9,410 |
| Contract and grant administration ----- | 1,789,310 | 2,196,467 | 407,157 |
| | <hr/> \$1,965,758 | <hr/> \$2,370,758 | <hr/> \$405,000 |

Expenditures for contract and grant administration increase by \$407,157 or 22.8 percent but no explanation for this expansion is included in the budget. The University has informed us that "this increase will be allocated to appropriate budgets in Instruction, Research, General Administration and Institutional Services and will be used principally for additional technical and clerical staff. A review of the support budget indicates that this increase is not shown as such in the regular budget functions and these expenditures would appear to be augmentations to the increases identified in the budget. We believe this is improper budgeting. The uses of these funds should be clearly identified and reported within the budget functions, and because half of all increases for assigned overhead expenditures are state funds these should be shown with other state funds.

We are recommending approval of the expenditure increase on the basis of the high priority placed on this item as indicated by the willingness of the University to match the state share with the University share. In addition, no other increase is provided in the budget for administration.

1. INSTRUCTION AND DEPARTMENTAL RESEARCH

Functional Description

The major goal of the University centers in this budget for instruction and departmental research. Included are the costs of teaching staff and related support for the eight general campuses plus the medical schools and health sciences centers.

| Proposed Budget | | Change | |
|-----------------|---------------|-------------|---------|
| 1969-70 | 1970-71 | Amount | Percent |
| \$183,594,083 | \$189,099,890 | \$5,505,807 | 3.0% |

The instruction and departmental research budget represents 33.8 percent of the total support budget. Approximately 89 percent of the

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total budget for this category comes from state funds. The proposed increase is 3 percent.

The workload increase of \$5,505,807 for this function is divided into two distinct groupings for decisionmaking purposes. These are (1) the general campuses and (2) the health science schools. Workload for the eight general campuses increases by \$4,004,976, or 2.8 percent over the \$141,008,223 budgeted for this purpose in 1969-70. In the health sciences \$1,500,831 or 3.5 percent, is the proposed increase. The detail of these increases is summarized in Table 8.

Table 8

Summary of Budget Increases, 1970-71—Instruction and Departmental Research.

| | <i>Proposed increase</i> |
|--|------------------------------|
| General campuses | |
| Faculty (158 FTE) ----- | \$1,801,200 |
| Related faculty support ----- | 1,180,000 |
| Teaching assistants (144 FTE) ----- | 979,776 |
| Instructional use of computers ----- | 44,000 |
| Total general campuses ----- | \$4,004,976 |
| Health Sciences | |
| Medicine | |
| Davis (15.6 FTE faculty) ----- | \$352,162 |
| Irvine (upgrade faculty and increased support) ----- | 155,099 |
| Los Angeles (10 FTE faculty) ----- | 255,420 |
| San Diego (15 FTE faculty) ----- | 573,986 |
| Dentistry | |
| Los Angeles (1 FTE faculty) ----- | 28,420 |
| San Francisco (2 FTE faculty) ----- | 43,120 |
| Pharmacy | |
| San Francisco (1 FTE faculty) ----- | 24,711 |
| Human Biology | |
| San Francisco (1 Dean) ----- | 31,500 |
| Veterinary Medicine | |
| Davis (1 FTE faculty) ----- | 34,413 |
| Instructional use of computers | |
| San Francisco ----- | 2,000 |
| Total Health Sciences ----- | \$1,500,831 |
| Total Instruction and Departmental Research ----- | \$5,505,807 |

Increases at the General Campuses

Faculty Increase

We recommend approval of 158 new faculty positions. The budget proposes the addition of 158 full-time faculty positions. This will provide a total authorized level of 5,792 and represents a 2.9-percent increase in staff, as compared to a 6.5-percent increase in enrollment. New faculty positions are budgeted at the third step of the assistant professor class or \$11,400 per FTE. The 158 new positions will require an increase of \$1,801,200, raising total budgeted faculty salaries to \$87,802,639 in 1970-71.

The traditional formula used to measure workload needs for new faculty has been the relationship of faculty to students by means of a student-faculty ratio. Because graduate students require greater

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faculty time and effort than undergraduate students, the University has developed a system of weighting students by the levels of enrollment. In this manner the weighted student-faculty ratio will not only provide for increases in enrollment but will also reflect the changing mix of students in the enrollment estimate. This is evident in the enrollment increases for 1970-71 where FTE student enrollment increases 6.5 percent but weighted FTE student enrollment increases by only 5.2 percent.

Student-Faculty Ratios

The weighting system was developed from fall 1964 experience at Berkeley and Los Angeles where data was collected which reported to be a reflection of a ratio of faculty hours to FTE students actually in effect at each level of enrollment. This experience was processed through a complex computation to arrive at weights for each level of student. These weights per level of enrollment are 1.0 for lower division, 1.5 for upper division, 2.5 for professional schools, master students and first-stage doctorals, and 3.5 for second-stage doctoral.

In the budget process these weights are applied to the FTE student enrollment to determine weighted FTE for the eight general campuses as follows:

| | 1970-71 FTE students | Weights | 1970-71 Weighted students |
|----------------------|-------------------------|---------|------------------------------|
| Lower division ----- | 28,975 | 1 | 28,975 |
| Upper division ----- | 41,457 | 1.5 | 62,185 |
| Graduate I ----- | 14,745 | 2.5 | 36,863 |
| Graduate II ----- | 10,041 | 3.5 | 35,143 |
| Total ----- | 95,218 | | 163,166 |

The ratio of students to faculty are measured on both a weighted and unweighted basis to determine prior growth trends. These weighted and unweighted ratios for 1966-67 through 1970-71 are shown in Table 9. On a weighted basis the ratio increases from 27.53 in 1969-70 to 28.17 in 1970-71. The unweighted ratio increases from 15.88 to 16.44 for the same years.

Faculty Contact with Students

In last year's analysis we attempted to evaluate faculty workload for teaching, which makes up the largest single factor in a faculty member's workload. We noted that one significant measurement is faculty contact hours. These are calculated by combining the hours per week spent in organized classes and the hours per week spent supervising individual graduate students in tutorial courses.

Data on faculty contact hours have been collected and reported by the University since 1962 for each individual campus. These data were compiled from the schedule of classes which provided accurate information on regularly scheduled courses but required an estimated factor to compute contact hours for graduate students enrolled in tutorial courses for credit. In our 1969-70 analysis we showed this information for 1965, 1966 and 1967 at the five largest campuses for both faculty

Table 9
Student-Faculty Ratios 1966-67 through 1970-71

| | <i>Actual 1966-67</i> | | <i>Actual 1967-68</i> | | <i>Actual 1968-69</i> | | <i>Budget 1969-70</i> | | <i>Budget 1970-71</i> | |
|----------------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|
| | <i>Weighted</i> | <i>Unweighted</i> | <i>Weighted</i> | <i>Unweighted</i> | <i>Weighted</i> | <i>Unweighted</i> | <i>Weighted</i> | <i>Unweighted</i> | <i>Weighted</i> | <i>Unweighted</i> |
| <i>By campus</i> | | | | | | | | | | |
| Berkeley----- | 27.16 | 14.21 | 28.75 | 15.22 | 28.08 | 14.92 | 28.56 | 15.03 | 28.85 | 15.25 |
| Davis----- | 24.60 | 15.63 | 27.38 | 17.11 | 28.33 | 17.96 | 28.20 | 17.57 | 28.53 | 17.65 |
| Los Angeles----- | 27.32 | 15.45 | 28.78 | 16.46 | 28.11 | 16.05 | 29.11 | 15.92 | 29.51 | 16.19 |
| Riverside----- | 19.25 | 11.74 | 21.12 | 12.46 | 22.61 | 13.32 | 24.70 | 14.56 | 27.02 | 16.69 |
| Santa Barbara----- | 22.11 | 15.84 | 23.03 | 16.00 | 23.62 | 16.03 | 25.38 | 17.12 | 27.53 | 18.44 |
| San Diego----- | 19.76 | 11.14 | 21.88 | 12.79 | 24.46 | 14.24 | 27.88 | 15.82 | 27.20 | 16.54 |
| Irvine----- | 15.17 | 10.95 | 18.57 | 12.16 | 20.37 | 13.35 | 24.16 | 15.67 | 25.76 | 17.36 |
| Santa Cruz----- | 11.94 | 9.95 | 15.41 | 12.29 | 18.04 | 14.14 | 21.11 | 15.82 | 21.07 | 15.62 |
| Eight-campus average-- | 24.64 | 14.36 | 26.16 | 15.28 | 26.41 | 15.47 | 27.53 | 15.88 | 28.17 | 16.44 |
| <i>By level of student</i> | | | | | | | | | | |
| Lower division----- | 24.64 | | 26.16 | | 26.41 | | 27.53 | | 28.17 | |
| Upper division----- | 16.43 | | 17.44 | | 17.61 | | 18.35 | | 18.78 | |
| Graduate 1st stage----- | 9.86 | | 10.46 | | 10.56 | | 11.01 | | 11.26 | |
| Graduate 2nd stage----- | 7.04 | | 7.47 | | 7.54 | | 7.86 | | 8.05 | |
| All students----- | 14.36 | | 15.28 | | 15.47 | | 15.88 | | 16.44 | |

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regular ranks and irregular ranks. Table 10 is as it appeared last year.

Table 10
Average Number of Faculty Contact Hours Per Week¹
Full-Time Faculty: Fall 1965-1966-1967

| Five general campuses ² | Contact hours | Full-time faculty | Average hrs/wk | Percent distribution faculty time hours | | | | | |
|--|------------------|----------------------|-------------------|---|-----|-----|------|-------|-------------------|
| | | | | Less than 3 | 3-6 | 6-9 | 9-12 | 12-15 | 15 and over |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| Regular ranks | | | | | | | | | |
| 1965 | 24,703.4 | 2,721 | 9.08 | 4% | 18% | 36% | 20% | 10% | 12% |
| 1966 | 24,428.8 | 2,844 | 8.59 | 6 | 24 | 32 | 19 | 8 | 11 |
| 1967 | 25,314.2 | 2,891 | 8.76 | 5 | 24 | 32 | 18 | 9 | 12 |
| Irregular ranks | | | | | | | | | |
| 1965 | 5,530.4 | 491 | 11.26 | 2 | 11 | 23 | 23 | 21 | 20 |
| 1966 | 5,755.2 | 534 | 10.78 | 4 | 15 | 22 | 20 | 20 | 19 |
| 1967 | 5,393.7 | 548 | 9.84 | 3 | 19 | 25 | 19 | 15 | 19 |
| Totals—all ranks | | | | | | | | | |
| 1965 | 30,233.8 | 3,212 | 9.41 | | | | | | |
| 1966 | 30,184.9 | 3,378 | 8.94 | | | | | | |
| 1967 | 30,707.9 | 3,439 | 8.93 | | | | | | |

¹ Faculty contact hours are defined here by adding together the hours per week spent in organized classes and hours per week spent supervising individual graduate students enrolled in tutorial courses for credit. One contact hour per week is credited for each graduate tutorial enrollee.

² Berkeley, Los Angeles, Davis, Santa Barbara and Riverside.

Comparing these data with the student-faculty ratios for the same years, we concluded that when the student-faculty ratios were relatively stable the faculty contact hours with students decreased. Conversely, when the student-faculty ratio was increased substantially, then the contact hours stabilized. On the basis that contact with students should have high priority on faculty time, we suggested that a substantial increase in the student-faculty ratio as proposed in the Governor's Budget was justified to keep contact hours from declining.

In an attempt to review the 1968 experience, we requested the University to provide us the fall 1968 data necessary to update Table 10. The University responded with data relating to the regular ranks only, and this was in such form as to preclude updating last year's information. Our further requests for the fall 1968 contact hour data were unsuccessful. For this reason we can only assume that the 1968 data would continue the trend we noted in last year's analysis and that our conclusion that a substantial increase in the student-faculty ratio will result in stabilized faculty contact hours was a correct one.

Therefore we can support the increase in the student-faculty ratio as proposed in the Governor's Budget.

Teaching Assistants

We recommend approval of 144 new teaching assistant positions. The workload need for teaching assistants is based on the relationship of positions to undergraduate students. In the 1969-70 approved budget the ratio of teaching assistants to undergraduate students is 1 to 40.83.

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To maintain this same ratio in 1970-71 the Governor's Budget includes 144 new positions. These positions are related to a growth in undergraduate enrollment of 5,896, which represents a 9.1 percent increase over 1969-70. The five-year historical trend of the budgeted undergraduate-teaching assistant ratio is:

| | |
|---------|-------|
| 1966-67 | 41.83 |
| 1967-68 | 40.92 |
| 1968-69 | 40.84 |
| 1969-70 | 40.83 |
| 1970-71 | 40.83 |

In 1969-70, 1,581 teaching assistants were authorized for total budgeted salaries of \$11,125,185. The increase for 1970-71 will provide a total of 1,724 teaching assistants for a total of \$12,104,961. This is an increase of 979,776 or \$6,800 for each of the 144 positions added.

Faculty-Related Support

We recommend approval of the \$1,180,000 increase in faculty-related support. This recommendation would maintain the same dollars per faculty as were authorized in 1969-70.

In the various academic departments there are numerous supporting costs such as administrative, technical and clerical positions along with related office, classroom and laboratory supplies and equipment. Historically these items were merged into a single grouping for budget purposes and measured on the basis of dollars per faculty positions to determine workload needs. In 1969-70 the amounts budgeted for supervisors of education, academic administrators and the graduate division were merged with this group. This allowed the University even greater flexibility in the use of these funds because these items had been independently reviewed in the past. In the 1970-71 Governor's Budget faculty support has been further expanded to include the remaining miscellaneous items in this function.

The total budgeted amount for these purposes is \$42,004,215 in 1969-70. The Governor's Budget proposes an increase of \$1,180,000 in 1970-71 to a level of \$43,184,215. This increase was computed on the basis of the current 1969-70 dollar rate per faculty of \$7,455. This rate was then applied to the 158 new faculty positions resulting from the workload increase.

New Formula Inappropriate

Despite the fact that this method was used to determine the dollar workload level in the Governor's Budget, the workload data in the program budget is based on expenditures per weighted student. The narrative in the program budget states that the generally used budgetary standard in determining instructional support levels has been costs per FTE faculty but the University proposes using expenditures per weighted student instead. This is followed by data which show that the expenditure per weighted student falls \$6 from \$271 in 1969-70 to \$265 in 1970-71.

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We are opposed to this proposal to use dollars per weighted students as a measurement for faculty-related support and recommend continuation of the costs per faculty formula. The weighted student concept was developed to measure faculty time and effort per level of student and was to be used for projecting the faculty staffing. There is no logical basis for extending these specific weights to other cost elements in the budget and we know of no other data or study that would support such a formula.

The budgeted academic support funds per FTE faculty are shown in Table 11. Although there is no increase in the overall rate, the table shows that expected allocations in 1970-71 result in considerable variance to the individual campus rates.

| | 1969-70 | 1970-71 | Change |
|---------------------------|---------|---------|--------|
| Berkeley ----- | \$7,892 | \$7,921 | \$29 |
| Davis ----- | 7,748 | 7,607 | -141 |
| Irvine ----- | 9,634 | 9,278 | -356 |
| Los Angeles ----- | 6,949 | 7,009 | 60 |
| Riverside ----- | 6,865 | 6,926 | 61 |
| San Diego ----- | 8,724 | 8,120 | -604 |
| Santa Barbara ----- | 6,211 | 6,524 | 313 |
| Santa Cruz ----- | 7,230 | 6,944 | -286 |
| Total, all campuses ----- | \$7,455 | \$7,455 | 0 |

Instructional Use of Computers

We recommend approval of the \$44,000 increase for instructional use of computers.

For instructional use of computers \$1,071,298 is proposed in 1970-71 which is an increase of \$44,000 or 4.3 percent over 1969-70. There is no clear history of approved workload indicators for this item and past budget decisions have normally been made on a policy basis. The Governor's Budget proposes a new workload formula using a weighted student concept similar to that used for faculty staffing. Weights of 1 for undergraduates and 2.5 for graduates are applied. Using this basis the dollars per weighted student remain constant at \$7.82 per student for 1969-70 and 1970-71. As far as we can determine there are no reliable data that would support the use of these weights, and we do not recommend their use until it can be demonstrated that the weights accurately reflect the difference between undergraduate and graduate requirements.

Our recommendation for approval is based on the relationship of expenditures to FTE students and not on the new formula.

If the 4.3 percent is related to the unweighted enrollment growth of 6.5 percent, the requested \$44,000 increase is justified.

Health Sciences Planning

We recommend that the University be redirected to prepare a 10-year academic, physical and fiscal plan for all medical and health science schools. This study should include a discussion of the special

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studies reported in the progress report made to the Joint Legislative Budget Committee in December 1968 and should include alternative plans for increasing interns and residents at the medical schools. This report should be submitted to the Joint Legislative Budget Committee by November 1, 1970.

On the basis of our recommendation, the conference committee report on the 1968-69 budget directed the University to prepare a 10-year academic, physical and fiscal plan for all University medical and health science schools with a progress report to the Joint Legislative Budget Committee by November 1, 1968, and a final report by November 1, 1969. In our analysis we specified that these plans should be similar in nature to that submitted in 1967 for the Davis School of Medicine and in 1966 for the San Diego School of Medicine. These plans should relate the commitment of future state funds and the growth of the schools to the benefits to be derived by the state from the training and skills that will be produced. It is incumbent upon the University to make known in full its future expectations for support of the health sciences by the state in order that the Legislature can anticipate and provide for these needs.

The progress report was submitted and reviewed in our analysis for 1969-70 at which time we noted the University was proceeding in an appropriate manner toward the final report.

The conference committee further directed the University to include alternate methods of increasing the University's intern and resident program for medicine and to include this in the comprehensive 10-year plan.

We have received a report from the University entitled *Planning for the Health Sciences 1970 through 1980*. The report consists of two sections. Section 1 includes 10-year enrollment and fiscal projections for operating and capital budgets. Section 2 presents a brief narrative discussion of manpower needs in the various health care disciplines.

After reviewing this report we have concluded that it is not responsive to the legislative request and does not relate to the proposed study plan as presented by the University in the 1968 progress report. In last year's analysis we listed 10 general subject matter areas that the University reported it was in the process of studying. These were:

1. The goals and purposes of the University will be reviewed to determine and define objectives of the health sciences program.
2. Information on the future composition of California's population will be compiled as a basis for projecting future health service demands.
3. A review will be made of the problems created by changes in personnel usage such as substitution of equipment for personnel, increases in allied health fields and increasing specialization.
4. The probable supply of manpower will be reviewed in terms of future immigration.
5. Program cost projections will include estimates of future per student costs plus comparative costs at other universities.
6. Studies of space needs will assist in projecting capital requirements.

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7. New standards will be developed for determining the amount of teaching involved in the clinical setting.

8. Research and its relationship to educational programs will be studied.

9. Student demand for each of the health professions will be reviewed.

10. Consideration will be given to future demands of faculty.

As far as we can determine none of these studies has been included in this report. The enrollment and fiscal projections are the extension of existing five-year projections found in the University growth plan which has previously been published. These projections do not contemplate changes in existing programs or any significant policy areas and as such are of little value for use in developing program alternatives.

Although Section 2 of the report does attempt to discuss the problems of manpower needs, this is primarily a narrative of some of the existing "rule of thumb" indicators which we feel is not an adequate or sufficiently sophisticated basis for use in projecting needs.

Further, the report does not include any reference to possible alternatives for increasing the intern and resident program as requested by the conference committee.

We noted last year that the potential of this study was large and complex and that a two-year reporting requirement would necessitate a priority system for identifying the most urgent problem areas and assuring concentrated study on them. Apparently the study was more difficult than anticipated. It is the University's intention to provide a supplemental study in the fall of 1970 that will include the policy issues and program changes we had contemplated. To assure there is no misunderstanding of legislative intent we are recommending that the University be redirected to perform the study by November 1, 1970, within the original framework.

Increases for Health Sciences

We recommend approval of increases relating to health sciences.

The increase of \$1,500,831 requested for health sciences represents a 3.4 percent increase over the 1969-70 authorized level. This can be compared to an FTE enrollment increase for health sciences of 2.6 percent. Of the increase \$1,336,667 is workload related to the expanding medical schools. The remainder of the increase is for dentistry (\$71,540), pharmacy (\$24,711), human biology (\$31,500), veterinary medicine (\$34,413), and instructional use of computers (\$2,000).

The increases for medicine at Davis and San Diego result from continuing enrollment expansion as initial classes of medical students progress to their third year. The increase of \$352,162 at Davis will provide for the salaries and related academic support for 15 FTE assistant professor positions. The first year class of 51 students will bring the total medical students to 148 for the first three years of study. Interns and residents will increase by 47 for a total of 132, and graduate academic students will remain at 24.

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At San Diego, 53 students will be enrolled in the first-year class with 48 each in the second and third years for a total of 149 medical students. Interns and residents are expected to number 142, which is 12 less than last year, and graduate academic students will be 49, or 11 less than 1969-70. The budget provides for the addition of 15 FTE professors and related support at a total of \$573,986.

The increase of \$155,099 at the California College of Medicine at Irvine includes \$43,030 to provide for the upward reclassification of 24 FTE faculty positions that are unfilled. An improvement in the level of academic support funds amounting to \$112,069 is requested as a partial offset to a \$137,800 loss in reimbursements for Los Angeles County. A total of 251 medical students is budgeted including a first-year class of 63. Interns and residents will continue at last year's level of 325, and all 50 of the graduate academic students budgeted in 1969-70 have been deleted from the 1970-71 estimates.

The previous expansion of the medical class to 128 at Los Angeles continues to expand enrollments in the third and fourth year. A net increase of 51 results in a total of 497 medical students. Interns and residents are proposed at 770, an increase of 80, and graduate academic students are reduced by 51 to 185. To provide for these expanding enrollments, \$255,420 is included in the budget for 10 assistant professors and related support.

No increases are included for medicine at San Francisco. Enrollment includes 532 medical students, 574 interns and residents, 125 graduate academic students and 64 paramedical students.

For dentistry at Los Angeles and San Francisco, three faculty positions are added for program improvements and minor increases in en-

Table 12
Health Sciences—Summary of Enrollment Increases
to New Workload Positions, 1970-71

| | Number of new faculty proposed | Headcount enrollment increases | |
|---|-----------------------------------|--------------------------------|---------|
| | | Number | Percent |
| Los Angeles Center for the Health Sciences | | | |
| Dentistry ----- | 1.00 | 4 | 1.1 |
| Medicine ----- | 10.00 | 80 | 5.8 |
| Nursing ----- | -- | 25 | 13.2 |
| Public health ----- | -- | 25 | 8.3 |
| San Francisco Medical Center | | | |
| Dentistry ----- | 2.00 | -- | -- |
| Medicine ----- | -- | 33 | 2.6 |
| Nursing ----- | -- | -14 | -3.0 |
| Pharmacy ----- | 1.00 | 4 | 1.0 |
| Davis | | | |
| Medicine ----- | 15.00 | 99 | 48.3 |
| Veterinary medicine ----- | 2.00 | -15 | -3.3 |
| San Diego | | | |
| Medicine ----- | 15.00 | 30 | 9.7 |
| Irvine | | | |
| California College of Medicine ----- | -- | -55 | -8.7 |
| Total increases ----- | 46.00 | 216 | 3.4 |

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rollment. Los Angeles will have 372 dental students and San Francisco will have 302 in the four-year program and 87 in other dental programs.

One faculty position is added for pharmacy at San Francisco and Davis Veterinary Medicine to accommodate enrollment increases in the regular program. The net enrollment increase in nursing students is 11 graduate academic students, and no increases are included in the budget for these students because they are admitted on a space-available basis.

The estimated enrollment increases for each health science school are compared to the new faculty positions in Table 12.

School of Human Biology

Not shown in the program budget but identifiable in the functional budget is the addition of a dean (\$31,500) for the new School of Human Biology at San Francisco. The new school will conduct programs leading to M.S., M.A. and Ph.D. degrees and will provide instruction and research in biological, physical, social and behavioral sciences related to health sciences. It is planned to provide for the initial faculty in this school by transferring positions from other schools.

The addition of the \$31,500 for a dean is a relatively small amount in relation to the significant future capital increases that would be generated by this approval. In the construction program for the San Francisco campus, \$2,036,000 in state funds is scheduled for new space for the school by 1975-76.

2. SUMMER QUARTER**Functional Description**

This budget function includes all operating costs for those selected campuses which conduct summer quarters. Year-round operations were initiated at Berkeley in the summer of 1967 and at Los Angeles in 1968. Irvine was scheduled to begin year-round operations in 1970 and it was planned for all campuses to be on a year-round schedule by 1973.

Proposed Budget

| 1969-70 | 1970-71 | Amount | Change |
|--------------|---------|---------------|--------|
| \$11,583,475 | --- | —\$11,583,475 | —100% |

The Governor's Budget reflects the November 1969 decision of the regents to terminate all summer quarter programs at the University. The existing programs at Berkeley and Los Angeles will be replaced by the traditional summer session programs in 1970 and all future plans to implement summer quarters at other campuses have been halted. The reduction of \$11,583,475 included \$10,158,285 in General Funds and \$1,425,190 in University-restricted funds which are principally student fees. These funds have been allocated by the University to programs in the other three quarters.

Recommendation

We recommend that the Legislature reaffirm its approval of the summer quarter operation on the basis of more economical use of

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resources and facilities and the regents be requested to reestablish summer quarter operations in 1971. The regents' decision to abolish the 1970 summer quarter was made without benefit of legislative review or approval. Although the Legislature has an opportunity to review this decision in the 1970-71 budget, the timing is of such a nature that it is impossible to reestablish the program in 1970.

The summer quarter was initiated at the Berkeley campus in 1967 after more than a decade of studies and planning into the merits of year-round operation. The goal of the summer quarter program was to make more economical use of University facilities and to accommodate a larger number of students. Studies by the Coordinating Council for Higher Education indicated that, although operating costs would increase in the short run, long-range capital outlay savings would more than offset these increases.

The explanation in the budget for termination of the program lists unfavorable student enrollment and lack of summer services to teachers and regular students who could not attend a full 12-week session. Further, the budget states this is proposed as an "economy move."

It is true that initial student enrollments did not meet the planned level of 40 percent of the other three quarters, but three years' experience at Berkeley shows a consistent enrollment increase each year. Los Angeles, which started operation one year later than Berkeley, has a parallel growth pattern. This is reflected in Table 13, which shows the actual summer quarter enrollments for Berkeley and Los Angeles compared as a percent to the other three quarters. The estimates for 1970 were those originally programmed in the regents' budget prior to the decision to terminate the activity.

Table 13
Summer Quarter Enrollment (Head Count) and
Percentage of Other Three Quarters

| | Berkeley | | Los Angeles | |
|-----------------------------------|----------|---------|-------------|---------|
| | Students | Percent | Students | Percent |
| 1967 actual ----- | 7,142 | 26% | -- | -- |
| 1968 actual ----- | 8,607 | 31 | 7,081 | 27% |
| 1969 actual ----- | 9,938 | 36 | 8,002 | 31 |
| 1970 estimated ¹ ----- | 10,452 | 38 | 9,063 | 36 |

¹ As originally planned in regents' budget prior to termination of the program.

The annual expansion of enrollments does not appear to reflect lack of student interest. With a few more years of experience it is likely that student demand would have exceeded the arbitrary 40-percent ceiling placed on the enrollments by the University planners. Conceptually, there is no basis for assuming that the summer quarter could not have eventually reached substantially the same enrollment levels as the other quarters.

One of the major education policies that served as a constraint to summer quarter enrollment was that no compulsion could be exerted on faculty to teach or on student to enroll. This was an alternative that has been consistently rejected by the University.

University of California—Continued

The second reason given is the concern for providing services to college and school teachers and regular students who were not able to attend a full 12-week program. There are other alternatives available in addition to abolishing summer quarter. Special programs for teachers were already provided concurrently and could have been expanded. Another alternative available would have been to provide these specialized services through University extension.

The decision to eliminate enrollment of qualified students by discontinuing the efficient year-round use of extremely high-cost facilities must be considered as a major loss of both dollar and educational values simply to achieve current operating savings incidental to discontinuing the education of these students. We believe this is false economy.

There has never been any question as to the future capital outlay savings resulting from year-round operation, but increases in current operating costs have always been the prime concern from an economy standpoint. The budgeted costs per student in the University summer quarters has always been less than those in the regular academic year. This is apparent when reviewing the enrollment related costs shown in the program budget. On an unweighted basis the 1969-70 cost per student was \$1,824 but if summer quarter students are excluded from the computation the cost per student increases to \$1,872. This results because of greater utilization of resources such as library books, educational equipment and administrative personnel. It is true that in the early years of the program when enrollment did not meet estimates that the actual costs were greater per student but this has been corrected by more realistic enrollment estimates. Table 14 compares data for enrollment, faculty staffing and cost per student at Berkeley and Los Angeles. In 1969-70 the actual costs per student show little variation from the budgeted amounts.

Table 14
Summer Quarter—Berkeley and Los Angeles

| | 1968-69 | | 1969-70 | |
|---|----------|---------|----------|---------|
| | Budgeted | Actual | Budgeted | Actual |
| Berkeley: | | | | |
| FTE students ----- | 2,625 | 2,720 | 3,059 | 3,137 |
| Percent of annual enrollment -- | 30% | 31% | 35% | 36% |
| Weighted students ----- | 5,057 | 5,247 | 5,816 | 5,841 |
| Faculty positions ----- | 181 | 181 | 207.50 | 207.50 |
| Student-faculty ratio: | | | | |
| Unweighted ----- | 14.1 | 15.0 | 14.7 | 15.1 |
| Weighted ----- | 27.9 | 29.0 | 28.0 | 28.1 |
| Instruction and research cost per unweighted student --- | \$1,328 | \$1,282 | \$1,374 | \$1,340 |
| Los Angeles: | | | | |
| FTE students ----- | 3,043 | 2,189 | 2,633 | 2,603 |
| Percent of annual enrollment -- | 40% | 28% | 33% | 31% |
| Weighted students ----- | 5,488 | 4,141 | 4,813 | 4,785 |
| Faculty positions ----- | 188 | 188 | 171.81 | 171.81 |
| Student-faculty ratio: | | | | |
| Unweighted ----- | 16.2 | 11.6 | 15.3 | 15.2 |
| Weighted ----- | 29.6 | 22.0 | 28.0 | 27.9 |
| Instruction and research cost per unweighted student -- | \$1,205 | \$1,675 | \$1,344 | \$1,360 |

University of California—Continued

3. SUMMER SESSION

Functional Description

The Master Plan recommended that every public higher education institution that is able to offer academic programs in the summer months do so to make full use of the state's higher education physical facilities. Limited summer sessions will be operated on eight of the University campuses in 1970-71. This budget category is reported to contain all the expenditures associated with these summer programs.

Proposed Budget

| 1969-70 | 1970-71 | Increase | Change Percent |
|-------------|-------------|-----------|-------------------|
| \$1,379,598 | \$1,538,574 | \$158,976 | 11.5% |

The summer session budget request is 0.3 percent of the entire support budget. A workload increase of \$158,976 will be provided from student fees. The summer session budget as reported in the 1970-71 Governor's Budget does not reflect the establishment of full summer session programs at Berkeley and Los Angeles as a result of terminating the regular summer quarter budgets.

In a University report to the regents in January 1970, a revised summer session budget was shown as approved at a level of \$4,301,664 or \$2,763,090 in excess of the amount shown in the Governor's Budget. This budget showed a total enrollment of 31,705 (excluding San Francisco) but this would be a misleading amount because many students will attend both sessions of the summer quarter and therefore be counted twice. It is estimated that 20,540 students will enroll in the first session and 7,795 in the second session of which more than half would have been counted in the first session. In addition 3,370 students are expected to participate in other special programs at the various campuses.

These enrollment increases result from the assumption that the Berkeley and Los Angeles summer sessions will absorb about 75 percent of the enrollment previously planned for the summer quarter, with the remaining 25 percent being distributed through the regular three quarters. Although it is true that the enrollment estimates have been adjusted to reflect this assumption, the actual result will be difficult to verify. Summer session students are not regularly enrolled students and are therefore not considered continuing students in the other three quarters unless they were enrolled in the spring. We would suggest that adequate data be maintained by the University in order to evaluate the type of student enrolled in the 1970 summer sessions, and to determine the number and percentage of regularly enrolled students along with the full-time equivalency.

Table 15 shows the actual summer headcount enrollments for 1965-66 through 1969-70. These enrollments have been adjusted to offset the effect of double counting.

Greater Cost to the Students

If the students served in the summer session are indeed the same students then it is obvious they will receive a reduced level of service

University of California—Continued

Table 15

| | Summer Session Enrollment | | | | |
|---------------------|---------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 1965-66 <i>Actual</i> | 1966-67 <i>Actual</i> | 1967-68 <i>Actual</i> | 1968-69 <i>Actual</i> | 1969-70 <i>Actual</i> |
| Berkeley ----- | 9,237 | 9,225 | 300 | 777 | 784 |
| Irvine ----- | --- | 87 | 472 | 249 | 509 |
| Davis ----- | 794 | 1,005 | 1,140 | 1,257 | 1,650 |
| Los Angeles ----- | 8,538 | 10,211 | 7,382 | 2,907 | 1,592 |
| Riverside ----- | 631 | 633 | 704 | 792 | 1,008 |
| San Francisco ----- | 857 | 977 | 955 | 950 | 1,107 |
| Santa Barbara ----- | 1,652 | 1,812 | 1,912 | 2,032 | 2,084 |
| Santa Cruz ----- | --- | --- | 227 | 108 | 399 |
| Total ----- | 21,709 | 23,950 | 13,092 | 9,072 | 9,133 |
| Percent ----- | -13.7 | +10.3 | -45.8 | -30.7 | +0.7 |

for a considerably higher fee. For instance, a student wishing to attend both sections of the Berkeley summer session will be required to pay \$267 as opposed to the \$87 fee paid at the Berkeley summer quarter in 1969. Conversely the budgeted services to the students will decrease from a budget of over \$7 million for the summer quarter to \$1,500,000 in the summer session. One could only conclude that the summer session program produces an output of considerable less educational quantity and quality than the previous summer quarter.

4. TEACHING HOSPITALS AND CLINICS

Functional Description

Included within this function is funding of teaching hospitals for which the University has major operational responsibilities. These include the hospitals at the Los Angeles Center for Health Sciences, the San Francisco campus, the San Diego County University Hospital and the Veterinary Teaching Hospital at Davis. In addition, the medical schools at Davis and Irvine subsidize hospital patients at the county operated hospital. The teaching hospital is intended to be the focal point for the student's exposure to patients and the core for instruction in the practice of medicine. In addition to the instructional aspects, each of these hospitals provides a public service benefit to the community in which it is located. The teaching hospital is looked to for excellence in its quality of medical care.

Proposed Budget

| 1969-70 | 1970-71 | Amount | Change Percent |
|--------------|--------------|-------------|-------------------|
| \$70,260,731 | \$77,876,613 | \$7,615,882 | 10.8% |

In 1970-71 state funds will support \$11,739,649 or 15.1 percent of the total budget for teaching hospitals and clinics. The proposed increase of \$7,615,882 is composed of \$600,000 in state funds while the remaining \$7,015,882 represents increased patient care costs funded from charges for service. These increases are summarized below.

University of California—Continued

Summary of Budget Increases

| <i>Workload</i> | <i>Proposed Increase</i> |
|--|--------------------------|
| University Hospitals (subsidy)----- | \$331,000 |
| Davis-Sacramento County Hospital----- | 19,000 |
| Irvine-Orange County Hospital----- | 250,000 |
| Subtotal—State Funds ----- | \$600,000 |
| Increases funded by University income----- | 7,015,882 |
| Total Increase ----- | \$7,615,882 |

Teaching Hospital Subsidy

We recommend approval.

For the three University hospitals the state subsidy will increase by \$331,000. The Governor's budget states this will *partially* cover price increases and technological advances, thus indicating that the increase does not cover total workload. From the data available to us we are unable to determine the amount of this implied deficiency.

A traditional measurement used as an indicator is a percent of the state subsidy to the total budget which has been consistently falling. This is reflected in Table 16 which shows a six-year trend of a declining percentage. In 1970-71 the percentage of state subsidy to the total operating budget is 13.9 percent compared to 15 percent in 1969-70.

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

| | <i>Total operating budget</i> ¹ | <i>Subsidy</i> ¹ | <i>Percent of subsidy to total budget</i> |
|--------------------------|--|-----------------------------|---|
| 1965-66----- | \$25,862,302 | \$7,665,865 | 29.6 |
| 1966-67----- | 38,132,646 | 9,446,873 | 24.8 |
| 1967-68----- | 44,589,354 | 8,859,980 | 19.9 |
| 1968-69----- | 54,403,014 | 8,628,022 | 15.9 |
| 1969-70 (estimated)----- | 69,018,242 | 10,320,000 | 15.0 |
| 1970-71 (proposed)----- | 76,721,000 | 10,651,000 | 13.9 |

¹ Includes San Diego beginning in 1966-67.

Because the state funds are provided to subsidize the charges to departmental patients (as opposed to full paying private patients), a better workload indicator is the relationship of state subsidy to departmental patient charges. Performance criteria shown in the Governor's budget are reproduced in Table 17. State support as a percentage of departmental inpatient charges remains constant between 1969-70 and 1970-71 at 19 percent. For outpatients the percentage remains at 30.6 for 1970-71. This indicates that the increase provided in the Governor's budget is adequate to meet workload growth.

Subsidy to County Operated Hospitals

We recommend approval.

At their present stages of development the medical schools at Davis and Irvine depend primarily on county-operated hospitals for clinical

University of California—Continued

Table 17

Performance Criteria—Human Medicine Hospitals

| | 1968-69 | 1969-70 | 1970-71 |
|---|----------|----------|----------|
| Inpatient: | | | |
| Departmental patient-days ----- | 273,368 | 320,445 | 315,200 |
| Charge per departmental patient-day ----- | \$107.50 | \$122.80 | \$129.17 |
| State support per departmental patient-day ---- | \$23.69 | \$23.38 | \$24.54 |
| State support as a percent of departmental patient charges ----- | 21.9% | 19.0% | 19.0% |
| Outpatient: | | | |
| Departmental patient visits ----- | 384,100 | 405,504 | 371,650 |
| Charge per departmental patient visit ----- | \$23.02 | \$25.29 | \$25.56 |
| State support per departmental patient visit ---- | \$5.60 | \$6.97 | \$7.84 |
| State support as a percent of departmental patient charges ----- | 26.7% | 30.6% | 30.6% |

training of their students. A state subsidy is used to increase the number of specialized teaching patients at the county-operated hospital. The 1969-70 budget authorized \$231,000 for this purpose at Davis for use at the Sacramento County Hospital. The 1970-71 budget includes an increase of \$19,000 for Davis and the initial allocation for Irvine to bring the base subsidy for both schools to \$250,000.

5. ORGANIZED ACTIVITIES—OTHER

Functional Description

This function includes activities organized and operated in connection with educational departments and conducted primarily as necessary adjuncts to the work of these departments. Many dissimilar and diversified programs are supported by this budget function. State support funds are largely used in four areas: (1) elementary schools at Berkeley and UCLA which provide laboratories for experimentation, research and teacher training in grade school curricula; (2) vivariums at San Francisco, Los Angeles and San Diego which provide maintenance and care of animals necessary for teaching and research in the biological and health sciences; (3) medical testing laboratories and clinics which provide diagnosis for patient care; and (4) art, music and drama activity including an ethnic collection at UCLA. Other areas of state support include the dental clinic subsidy, the arboretum at Davis and a subsidy for the California Management Review. Non-state funded items include hospital services provided by University staff and contracted for by affiliated counties at San Francisco General Hospital, the Harbor General Hospital, the Los Angeles County Hospital and the Sacramento Hospital. In addition, support for special engineering projects of service to industry at Berkeley and intercollegiate athletics at smaller campuses are also included.

Table 18 shows the distribution of these activities by type of expenditure and fund source for 1968-69. The University general funds represent state appropriated funds to the University. The restricted funds are primarily income generated by the activity itself and student fees provide \$781,176 of the total.

University of California—Continued

Table 18

Organized Activities
Analysis of 1968-69 Operations

| <i>Expenditure by type</i> | <i>University general funds</i> | <i>Restricted funds</i> | <i>Total</i> | <i>Percent</i> |
|------------------------------------|-------------------------------------|-----------------------------|--------------|----------------|
| School of Education— | | | | |
| special schools ----- | \$409,959 | \$52,042 | \$462,001 | 8.5% |
| Engineering ----- | -- | 170,160 | 170,160 | 3.1 |
| Medical testing labs and other | | | | |
| medical services ----- | 542,726 | 1,592,975 | 2,135,701 | 39.5 |
| Optometry and audiology | | | | |
| clinics ----- | -- | 151,208 | 151,208 | 2.8 |
| Vivaria ----- | 382,584 | 4,463 | 387,047 | 7.2 |
| Art, music, drama activities ----- | 156,924 | 429,458 | 586,382 | 10.9 |
| Intercollegiate athletics ----- | -- | 807,940 | 807,940 | 15.0 |
| Other ----- | 256,081 | 447,463 | 703,544 | 13.0 |
| Total—Amount ----- | \$1,748,274 | \$3,655,709 | \$5,403,983 | |
| Percent ----- | 32.4% | 67.6% | | 100.0% |

Proposed Budget

| <i>1969-70</i> | <i>1970-71</i> | <i>Amount</i> | <i>Change</i> | <i>Percent</i> |
|----------------|----------------|---------------|---------------|----------------|
| \$4,465,051 | \$4,784,919 | \$319,868 | | 7.2% |

State funds support 31.4 percent of the budget for organized activities—other. This budget category represents 0.8 percent of the total support budget. The proposed increase is \$319,868 or 7.2 percent above the 1969-70 level.

Of the increase, \$150,000 is related to state funding while the remaining \$169,868 in University funds will support arts and lectures and recreational activities on the various campuses.

State supported activities and the amount of state funds included in the 1970-71 budget are:

| | |
|---|-----------|
| University Elementary School ----- | \$412,109 |
| Education Field Service Center ----- | 30,064 |
| Neuropsychiatric Institute School ----- | 2,240 |
| Vivaria ----- | 312,195 |
| Arboretum ----- | 25,907 |
| Medical Support Laboratories ----- | 138,863 |
| Facility for Advanced Instrumentation ----- | 40,528 |
| Dental Clinic Subsidy ----- | 395,125 |
| Art Galleries and Collections ----- | 127,087 |
| California Management Review ----- | 21,022 |
| Other ----- | —4,879 |

Total State Funds Budgeted ----- \$1,500,261

Workload Indicators

Workload formulas have not been developed for projecting needs of activities included in this function. In the past, workload increases for these items have been reviewed on an individual basis.

Increase Subsidy for Dental Clinics

The budget increase of \$150,000 is proposed to be used for an increase to the subsidy for dental patients at the dental clinics at Los Angeles and San Francisco. Actually no budgetary authorization for

University of California—Continued

use of state funds for this purpose has ever been approved for Los Angeles but state funds have previously been appropriated for the San Francisco clinic. To fund the Los Angeles clinic in the past the University has relied on the use of funds from the human medicine teaching hospital subsidy or the use of excess budgetary savings. In 1968-69 a total of \$147,611 in General Funds was expended for subsidy at Los Angeles.

Recommendation

We recommend approval.

The increase in state funds of \$150,000 for the dental clinic at Los Angeles is consistent with existing state policy at San Francisco. There is no other increase of state funds in this function.

6. ORGANIZED RESEARCH**Functional Description**

State-supported activity included in the Governor's Budget under this function consists primarily of support for institutes and bureaus, faculty research grants and travel to professional meetings and research in agriculture, forestry and veterinary medicine. The largest portion of the organized research budget which is received from private individuals, agencies, and the federal government is excluded from the support budget. At present California currently receives 40 percent of its total research and development expenditures from the federal government but is experiencing increasing competition for these funds. If the special Atomic Energy Commission contracts are excluded, the ratio of state dollars to federal dollars is 1 to 2.6. State support is used primarily to meet the matching requirements of the federal government and provide for the administrative functions of organized research units.

Proposed Budget

| 1969-70 | 1970-71 | Amount | Change | Percent |
|--------------|--------------|-----------|--------|---------|
| \$41,202,682 | \$41,293,807 | \$91,125. | | 0.2% |

The 1970-71 proposed budget includes approximately \$36.9 million in state funds, or about 89.3 percent of the total budgeted. This function is 7.4 percent of the total support budget.

Workload Indicators

One formula that has historically been used to evaluate workload increases in organized research is the relationship of research grants and travel to FTE faculty positions. In effect this allowance represents the only enrollment related commitment on state funds for the organized research function.

An amount of \$465 is included in the Governor's Budget for each proposed new faculty position. This is the same workload amount added per faculty in the 1969-70 budget which indicates that no price increase has been allowed.

There are no other traditional formulas for measuring workload in the organized research function and other increases in state funding are reviewed on a policy basis.

University of California—Continued
Progress Report on Agricultural Income

In prior analyses we have pointed to the relatively small percentage of contributions by the private agriculture community to support University programs in agriculture research and extension. Budgeted state support for agriculture research makes up more than half of all budgeted state funds for organized research. In agriculture extension programs with primary services to the agriculture community, state funds account for more than three quarters of the budget. In 1967 we noted that the agriculture extension budget at that time exceeded \$9 million but received only \$36,000 from sales and services and \$20,000 from agriculture extension sales. In response to our proposal for the University to produce more income from outside sources, language was included in the 1967 Budget Act that required agriculture extension to "propose a system of appropriate charges for the services it provides for the agricultural community and related industries which will reduce General Fund contributions in subsequent budgets."

The Agricultural Extension service of the University submitted a statement in response to this legislative directive which did not propose any system of charges for the services it provides. In our 1968-69 Analysis we were critical of this report on the basis that it was nonresponsive to the legislative request. The Legislature again directed the University to prepare a report on the feasibility of establishing a system of charges for services they provide.

After our 1969-70 Analysis of the Budget Bill was written we received from the University the Report on the *Feasibility of Increasing Income from Activities of Research and Extension in the Division of Agricultural Sciences, University of California*.

Although the report did not include a specific schedule of charges for agriculture extension, it did include a survey of potential areas which could increase revenue to the research program.

Although the University was not directly responsive to the question of increased charges for the services it performs, the report indicated a potential to increase the amount of outside industry revenue to support agricultural research. This possibility of greater sharing of the costs was the basis of our original recommendation in 1967.

Because it was too early to identify specific budget actions that could be taken, we recommended that the University prepare a progress report on the implementation of these items to be submitted to the Joint Legislative Budget Committee by November 1, 1969 and this was the action of the Legislature.

In response to this directive the University submitted a progress report entitled *Implementation of Programs to Produce Additional Income From Research and Extension Activities of the Division of Agriculture Sciences*. In general, the report produced little information not included in the previous year's report. Following is a summary of each of the potential areas of new income as proposed in the 1968 report followed by a report on the progress made since then.

University of California—Continued**1. Establish an Agricultural Research Foundation**

This proposal would create a research foundation for support of research and extension programs. It is anticipated the appropriate expenditure base for such a foundation would be in the neighborhood of \$3 to \$5 million supported by agricultural interests. The primary objective of the University for creating such a foundation would be to generate additional grant and gift income. The progress report showed no tangible results although there has been a number of meetings with the agricultural interests.

As to the budgetary effect, this proposal would probably result in expanded research and there would be no offsetting saving to the state without specific legislative direction.

2. Patent and Production Rights

Although the University presently has a system of royalty payments for patents, the report suggested that increased income could be obtained by a more aggressive Regents policy applied to agricultural research. A disadvantage noted in the report is the desire to maintain the free flow of information from such research. The report suggests that to increase the number of disclosures some incentive is needed such as the return of a portion of the royalty income to the departments.

The progress report noted that although there had been an expansion in agricultural patents since the last report, the potential for significant new revenue was small. Activity in 1968-69 resulted in only \$249,000 gross income before expenses and payments to inventors.

Under existing policy, increased income generated from patent activities would have no effect on state appropriation. Our proposal to change this policy with a resultant 1970-71 savings to the state of \$69,000 can be found on page 402. Additional information regarding the operation of the patent program is also included.

3. Marketing Orders

In 1967-68, \$290,000 in research funds came from self-imposed industrial market orders. The report suggests that this type of activity represents a significant potential for increasing outside revenue. The progress report noted three new marketing orders made by the rice, prune and citrus industries had been established since the initial report.

In terms of budget effect, any expansion of this activity would serve to create new specific mission oriented research that would probably not result in an offset to state funds.

4. Agriculture Services Institute

A suggestion to establish a revenue-generating auxiliary enterprise to charge for tests on soil, plant or animal tissue, water, feed, seed and other services is rejected by the University. The report states that such an institute would be in direct competition with privately owned laboratories and the only potential fiscal advantage would be additional profit income which would be questionable public policy.

University of California—Continued

5. Special Surveys and Consultations

A system of charges could be developed for services when requested by an individual or organization to provide special services when no overall benefit for general agricultural research is apparent. The University does not consider this to be a significant income potential unless the primary research and teaching missions are downgraded. In addition, the progress report notes that such a policy would jeopardize the tradition of voluntary in-kind contributions by the industry estimated to be over \$30 million.

6. Sale of Agricultural Publications

The University has appointed a special committee to study the publications and information programs of Agricultural Sciences. The report suggests that substantial policy changes may result in additional income for publications. The progress report notes that recommendations by the committee are still under consideration. The publication program for Agricultural Extension is budgeted at \$390,411 in 1970-71 of which about 3½ percent is expected income. Other agriculture publications amount to about \$1.8 million of which only 2 percent is offset by income.

A substantially increased program here could result in a budgetary offset if the additional revenue can be identified in terms of the additional production costs. We will continue to monitor this potential.

7. Charges for Schools, Shortcourses, Workshops, Conferences, Etc.

Agricultural Extension now follows a policy of collecting fees for these events if they are more than one day's duration. Although the progress report notes that fees are being increased where feasible, no specific detail as to the additional income to be generated is mentioned. In 1968-69 about \$86,000 was realized from this type of activity. It is doubtful that this activity will generate income of any significant nature.

8. Charges for 4-H Club Activities

As noted in the University's 1968 report, \$43,400 was obtained in 1967-68 as revenue from conference fees. By establishing an "incidental fee" for club membership it would be possible to obtain an additional \$50,000. The progress report indicates that this proposal has been rejected by the University on the basis that substantial membership fees would present difficulties for development of 4-H Club programs in low-income areas where much of the activity is presently directed.

Recommendation

We recommend a reduction of \$69,000 from organized research to reflect the state's share of 1968-69 University Patent Fund income.

Although not all inventions initiated by University employees may be patented because of numerous legal restrictions, the University has had for many years a patent program which is one of the largest in the nation.

University policy requires that all employees engaged in research sign a patent release. It is then the responsibility of the University's Patent Board to determine which research projects should be patented.

University of California—Continued

Existing policy allows the inventors to retain 50 percent of net royalty income after patent costs and 15 percent overhead costs have been deducted. The remaining income is retained by the University for regent determined uses.

The income and expenditures of the University patent operation from 1964-65 through 1968-69 are shown in Table 19.

Table 19
Patent Income and Expense
University of California—1964-65 through 1968-69

| | Gross income | Patent expenses | Payments to inventors | Net income |
|---------------|-----------------|--------------------|--------------------------|---------------|
| 1964-65 ----- | \$153,791 | \$46,169 | \$5,543 | \$102,079 |
| 1965-66 ----- | 189,654 | 37,174 | 50,443 | 102,079 |
| 1966-67 ----- | 245,837 | 42,144 | 80,657 | 123,066 |
| 1967-68 ----- | 186,441 | 40,727 | 103,966 | 41,748 |
| 1968-69 ----- | 249,179 | 65,093 | 19,603 | 164,483 |

University income is deposited in the University Patent Fund which was created by the regents in 1952 and this fund had a balance of \$2,246,083 as of June 30, 1969. Income from royalties in 1968-69 amounted to \$249,179 which was an increase over the \$186,441 income of the prior year. The net income deposited to this fund in 1968-69 was \$164,483. In addition, investment income on the balance of the fund resulted in \$111,607 for a total 1968-69 net income of \$276,000.

Because the state is a significant contributor of funds to the University research programs we feel the state has an interest in the income generated by inventions of University employees. According to the 1970-71 program budget, sponsored research totals \$193 million of which \$47 million, or approximately 25 percent, is from state funds. On this basis, 25 percent of the net "profit" could be considered related to state generated support.

We would recommend that the state's interest in patent fund income, including interest, be established as a matter of policy and that 25 percent, or \$69,000 of the 1968-69 income be deleted from the budget for organized research as a reflection of this policy. Although this is a relatively small amount, this policy would establish the state's interest in any significant inventions that might occur in such fields as electronics or pharmaceuticals.

Special Appropriations for Research

We recommend approval as budgeted of the following three special appropriations. Included in the totals for organized research are three special research programs separately appropriated in the budget bill. Item 88 appropriates \$334,900 for research in the conversion of sea water and brackish water to fresh water, and Item 89 appropriates \$100,000 for research in dermatology. Item 90 appropriates \$100,000 from the California Water Fund to support a research program in mosquito control. All three of these programs are continued at the 1969-70 level.

University of California—Continued

7. LIBRARIES

Functional Description

Support for the current operations of the University's nine campus libraries as well as related college and school research branch and professional libraries is included in this budget function. The University's 10-year plan for library development states that its principal objective is to support adequately the academic programs of the University. Access to scholarly books, manuscripts and other documents is an integral part of University teaching and research.

Proposed Budget

| 1969-70 | 1970-71 | Amount | Change | Percent |
|--------------|--------------|-----------|--------|---------|
| \$25,424,650 | \$25,908,650 | \$479,000 | | 1.9% |

This function represents 4.6 percent of the total support budget. State support funds provide 98.1 percent of the library budget.

The 1970-71 increase of \$479,000 is proposed entirely from the General Fund and will provide additional staff and related support for reference and circulation activities. There is no dollar increase over the 1969-70 level for book purchases, or related acquisition and processing activities. An \$11,000 increase for binding expense is offset by an equal reduction in library automation.

Workload Indicators

Workload projections for the library function for the most part have previously been related to student enrollment. The library function is normally separated into five subfunctions for review purposes. These are book and periodical purchases, binding expense, acquisition and processing, reference and circulation and library automation.

The workload projections were made on the basis of a three-quarter average FTE student enrollment. Summer quarter students were excluded from the measurement. This year's budget shows an increase of 1.9 percent for the library function as measured against an increase in student enrollment of 6.3 percent. We are unable to determine the method used for projecting library needs in the 1970-71 budget. Table 20 shows the relationship of the increases in the library budget to the increases in enrollment for each campus in the system.

Table 20
Libraries Comparison of Percents of Dollar to Enrollment Increases

| | 1969-70 Budget | 1970-71 Increase | | |
|---------------------|----------------|------------------|---------|-------------------------|
| | | Amount | Percent | Enrollment ¹ |
| Berkeley ----- | \$5,195,975 | \$47,564 | 0.9% | 1.5% |
| Davis ----- | 3,413,413 | 69,564 | 2.0 | 8.0 |
| Irvine ----- | 2,121,889 | 45,609 | 2.1 | 15.7 |
| Los Angeles ----- | 5,679,083 | 47,684 | 0.8 | 2.0 |
| Riverside ----- | 1,599,415 | 96,812 | 6.0 | 29.8 |
| San Diego ----- | 2,592,576 | 32,614 | 1.2 | 14.5 |
| San Francisco ----- | 768,595 | 8,013 | 1.0 | 0.9 |
| Santa Barbara ----- | 2,930,926 | 112,123 | 3.8 | 9.2 |
| Santa Cruz ----- | 1,122,778 | 19,017 | 1.7 | 5.9 |
| Total ----- | \$25,424,650 | \$479,000 | 1.9 | 6.3 |

¹ Three-quarter average.

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The funds budgeted for the purchase of books and periodicals totals \$7,238,000 for the nine campuses and is the same dollar amount as authorized in 1969-70 for this purpose. No increase has been allowed for growth in student enrollment and no provision for price increases has been allowed. Table 21 presents the five-year trend of volumes per student since 1966-67 which shows a consistent increase per student for the past four years. This trend is reversed in the 1970-71 budget and the volumes per student falls from 107.3 in 1969-70 to 106.8 or approximately the 1968-69 level.

The increases in the volumes per student in prior years was not necessarily the result of prior budgets. Each year there is a substantial amount of volume additions to the University libraries from gifts and purchase of special collections from endowments or other University funds. For this reason it is likely the actual volumes per student in 1970-71 will exceed the amount shown in Table 21 and thereby continue the historic increase.

Table 21
Volumes per FTE Student 1966-67 through 1970-71

| | <i>FTE Enrollment</i> ¹ | <i>Total Volumes in Collections</i> | <i>Volumes per Student</i> |
|-----------------------------------|--|---|--------------------------------|
| 1966-67 Actual ² ----- | 79,293 | 8,149,298 | 102.8 |
| 1967-68 Actual ² ----- | 86,839 | 8,970,853 | 103.3 |
| 1968-69 Actual ³ ----- | 90,352 | 9,661,214 | 106.9 |
| 1969-70 Estimated ----- | 95,789 | 10,282,000 | 107.3 |
| 1970-71 Proposed ----- | 101,781 | 10,870,000 | 106.8 |

¹ Three-quarter average enrollments.

² Corrected volume count.

³ Preliminary volume count.

Recommendation

We recommend approval. None of the increases in the library budget exceed the accepted workload indicators.

8. a. UNIVERSITY EXTENSION

Functional Description

The goal of University extension is to provide educational opportunities for adults, promote participation in public affairs and to provide solutions to community and statewide problems. Continuing adult education programs are offered by University extension throughout the state.

University extension operates four basic education programs: (1) professional upgrading; (2) cultural programs; (3) citizen responsibility; and (4) urban extension. In addition, four supporting programs are also operated: (a) low-density population areas, (b) radio and television, (c) administration, and (d) planning and development. Professional programs are designed to create educational opportunity for adults and the professional, administrative and managerial fields in order that they may keep abreast of the latest research and development in their respective fields. Cultural programs provide education in art, music, literature and humanities. Citizen responsibility programs are designed to stimulate interest in local, state, national and international problems. Urban extension includes programs in low-density

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population areas which provide opportunities for continuing adult education. Radio and television programs consist of film and taped extension programs which are made available to students in several areas of the state and also assist in meeting the problems of increased student population and staff shortage. Planning development is for the study of new programs.

Proposed Budget

| 1969-70 | 1970-71 | Amount | Change Percent |
|--------------|--------------|-------------|-------------------|
| \$18,489,301 | \$20,060,132 | \$1,570,831 | 8.5 |

The proposed budget for the University extension is 3.6 percent of the total support budget and is \$1,570,831 or 8.5 percent more than the current year. There are no state General Funds appropriated for the extension function. It is a self-supported activity financed principally from student fees.

Enrollment

Enrollments for University extension since 1963-64 along with the percentage increases each year are shown in Table 22.

Prior to 1968-69 state appropriations subsidized the University extension program. As the percentage of state support fell during those years, enrollment reacted accordingly because program planning was based on state support. In 1968-69 all state support was eliminated from the extension program and from that point on enrollment growth has apparently stabilized.

Recommendation

We recommend approval. There is no state funding included in this function.

Table 22
University Extension Enrollments
1963-64 Through 1970-71

| | FTE Students | Percentages increase |
|---------------------|-----------------|-------------------------|
| 1963-64 | 14,500 | -- |
| 1964-65 | 16,283 | 11.9% |
| 1965-66 | 18,881 | 12.1 |
| 1966-67 | 17,331 | -8.2 |
| 1967-68 | 17,231 | -0.6 |
| 1968-69 | 18,307 | 10.6 |
| 1969-70 (estimated) | 19,100 | 10.4 |
| 1970-71 (proposed) | 20,100 | 10.5 |

8. b. AGRICULTURAL EXTENSION

Functional Description

Agricultural Extension is operated under a cooperative agreement with the University, the county boards of supervisors and the United States Department of Agriculture. Agricultural Extension serves 56 of California's 58 counties. Those services offered are consistent with federal requirements under the Smith-Lever Act and include instruction and practical demonstration plus printing and distribution of information relating to agriculture and home economics. The purpose of

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Agricultural Extension is to provide a connecting link between the research laboratories and the local problem in growing, harvesting and processing agricultural products.

Proposed Budget

| 1969-70 | 1970-71 | Amount | Change | Percent |
|--------------|--------------|----------|--------|---------|
| \$10,350,212 | \$10,365,379 | \$15,167 | | 0.1 |

State support funds of \$8,145,852 represents 78.6 percent of the Agricultural Extension budget. This budget category is 1.9 percent of the total support budget. Agricultural Extension also receives support from the federal and county governments. State and federal funds are used by the University to pay for central services, staff and salary and local advisers and other technical field positions. Counties provide and maintain farm advisors offices, including all clerical and support needs. The increase of \$15,167 is comprised of \$15,000 in new fee income and \$167 from endowment funds. There is no increase proposed from state funds.

Table 23

Agricultural Extension 1970-71

| | |
|---|--------------|
| Resource Conservation use and development----- | \$408,974 |
| Protection of forest crops and livestock----- | 1,117,196 |
| Efficient production of farm and forest products----- | 5,406,433 |
| Efficiency in marketing and utilization of agricultural products----- | 299,249 |
| 4-H and other youth----- | 1,955,094 |
| Improved nutrition and family living----- | 788,022 |
| Agricultural Publications—Public Service----- | 390,411 |
| Total Agricultural Extension----- | \$10,365,379 |

Progress Report on Potential New Income

The conference committee on the 1969-70 budget directed the University to submit a progress report relating to implementation of actions designed to generate additional income for agricultural research and extension. This report is discussed on page 400 under the organized research function.

Recommendation

We recommend approval. There is no increase proposed from state funds.

8. c. OTHER PUBLIC SERVICE PROGRAMS

Functional Description

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

Proposed Budget

| 1969-70 | 1970-71 | Amount | Change | Percent |
|-------------|-------------|----------|--------|---------|
| \$2,672,128 | \$2,731,335 | \$59,207 | | 2.2% |

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The proposed budget increases \$59,207 over 1969-70 and is funded largely from student registration fee income and ticket sales revenue. This function represents only 0.5 percent of the total support budget and includes state funds amounting to \$354,197. Table 24 shows the budgeted expenditures by type of program and source of funding.

Table 24
Campus Public Service 1970-71
By Fund Source

| | General fund | University sources | Total |
|------------------------------------|--------------|--------------------|-------------|
| Arts, lectures and conferences---- | \$238,729 | \$1,792,764 | \$2,031,493 |
| Public service—agriculture ----- | ----- | 75,000 | 75,000 |
| Professional publications ----- | 43,129 | 37,000 | 80,129 |
| Vocational education ----- | 16,742 | 149,971 | 166,713 |
| Museums and laboratories ----- | 53,998 | 200,709 | 254,707 |
| Community service, other ----- | 1,599 | 121,694 | 123,293 |
| Totals ----- | \$354,197 | \$2,377,138 | \$2,731,335 |

Recommendation

We recommend approval. There is no increase of state funds for this purpose.

9. GENERAL ADMINISTRATION

Functional Description

This budget function includes the responsibilities for both the Universitywide and campus administration. Universitywide personnel includes the President and administrative officers of the University and their staffs. Campus personnel classified under General Administration include budgeting, accounting, and purchasing personnel, architects and engineers, business managers, campus development staff, cashiers, personnel employees and chancellors and their immediate staff. The major responsibilities of personnel engaged in general administration is to ensure the most effective utilization of the University's resources.

Proposed Budget

| 1969-70 | 1970-71 | Amount | Change Percent |
|--------------|--------------|---------|-------------------|
| \$21,803,195 | \$21,808,138 | \$4,943 | .02% |

The General Administration budget represents 3.9 percent of the total support budget. The budget increase is \$4,943 or .02 percent. The net increase includes a reduction of \$2,900 from U.C. general funds plus an increase of \$7,843 from other University funds.

Workload Indicators

The method used in the past for projecting workload needs has been to relate total state expenditures in this function to the total budget. For the past three years the Governor's Budget proposed lump sum workload increases by maintaining a consistent percentage between state funds for administration and state funds in the total budget. The University, although agreeing with the methodology of the formula, uses the total of all funds as a percentage base to evaluate workload.

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Using the University approach, Table 24 shows the five-year trend comparing budgeted General Administration to total budgeted expenditures. The effect of no increase in administration is shown by a reduction in the percentage from 2.96 in 1969-70 to 2.85 in 1970-71.

Table 24
General Administration

| | Percentage ratio of general administration to total expenditures ¹ |
|---------|---|
| 1966-67 | 2.81 |
| 1967-68 | 2.76 |
| 1968-69 | 2.94 |
| 1969-70 | 2.96 |
| 1970-71 | 2.85 |

¹ Excludes special federal research projects.

Recommendation

We recommend approval. There is no increase in state funds for this purpose.

Special Legislative Report

In the supplemental report of the Committee of Conference on the 1969 Budget Bill, language was included recommending that "the University develop alternative formulas or methods for determining workload increases for General Administration. These alternatives shall be submitted to the Joint Legislative Budget Committee by November 1, 1969."

We understand the University is in the process of developing a report that will suggest alternate formulas for the Institutional Services and General Expense Function as well as for General Administration. At the time of the writing of this analysis the report had not been received.

10. INSTITUTIONAL SERVICES AND GENERAL EXPENSE

Functional Description

Many of these services are administrative in nature and include such items as clerical pools, duplicating, mail and messengers, academic senate expense and automobile pools. Some of the services relate to health and safety such as surveillance training programs in radiation safety, accident prevention, and environmental sanitation. Others relate to the University's internal and external relations such as the University Dean of Education Relations, public information, publications and the University press.

Proposed Budget

| 1969-70 | 1970-71 | Amount | Change | Percent |
|--------------|--------------|-----------|--------|---------|
| \$11,418,101 | \$11,768,264 | \$350,163 | | 3.1% |

Institutional Services and General Expense accounts for 2.1 percent of the total support budget. State funds comprise 49.6 percent of this function and University general funds account for an additional 10.8 percent. Of the proposed increase of \$350,163, \$118,720 is from Univer-

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sity general funds and the remainder from other University sources. Because University general funds are direct offsets to state appropriations, the \$118,720 is subject to the same review as other state appropriations.

Workload Indicators

The method used in prior budgets to project workload needs is the same as that used for the general administration function. A lump sum amount is determined by finding a percentage of institutional services to the total state appropriation. The University formula uses the total expenditures rather than the state appropriation to make this projection.

Recommendation

We recommend approval. The lump sum increase of \$118,720 from University general funds does not keep pace with the growth in expenditures in other areas of the budget. Table 25 shows a slight reduction in the ratio of expenditures in this function to the total expenditures of the University.

Table 25
Institutional Services and General Expense

| | <i>Ratio of institutional services and general expenses to total budget ¹</i> |
|---------------------------|--|
| 1966-67 ----- | 1.56 |
| 1967-68 ----- | 1.45 |
| 1968-69 ----- | 1.55 |
| 1969-70 (estimated) ----- | 1.55 |
| 1970-71 (proposed) ----- | 1.54 |

¹ Excludes special federal research projects.

Electronic Computing Activities Within the University of California

The University of California currently operates 117 electronic computers in support of its administrative, instruction, and research needs exclusive of those computers located at the Atomic Energy Commission laboratories which are also operated by the University. Of these 117 computers, four are used in support of the University's administrative data processing requirements and are located in two data processing centers—one in Berkeley and one in Los Angeles. The remaining 113 are used for scientific research or instruction. The annual cost associated with operating the total of these computing facilities is approximately \$15 million derived primarily as follows:

| | |
|---------------------------|-------------|
| Federal ----- | \$7,000,000 |
| State of California ----- | 5,000,000 |
| University funds ----- | 3,000,000 |

The deployment of computers and the funding associated with the various levels of computing activity are displayed in Table 26. The source of this information is a published listing of all computers which is issued quarterly by the University administration. The data contained in the table are compiled from the listing as of December 30, 1969.

Table 26

COMPUTER ACTIVITIES WITHIN UNIVERSITY OF CALIFORNIA

△ Number of Computers

| Berkeley | | Los Angeles | | | | | | | |
|---|--|--|--|-----------------------------|---|-----------------------------------|--|---------------------------------|--|
| IBM360/30 IBM360/65 | | IBM360/40 IBM360/30 | | | | | | | |
| Berkeley | Davis | Irvine | Los Angeles | Riverside | San Diego | San Francisco | Santa Barbara | Santa Cruz | |
| CDC6400 IBM7094 IBM360/40 PDP-8LE | IBM7044 | Sigma 7 PDP 10 | IBM360/20 IBM1130 IBM360/91 | IBM360/50 | CDC3600 IBM1130 CDC160A CDC160A IBM1401 CDC1704 UNIVAC9200 | IBM360/20 IBM360/50 HP2115A | IBM360/20 IBM360/75 | IBM360/40 IBM1130 VAR6201 | |
| △ IBM1131 △ IBM1460 △ PDP-8/S SDS910 G150 IBM1800 SDS930 △ PDP-5 △ SIGMA 7 △ SIGMA 2 INTERDATA IBM1620 VAR 6201 PDP-6 △ PDP-7 △ PDP-8 IBM1620 △ PDP-8I NOVA | CDC3400 PDP-8I-C SIGMA2 PDP-8 RAYTEN 703 | PDP-LAB08 VAR6201 IBM1130 VAR6201 PDP-8L PB 440 | LINC SDS9300 SDS930 SIGMA7 IBM1620 G15 415 IBM360/91 SDS920 IBM360/50 IBM360/40 IBM360/20 LINC-8 SD5925 IBM360/40 PDP-8 | PDP-8 IBM1130 IBM1800 | SIGMA5 IBM1801 PDP-8 PDP-8/I-C SCU-1 PDP-8/L HP-2116B PDP-8 SIGMA2 PDP-8/L PDP-8 PDP-8 PDP-8 PDP-9 PDP-8/5 IBM1801-2D IBM1801-CB IBM1801 IBM1800 IBM1401 | PDP-8/I PDP-8 | RW400 IBM1620 IBM1800 CM-1024 PDP-8/I PDP-8/S | PDP-8/S PDP-8/ID | |
| 28,088 | 12,583 | 5,055 | 30,936 | 5,360 | 4,838 | 2,523 | 13,734 | 3,157 | |

Administrative Data Processing

Budget: State \$1,750,000

Usage: 24 Hours/Day; 5 Days/Week

Work Scope
Administrative Computing
Work for Nine Campuses
and Office of PresidentCampus Computing CentersBudget: State \$2,500,000
Federal 3,000,000
University Fund 2,500,000Usage: 8 to 24 Hours/Day
Work Scope
Provide Scientific, Research, and Instructional
Computing for DepartmentsDepartmental ComputingBudget: State \$ 700,000
Federal 3,700,000
University Fund 400,000Usage: 4 to 24 Hours/Day
Work Scope
Support Instructional
and Research Computing
Needs of Departments

Student Enrollment

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The Supplementary Report of the Committee on Conference relating to the Budget Bill for fiscal year 1969-70 recommended that the University be requested to prepare a report detailing the number of computers, source of funding, percent utilized and primary uses of this equipment. Other requirements of the report were a request that the structure for control and coordination of computers used for instruction and research among the nine campuses be outlined together with any measures which were being taken to centralize these computers into single computer centers for each campus. Finally, a description of the management information system which is being developed for the University was also requested. This report was received by the Joint Legislative Budget Committee on November 1, 1969. In addition to that report the summary information contained herein has been drawn from (1) a report called the Supplementary Planning and Budgeting Information for Electronic Data Processing required by the State Administrative Manual and received from the University in January 1970 and (2) the University budget.

Administrative Data Processing

The University maintains a central information systems division which is responsible for the development, implementation, maintenance and operation of four electronic computer systems which process administrative work for the nine campuses and the office of the president. This centralization assures a uniform development of systems for utilization by all campuses, reduces systems development costs and provides uniform data with regard to the various programs in operation. The following list itemizes the charges by application area during fiscal year 1968-69:

| | |
|--|------------|
| Accounting ----- | 40% |
| Payroll and Personnel ----- | 17% |
| Student ----- | 12% |
| University Extension ----- | 7% |
| Analysis and Budgeting ----- | 6% |
| Material (storehouse, inventory) ----- | 3% |
| Others (parking, telephone, housing) ----- | 15% |
| | <hr/> 100% |

The budget for administrative data processing for fiscal year 1970-71 is \$1,750,000. This budget, which is less than one-half of 1 percent of the expenditures of the University, compares favorably with data processing expenses for other universities or private industries which generally run at least 1 percent of all expenditures. In 1968, the University began the development of a management information system with the goals of substantially improving the data base for analysis and providing improved efficiencies of operation within five major areas. Systems development projects are in various stages of completion in the areas of: (1) student, (2) personnel, (3) financial, (4) facilities, (5) material. New systems scheduled for implementation on selected campuses during the next fiscal year include the undergraduate admission system, the graduate admission system, the student registra-

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tion system, a financial aid system and a class scheduling project. A personnel and payroll system will also be in operation on pilot campuses beginning in the fall of 1970. The design of these systems will take full advantage of the large-scale third generation computer utilized for administrative data processing, and will be organized to maintain a comprehensive data base of information.

We recommend an augmentation of \$176,000 for the University Management Information System to permit installation of remote terminals. (Funding for this augmentation may be obtained from the policy option on page 380.) We further recommend that the University administration prepare a report detailing the various standard administrative reports currently prepared by the administrative data processing center. This report should include a brief description of the data content and utility of these reports within the University. This report should be submitted to the Joint Legislative Budget Committee by November 1, 1970.

The installation of remote terminals on the nine campuses of the University for sending and receiving data to and from the two computer centers was delayed by the action of the 1969 Legislature because the stage of systems design for the current year did not mandate the installation of these terminals. However, in fiscal year 1970-71, the absence of a terminal capability will seriously affect the efforts of the centralized administrative EDP facility to be responsive to the data needs of the nine campuses. Because the success of any centralized data processing installation is dependent upon its ability to receive data and transmit data directly to the customer, we are recommending that the budget of the Information Systems Division be augmented by \$176,000 to permit installation of one remote terminal on each of the nine campuses. Funding for this augmentation may be obtained from the policy option relating to the use of the state's share of overhead as discussed on page 380.

The primary purpose of these terminals will be to input payroll, admissions, student and registration data directly to the data processing center, to receive status reports from the various systems, and to make corrections or alterations to data contained in the system.

When the Management Information System for the University is developed to the extent that additional terminals or video display devices are available for management reporting and for the interrogation of the data base files by University administration, we recommend that the Legislature be permitted terminal access to the data bases in order that legislative committees and staff may have an independent access to the information for the purpose of analyzing the various programs within the University. As an interim measure to obtain more accurate information with respect to University programs, we are recommending the special report.

Scientific Research and Instructional Computing

As illustrated in Table 26 the University utilizes a total of 113 computers for scientific research and instructional computing activities. Each of the nine campuses within the University has established a cen-

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tral computing center for the purpose of providing computer service to the majority of the campus research and instructional activities. These computing centers are under the direct control of a campus computing center director who reports to the chancellor or to a vice chancellor. A total of 26 computers are under the direct control of the nine campus computing centers and the budget for these centers in fiscal year 1968-69 total approximately \$8 million. Of this amount, \$3 million was received from federal sources, \$2.5 million from state sources and \$2.5 million from other University funds. Of the \$2.5 million provided by the state, \$1 million was appropriated for instructional use of computing, and the remaining \$1.5 million was received from recharges to other University activities for service provided in support of instruction and research.

The remaining 87 computers are characterized by the University as specialized computers and are located within various departments, schools, institutes and offices of the University and are utilized primarily in support of the instructional and research needs of the activities in which they reside. Primary source of funding support for these computers is through federal contracts and grants made directly to a faculty member. Total funding associated with the operation of the specialized computers is approximately \$4.8 million derived from the following sources: federal contracts and grants—\$3.7 million; State of California—\$700,000; University sources—\$400,000. Of the \$3.7 million in federal funds, approximately \$1.5 million is funded by the Department of Health, Education and Welfare in support of research being conducted on the IBM model 360/91 located in the department of Biomathematics and Health Sciences on the UCLA campus.

The Need for Centralization and Control of University Computing

We recommend that the University of California develop a long-range master plan that will identify the future computing needs of the University. We further recommend that the University defer any significant expansion of computer hardware until this report is completed and submitted to the Joint Legislative Budget Committee.

As early as 1966, the Regents of the University of California recognized the scope of the computer problem at the University and commissioned a universitywide study noting in the regents meeting of May 20, 1966, that "the necessity for establishing a rational policy basis for the utilization and control of computers throughout the University has become increasingly apparent." The Management Analysis Center of Cambridge, Massachusetts was commissioned to conduct the study and on October 31, 1966, the University of California computer study—Phase I report was submitted to the regents. This report recognized the problem of proliferation of computers throughout the University, the problems of funding computers, the probability of dramatically increased computing needs of the University and the necessity of meeting these needs through adequate financial support and through the establishment of centralized computing facilities which were designated Computer Service Facilities (CSF). This report has received considerable attention within the University but the findings were never officially adopted.

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As an initial step towards controlling these activities a university coordinator of computer activities has been appointed. The activities of this coordinator include long-range planning, review of campus proposals for major expenditures for computing services and assisting administrative offices in contract negotiations and preparation of proposals for financial support for computing.

The University anticipates that no major computing systems will be required until at least 1971 and expects to have a master plan completed which will meet the computing needs for the University for the next five years and will include the development of a campus and university computing network utilizing quite possibly regional computing facilities rather than the current situation which finds computing totally decentralized among the campuses and also among specialized departments.

The problems of decentralized computers and the proliferation of machines within the University is similar in nature to the problems experienced by the rest of the State of California. There is a reluctance to give up direct control over computers by particular interest groups and the pressures for maintaining this decentralized approach are very strong. In our judgment, however, the current situation within the University cannot be justified and we are recommending that a Master Plan be developed which clearly identifies the computing needs of the University, approaches the problems of funding and does not permit special interest groups to alter the primary objective which should be the provision of adequate computing capability to all groups in the most efficient and economical manner.

Federal Grants Encourage Decentralized Facilities

It appears that the policies of the federal government play a major part in the continuation of the proliferation of small computers throughout the campuses of the university. It is our understanding that in many instances, departments and agencies of the federal government which grant funds for research insist that the funds allocated to computing be used to acquire separate and independent computing facilities. We can see no justification for this policy which appears to be a waste of federal funds in that it does not consider available computers for utilization in specialized projects before a demand is imposed to acquire an independent computing facility. We suggest that pressure be brought to bear on responsible federal agencies to discontinue this practice and urge the university to establish large and adequate computing facilities which can be supported by federal grants for research which otherwise would be used to support the small and in many cases, inadequate computers which currently are decentralized among the departments.

11. MAINTENANCE AND OPERATION OF PLANT**Functional Description**

This budget function provides generally for (1) maintenance of reasonable standards of repair, utility, safety and cleanliness and (2) improvement in standards of campus facilities in accord with techno-

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logical advancement. Maintenance and Operation of Plant is an essential supporting service to the University's primary teaching, research and public service programs. These plant costs include such activities as police protection, building and grounds maintenance, utilities, refuse disposal and other similar expenses.

Proposed Budget

| 1969-70 | 1970-71 | Amount | Change | Percent |
|--------------|--------------|-----------|--------|---------|
| \$32,070,624 | \$32,450,624 | \$380,000 | | 1.2% |

Maintenance and operation of plant represents 5.8 percent of the total support budget and state funds comprise 99.5 percent of this function. The budget increase of \$380,000 represents a net change comprised of increases and reductions as follows:

| | |
|----------------------------|------------|
| Utilities ----- | \$917,000 |
| Refuse ----- | 54,000 |
| Building Maintenance ----- | 871,000 |
| Fire Protection ----- | --- |
| Police ----- | -2,000 |
| Administration ----- | -64,000 |
| Grounds Maintenance ----- | -393,000 |
| Janitorial ----- | -1,003,000 |
| Total ----- | \$380,000 |

The 1969 appropriation for deferred maintenance of \$500,000 is not continued in 1970-71. This reduction is shown in Table 31 under Provisions for Allocations.

Workload Indicators

General Fund expenditures for maintenance and operation of plant traditionally have been related to outside gross square feet of maintained building area. As with most workload formulas used in the past this measurement was not designed to predict specific needs accurately but was used only as a general indicator of dollar growth related to workload in the total function. Exceptions in excess of these amounts were justified by more specific workload criteria in such areas as utilities, refuse disposal and police.

Beginning in the 1970-71 Governor's Budget the University is proposing the elimination of the overall cost per square foot indicator to be replaced with specific formulas for each subfunction as follows:

Proposed Workload Indicators

- Utilities—cents per outside gross square feet
- Refuse—cents per outside gross square feet
- Janitorial—full-time positions per outside gross square feet
- Building Maintenance—percent of replacement value
- Fire Protection—percent of replacement value
- Grounds Maintenance—cost per maintained acre
- Police—full-time positions per 1,000 of campus population
- Administration—percent of gross budget

Although we would support any indices which would provide more realistic measurements for each of the subfunctions, there are questions as to the validity of the new standards. For instance, the workload

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needs for utilities appear to be understated by using growth in outside gross square feet as a measurement and the janitorial and police indicators do not include provisions for economies of scale. We would agree that these are better indicators than previously used, but there is still room for considerable improvement.

The proposed dollar increase in the 1970-71 Governor's budget does not appear to be related to the workload standards of either the overall outside gross square feet measurement or the new proposed indicators. The \$380,000 increase for this function represents a 1.2 percent increase over 1969-70 while outside gross square feet expands by 6.1 percent for the same period of time. Table 27 illustrates the historical growth of outside gross square feet since 1963-64 along with the percentage increases.

Table 27
Outside Gross Square Feet
1964-65 to 1970-71

| Year | Total outside gross square feet | Year-to-year percent increase |
|---------------------|------------------------------------|----------------------------------|
| 1963-64 | 15,172,177 | 8.8% |
| 1964-65 | 16,840,000 | 11.0 |
| 1965-66 | 19,406,000 | 15.2 |
| 1966-67 | 22,064,763 | 13.7 |
| 1967-68 | 23,679,845 | 7.3 |
| 1968-69 | 25,515,761 | 7.8 |
| 1969-70 (estimated) | 27,787,400 | 8.9 |
| 1970-71 (proposed) | 29,477,079 | 6.1 |

We are unable to reconcile the 1970-71 budget dollar changes with the new workload standards shown in the budget. Using these measurements the budget exceeds workload needs for utilities and maintains the current workload level for refuse, building maintenance and fire protection. Minor reductions are shown for campus police and administration and a substantial reduction occurs in the janitorial area. This reallocation between subfunctions was accomplished by the University on the basis of priority needs within available funds and these decisions were apparently made on some other basis than the formula shown in the budget.

Deferred Maintenance Backlog

We recommend an augmentation of \$500,000 to reduce the deferred maintenance backlog with a provision for equal matching from University funds. (Funding for this augmentation may be obtained from the policy option on page 380.) It is further recommended that the University submit a detailed list of all deferred maintenance projects in priority order to the Joint Legislative Budget Committee by November 1 of each year.

In our analysis last year we pointed to the continuing growth in the University deferred maintenance backlog which then exceeded \$5.3 million. We recommended an augmentation of \$1 million to reduce the backlog by 20 percent. The Legislature appropriated \$1 million for this purpose with the stipulation that University matching funds be provided on a dollar-for-dollar basis. The Governor reduced this

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appropriation to \$500,000 when the Budget Bill was signed. The Committee on Conference on the 1969 Budget Bill also requested the University to submit a detailed list of all deferred maintenance projects to the Legislature for consideration of the 1970-71 operating budget.

The University has submitted a listing totaling \$5,274,649 which is slightly below the list totaling \$5,313,856 submitted the previous year. This stabilization of the backload indicates that an adequate level of building maintenance was reached in the operating budget during 1968-69.

The University deferred maintenance listing was divided into four general areas of priority as follows:

| | |
|---|-------------|
| 1. Elimination of health or safety standards | \$1,041,436 |
| 2. Minimization or elimination of deterioration | 1,945,292 |
| 3. Renovation or replacement of structures, equipment or grounds | 1,862,782 |
| 4. Increased labor productivity | 425,139 |

| | |
|-----------------------------------|-------------|
| Total, Deferred Maintenance | \$5,274,649 |
|-----------------------------------|-------------|

At the January 15, 1970 meeting of the regents, \$500,000 was appropriated from the University Opportunity Fund (Overhead) to be used as matching funds for the legislative appropriation. This should reduce the present backlog to \$4.3 million by the start of the budget year.

The \$500,000 appropriation made for this purpose in 1969-70 has not been continued in the 1970-71 Governor's Budget. Our recommendation would allow a further reduction of \$1 million from the backlog leaving a little over \$3 million unfunded. Funding for this augmentation may be obtained from the policy option relating to the use of the state's share of overhead as discussed on page 380.

The matching requirement imposed by the 1969 Legislature was developed to compensate for the fact that the state assumes almost total funding responsibility for maintenance and operation of plant while the users of the facilities include many nonstate funded activities. Our recommendation includes the continuation of this matching policy.

12. STUDENT SERVICES

Functional Description

A variety of programs are included within this budget function and are generally classified according to their source of funds. Services directly related to the functioning of the instructional program are financed by state or University general funds. These services may include admission, selection, student registration, class scheduling, grade recording, student statistical information. The services that are related to the maintenance of the students well-being are financed largely from incidental fees. These services include medical care, housing location, employment placement, counseling and cultural, recreational and athletic activities.

Proposed Budget

| 1969-70 | 1970-71 | Amount | Percent |
|--------------|--------------|-----------|---------|
| \$21,804,484 | \$22,411,527 | \$607,043 | 2.8% |

University of California—Continued

This function represents 4 percent of the total support budget and the General Fund accounts for 28.5 percent of the \$22,411,527 proposed.

The workload increase of \$607,043 includes \$97,570 from the University General Fund and \$509,473 from University restricted funds which are comprised primarily of students' fees.

Workload Indicators

In the past workload increases have been projected on the basis of a dollar rate per academic year student so that an increase in student enrollment should result in a corresponding increase in the General Fund support of this activity.

Excluding the summer quarter, student enrollment is expected to increase about 6.2 percent while the General Fund increase for this activity is only 1.5 percent. The previous budget formula did not consider the effect of economies of scale and probably resulted in annual over-budgeting for workload in this activity. The Governor's Budget makes no reference to the method developed for projecting 1970-71 needs and we are unable to determine the basis for the increase of \$97,570 for state-supported activities.

Recommendation

We recommend approval. The increase of \$97,500 to finance state supported student services activities is below the level of workload required if projected in relation to enrollment growth. Our recommendation for approval would recognize that the previous workload indicator did not include a provision for economies of scale. Table 28 compares the cost per student for student supported services and for state supported services from 1965-66 through 1970-71. A reduction in both types of activities occurs over the level budget per student in 1969-70 but the relationship between the two remains constant.

Table 28
Student Services per Student (Headcount)
1964-65 to 1970-71

| Year | Student-supported services | State-supported services |
|---------------------------|-------------------------------|-----------------------------|
| 1964-65 ----- | \$115.46 | \$51.61 |
| 1965-66 ----- | 124.28 | 52.30 |
| 1966-67 ----- | 134.94 | 57.64 |
| 1967-68 ----- | 129.12 | 54.94 |
| 1968-69 ----- | 147.30 | 57.84 |
| 1969-70 (estimated) ----- | 154.00 | 62.45 |
| 1970-71 (proposed) ----- | 150.55 | 60.15 |

13. STAFF BENEFITS

Functional Description

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

Education

Items 87-90

University of California—Continued

Proposed Budget

| 1969-70 | 1970-71 | Amount | Percent |
|--------------|--------------|-----------|---------|
| \$28,703,575 | \$29,296,000 | \$592,425 | 2.1% |

Staff benefit expenditures are 5.2 percent of the total support budget and over 99.8 percent of this support is state funds. All of these increases are related to workload in terms of maintaining existing staff benefit commitments to employees included in the 1970-71 budget.

Table 29 shows the amount and percentage of the proposed increases for staff benefits and Table 30 shows the current employer contribution rates.

Table 29
Proposed Total Staff Benefits for 1970-71

| Proposed total expenditures for staff benefits include the following programs: | Budget request | | |
|--|----------------|--------------------|---------|
| | 1970-71 | Increase Amount | Percent |
| A. Retirement Systems | | | |
| University of California Retirement System | \$18,476,000 | \$572,925 | 3.2% |
| State Employees' Retirement System | 3,297,000 | —254,900 | —7.2 |
| O.A.S.D.I. | 726,000 | 32,500 | 4.7 |
| Other (including faculty annuities) | 3,565,000 | 179,900 | 5.3 |
| Total Retirement Systems | \$26,064,000 | \$530,425 | 2.1 |
| B. Other Staff Benefits | | | |
| Health Insurance | \$2,232,000 | —\$4,000 | —0.2 |
| State Compensation Insurance | 1,000,000 | 66,000 | 7.1 |
| Total Other Staff Benefits | \$3,232,000 | \$62,000 | 1.9 |
| Total Staff Benefits—Workload | \$29,296,000 | \$592,425 | 2.1% |

Table 30
1970-71 Retirement Programs Employer Contribution Rates

| | Percent |
|--|---------|
| University of California Retirement System | 8.36% |
| State Employees' Retirement System | 7.25 |
| O.A.S.D.I. | 5.20 |

University of California Retirement System

We recommend that the University of California with cooperation from the Public Employees Retirement System prepare a report comparing costs and benefits of the University of California Retirement System with those of the Public Employees Retirement System. This report should specifically compare member benefits, employer and employee contribution rates and any other considerations necessary to assess the difference in costs and benefits of the two systems. It is further recommended that the University be requested not to increase benefits to the system prior to submission of this report.

The University of California Retirement System was established by the Regents in 1954 with retirement provisions closely resembling those of the State Employees' Retirement System. This system provided benefits to academic and administrative personnel only. Nonacademic personnel at that time were participants in the State Employees' Retirement System.

University of California—Continued

In 1956 we recommended transfer of all university employees into the state system on the basis that a larger system was less costly than two smaller systems. Legislation was enacted in 1957 authorizing such a transfer but the Regents refused to implement the legislation. The Regents then took action effective October 1961 to place all new non-academic employees in the University System.

The results of this unilateral action by the Regents has produced a university retirement system with similar benefits to the Public Employees Retirement System with an apparent greater cost to the state. The employer contribution rates for the University of California Retirement Systems are 8.36 percent while the rates for the Public Employees Retirement System are only 7.25 percent or a difference of 1.11 percent. This rate differential produces a state funding requirement in 1970-71 of about \$2.4 million in excess of what would be required in the state system.

It should be noted that many state employees participating in PERS also participate in the federal OASDI program while University employees do not. This requires an additional state contribution for state employees. For this reason it is difficult to accurately compare the employer contribution rates of the two systems because the overall state contribution rate has been adjusted to reflect the effect of OASDI.

Employee contribution rates would be a more accurate reflection of the difference. As an indication of the higher rates for the University system we have compared the employee contribution rates for the two systems at selected age levels. Table 31 shows the UCRS rates are considerably higher than comparable rates for PERS.

Table 31
Comparison of Members Rates of Contribution in the University of California Retirement System and the Public Employees' Retirement System

| Age at Entry | UCRS | | PERS | |
|-------------------|--------|--------|--------|--------|
| | Male | Female | Male | Female |
| 20 ----- | \$6.97 | \$7.48 | \$5.37 | \$5.57 |
| 30 ----- | 6.70 | 8.38 | 6.03 | 6.93 |
| 40 ----- | 8.05 | 9.90 | 7.27 | 8.35 |
| 50 ----- | 9.00 | 10.96 | 8.54 | 9.96 |
| 59 and over ----- | 9.90 | 11.95 | 9.59 | 11.25 |

The higher rate for the University system has been justified in the past on the basis of an unfunded liability as determined by the actuarial report for the system. As of June 1965 there was a deficit of \$11,679,579. The most recent actuarial report dated October 1969 now shows a surplus of \$8,786,485 as of June 30, 1968. This represents a pickup of \$20,466,064 in the three-year period. This surplus is based on the book value of assets in the Retirement Fund. If market value were used, assets would rise by another \$16,445,509 to a total surplus of \$25,231,994.

It is apparent that the present employer and employee contribution rates of the University system is excessive in terms of the existing benefits. In November 1969 the Regents were informed by the University administration that studies were presently underway to determine the

University of California—Continued

possibility of benefit increases for the members so as to take advantage of this favorable financial situation. Specifically, a cost of living provision and increases to disability and survivors benefits are being considered.

As a matter of policy we cannot support the concept that the state should continue to fund a higher rate for the University system than it does for other state employees. If the University desires to expand benefits unilaterally under its system, the expansion should not be accomplished from state appropriations unless there is assurance of equity between the two systems.

14. PROVISIONS FOR ALLOCATIONS

Functional Description

Provisions for allocation is comprised of Universitywide programs and items not assigned to specific campuses. These allocations are made to the campus on the basis of workload requirements. Examples include such items as endowment income unallocated, merit increases and promotions, provisions for price increases and budgetary savings.

Proposed Budget

| | 1969-70 | 1970-71 | Change Amount |
|-------------------------|--------------|--------------|---------------|
| Provisions | \$13,830,167 | \$20,247,032 | \$6,416,865 |
| Budgetary Savings | —11,152,100 | —11,280,111 | —128,000 |
| Total | \$2,678,067 | \$8,966,932 | \$6,288,865 |

The proposed budget increase of \$6,195,365 is comprised of \$5,561,000 of general funds and \$735,674 from University restricted fund income. The increase in state supported items is for merit increases and price increases offset by an increase in budgetary savings. In addition,

Table 32
University Provisions for Allocation to Campuses

| | | | |
|---------------------------------------|---------------------|--------------------|--------------------|
| General Fund | | | |
| 1969-70 Merits and Promotions— | | | |
| Unallocated | \$1,491,019 | \$1,491,019 | -- |
| Academic Merits and Promotions | -- | 3,719,000 | \$3,719,000 |
| Staff Personnel Merit Increase | -- | 1,970,000 | 1,970,000 |
| 1969-70 Range Adjustment— | | | |
| Unallocated | 2,193,501 | 2,193,501 | -- |
| Price Increase | 1,310,440 | 1,310,440 | 500,000 |
| Office Furniture Pool | 486,901 | 486,901 | -- |
| Renovation Funds, Berkeley | 30,544 | 30,544 | -- |
| Budgetary Savings | —11,152,100 | —11,280,100 | —128,000 |
| Deferred Maintenance | 500,000 | -- | —500,000 |
| Other Provisions | -- | 93,500 | 93,500 |
| TOTALS, GENERAL FUND | \$—5,139,695 | \$514,805 | \$5,654,500 |
| Restricted Funds | | | |
| Endowment Income—Unallocated | \$1,819,959 | \$1,877,276 | \$557,317 |
| Student Services and Facilities | 4,606,651 | 4,353,603 | —253,048 |
| Student Fees—Unallocated | 1,891,152 | 1,915,400 | 24,248 |
| Overhead—Unallocated | -- | 407,157 | 407,157 |
| Totals, Restricted Funds | \$7,817,762 | \$8,553,436 | \$735,674 |

University of California—Continued

a reduction of \$500,000 reflects the termination of the special 1969-70 appropriation for deferred maintenance. Table 32 summarizes the detail of this function for 1969-70 and 1970-71 and identifies the increases.

Merit increase provisions for 1970-71 are projected on the basis of 2.5-percent increase for state funded academic salaries and 2 percent increase for state funded non-academic salaries based on prior policies. This allows a 5-percent merit increase each year to about 50 percent of the academic employees and 40 percent of the nonacademic employees. This policy requires \$5,689,000 from the state.

An increase of \$500,000 for price increases is also included. Table 31 shows a 1969-70 unallocated balance of \$1,310,440 for this purpose, which means that the University had not allocated last year's appropriation for price increases to the campus. This indicates the campuses are being required to absorb price increases in their 1969-70 budget allocations, and last year's appropriation is being held by the University-wide administration to provide for emergencies or contingencies. Therefore the 1970-71 increase of \$500,000 when added to the 1969-70 balance in the account will provide a level of \$1,810,440 in 1970-71.

The reduction for deferred maintenance of \$500,000 reflects the termination of the special 1969-70 appropriation designed to reduce the backlog of maintenance. We are recommending an augmentation of \$500,000 to the 1970-71 budget to continue this program another year. This recommendation can be found on page 417 under the Maintenance and Operation of Plant function.

Budgetary Savings

In developing budgets for the various state agencies, salary and wage needs are projected on the assumption that all authorized positions will be filled for the entire year. From experience, it is known that turnover, vacancies and rehires at lower steps in the salary range will create salary savings that cannot be specifically identified in advance. In recognition of this factor and to assure overbudgeting does not occur, a salary savings amount based on experience is applied as an overall reduction to the total salary and wage budget.

Because budget act control language exempts the University from participation in the state's uniform accounting system, it is difficult to apply this savings factor to the salary and wage category. For this reason a general budgetary savings percentage, based on experience, has been applied to the total state appropriation of the University.

The 1970-71 Governor's Budget uses a rate of 3.39 percent which reflects a decision to apply 3.25 percent to the 1968-69 base budget and 3.5 percent on all increases above that base. This results in total savings of \$11,280,000.

Reporting Required on Uses of Savings

We recommend that the University report annually to the Joint Legislative Budget Committee a detailed listing of the uses of budgetary savings including a justification for each reallocation to a nonbudgeted expenditure, this report to be made by November 1 of each year.

University of California—Continued

For the past several years the University experienced savings in excess of 4 percent and in 1967-68 savings exceeded 5 percent. Previous to 1968-69 the University had always met the budgetary savings allotment and turned back excess savings to the state. In 1968-69 the University fell short of the savings target of \$9,392,764 by \$288,381 while at the same time an additional \$2,791,779 in surplus savings was allocated by the University to expenditure areas not included in the authorized budget. The level and uses of these expenditures are of concern because excess savings not spent revert to the state.

In response to a request to provide us with a 1968-69 listing of these allocations, the following summary was submitted by the University.

Summary of Transfers from Excess Savings

1968-69

| | |
|--|-------------|
| Write-off of uncollectables and collection costs | \$16,783 |
| Replacement of obsolete equipment and new equipment and books..... | 752,988 |
| Minor physical repairs and alterations for class rescheduling and enrollment increases | 196,152 |
| Offset Berkeley police deficit and fund cooperative agreement with Berkeley City police | 514,108 |
| Fire, explosion, flood, theft; repairs and replacement | 222,918 |
| Finance deficiencies in International programs | 253,684 |
| Finance deficiencies in administrative and service activities | 184,932 |
| Cover net deficit in UCLA Hospital subsidy..... | 184,492 |
| Management Information Systems and other computer related projects... | 131,895 |
| Fund balance of College of Medicine move from Los Angeles to Irvine... | 100,000 |
| Finance scholarships; Veterans and Military Dependents and Credentialed Teachers Financial Aid Study | 233,827 |
| Total | \$2,791,779 |

This listing raises a question as to the uses by the University of excess savings. We would agree that the University should have the flexibility to reallocate funds to meet deficiencies that were not foreseen when the budget is approved. On the other hand the listing suggests that some of these expenditures were made for items that were reviewed and denied in the normal budget procedure. The purchase of new library books in addition to the "lump sum" workload formula for library books that was approved by the Legislature is an example of this. An augmentation to the management information system is another example.

Our recommendation for annual reporting of these expenditures would provide the Legislature with a continuing review of the uses of state funds. It would also encourage the University to more closely review its policy relating to the uses of excess savings.

15. SPECIAL REGENTS' PROGRAMS

Functional Description

In accordance with Assembly Concurrent Resolution No. 66 of the 1967 legislative session, the Governor's Budget contains the planned programs to be financed from the University's share of federal overhead funds. This concurrent resolution continued the policy of equal division of overhead funds between the University and the state with

University of California—Continued

the state's portion being assigned as an operating income and the University's portion being used as restricted funds to finance special regents' programs.

Proposed Budget

| 1969-70 | 1970-71 | Amount | Change | Percent |
|-------------|-------------|------------|--------|---------|
| \$8,030,000 | \$7,129,000 | —\$901,000 | | —11.2% |

The 1970-71 budget for special regents' programs totals \$7,129,000 which is a \$901,000 reduction for the 1969-70 estimated level of expenditures. Actually the 1969-70 level is \$1,077,000 above the amount reported in the 1969-70 Governor's Budget which means there is a net increase for 1970-71 of \$176,000 over the 1969-70 amount reported last year.

The 1969-70 changes over last year's report include new items for grants-in-aid (\$500,000), a Berkeley Ph.D. student aid program (\$100,000) and an ethnic studies program (\$500,000). There was also a reduction in unallocated funds of \$23,000. The 1970-71 proposal is to continue these new programs at the same level while making general across the board reductions in other program areas.

Table 33
Special Regents' Funds
Expenditures 1970-71
Summary

| | |
|---|-------------|
| Student Aid: | |
| Graduate | \$500,000 |
| Undergraduate | 1,197,000 |
| Loans | 1,155,000 |
| Grants-in-Aid | 500,000 |
| Berkeley Ph.D. Program | 100,000 |
| Total, Student Aid | \$3,452,000 |
| Educational Enrichment: | |
| Innovative Projects | \$300,000 |
| Lawrence Hall of Science | 100,000 |
| Special Library Collections | 250,000 |
| Intercampus Exchange Program | 400,000 |
| Education Abroad Program | 150,000 |
| Educational Opportunity Program | 822,000 |
| Community Service Project Offices | 145,000 |
| Ethnic Studies Program | 500,000 |
| Total, Educational Enrichment | \$2,667,000 |
| Faculty Study: | |
| Creative Arts Institute | \$50,000 |
| Institute for Humanities | 150,000 |
| Summer Faculty Fellowships | 135,000 |
| Total, Faculty Study | \$335,000 |
| Management Studies | \$75,000 |
| President's Provision for Contingencies | 500,000 |
| President's Unallocated | 100,000 |
| Total Expenditures | \$7,129,000 |

University of California—Continued

Table 33 provides a listing of the proposed 1970-71 uses of these funds with the specific dollar amounts budgeted. A more detailed explanation of these programs can be found in the Governor's Budget starting on page 366.

Recommendation

We recommend approval.

Our review of this function was directed towards determining if expenditures in these programs are compatible with existing financial policy and if there is a conflict with items reviewed in the regular support budget. Programs funded from the University share of the overhead fund are specifically designed to enrich and expand University programs beyond the authorized level of state appropriation. For this reason we have excluded from our review a consideration of allocation of these resources to other possibly higher priority areas in the University programs.

16. URBAN CRISIS

Functional Description

This function was included for the first time in the 1969-70 Governor's Budget to identify and control a new state-supported urban research and public service program. The program was intended to be one of mission-oriented research and public service with the objective of improving the lot of the poor and the educationally disadvantaged of both urban and rural California.

Proposed Budget

| 1969-70 | 1970-71 | Amount | Change | Percent |
|-----------|---------|------------|--------|---------|
| \$600,000 | -- | —\$600,000 | | —100% |

The 1970-71 Governor's Budget proposes termination of the special appropriation which consists entirely of state funds. These funds were separately appropriated in a special budget item in 1969-70 and this item has been deleted from the budget act.

Department of Finance Control

This item was proposed as a new program in the 1969-70 Governor's budget and \$600,000 was included in the regular support appropriation of the University. In our 1969-70 analysis we noted that we had several reservations relating to the establishment of this program. We pointed out that so far as we could determine the anticipated use of the requested funds was for special projects (either research-oriented or services-oriented) which, at the stage of development of the budget, could not be specifically identified. For this reason we were unable to identify the need or uses of the dollars requested.

Secondly we noted that the proposal represented only a fraction of the total statewide programs related to urban problems and we suggested that since the urban crisis problem was statewide in nature, the program should be coordinated on a statewide basis. We recommended approval of the appropriation with the funds to be allocated by the Director of Finance on the basis of approved projects. We noted that

University of California—Continued

our recommendation would provide coordination and a system of control over state appropriations similar to the procedures used by the federal government in allocating research funds.

The Legislature approved our recommendation and directed the University to report on an individual project basis to the Joint Legislative Budget Committee at the time each project is authorized. The University was further to submit annually to the Joint Legislative Budget Committee a progress report on the accomplishments of each project. These reports were to identify all funding sources for these programs.

In a letter to the University on July 17, 1969 the Director of Finance described the specific areas of concern that would govern Department of Finance review and specified the type of information to be submitted with each project. In August the University submitted three groups of proposals totaling 25 in number and amounting to \$461,000. Nine of these were eventually approved by the Director of Finance and \$206,886 was allocated to the University. Following is a list of the approved projects.

| | |
|--|-----------|
| 1. Economic Development of Minority Communities—Berkeley----- | \$28,735 |
| This is primarily a public service function which provides technical assistance to minority businessmen. | |
| 2. Project Teacher—Davis ----- | 10,379 |
| This is special training to low-income persons in an attempt to qualify them as teachers. | |
| 3. Field Experience in Education—Davis----- | 7,500 |
| This is a training course for University student tutors who assist with various compensatory education programs within the public schools. | |
| 4. Project 21—Irvine ----- | 32,000 |
| This is an organization of business and community leaders that participates in community planning relating to urban problems. | |
| 5. Community Teaching Fellowship Program—Office of the President----- | 99,592 |
| This provides for the teaching of high school and college mathematics by University graduate students to educationally disadvantaged students in the elementary schools. | |
| 6. Intern Program—Riverside ----- | 1,000 |
| This is supplemental assistance to students working in the Riverside Urban Coalition to study and assist with urban problems. | |
| 7. Teacher Training Program—Riverside----- | 5,680 |
| This is a teacher intern program designed to increase the number of minority elementary schoolteachers. | |
| 8. Mobile Examination Unit—San Francisco----- | 7,000 |
| This provides for complete dental examination of disadvantaged children by University dental students. | |
| 9. Educational and Employment Opportunities for Low and Middle Income People in Health Professions—San Francisco----- | 15,000 |
| This is for development of community college curriculum for instructional programs concerning allied health professions. | |
| Total ----- | \$206,886 |

No progress reports have been submitted as of this date because most of the projects have been in operation with state financing for only a short time. A majority of the projects submitted for approval were a continuation of existing projects previously funded from other sources

University of California—Continued

or operated by students who donated their time. As a result most of the original submissions included some elements of a progress report.

Although state funding for these projects is terminated in the 1970-71 budget, the University appears to be finding outside funding for this type of activity. In December 1969 the University announced approval of 22 projects totaling \$250,000 to be funded from the Ford Foundation.

17. AUXILIARY ENTERPRISES

Functional Description

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

Proposed Budget

| 1969-70 | 1970-71 | Amount | Change | Percent |
|--------------|--------------|-------------|--------|---------|
| \$40,850,776 | \$44,608,866 | \$3,758,090 | | 9.2% |

Student housing will provide 23,650 individual living spaces in 1970-71, and will accommodate 16 percent of total enrollment. Parking systems will maintain 47,500 car spaces on the nine campuses, providing on-campus parking for one-third of all students, faculty and staff.

There is no state funding involved in this activity.

18. STUDENT AID

Functional Description

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

Proposed Budget

| 1969-70 | 1970-71 | Amount | Change | Percent |
|-------------|-------------|-------------|--------|---------|
| \$6,263,109 | \$7,560,929 | \$1,297,820 | | 20.7% |

No state appropriations are made directly to the student aid budget but a small amount of the Real Estate Education, Research and Recovery Fund allocations is applied to student aid. The greatest portion of the student aid funds are not budgeted and are reported separately in the budget. In 1969-70 nonbudgeted student aid is estimated to be \$24,519,185 increasing to \$25,438,705 in 1970-71.

Combining all identifiable funds for student aid shown in the budget indicates an increase of \$2,217,010, or 6.4 percent, in 1970-71. This is composed of the following:

| Function | 1969-70 | 1970-71 | Increase |
|----------------------------|--------------|--------------|-------------|
| Special Regents Program -- | \$3,452,000 | \$3,452,000 | -- |
| Student Aid (budgeted) -- | 6,263,109 | 7,560,929 | \$1,297,820 |
| Student Aid (nonbudgeted) | 24,519,185 | 25,438,705 | 919,520 |
| Total ----- | \$34,234,294 | \$36,451,634 | \$2,217,010 |

University of California—Continued

The amount reported in the Governor's Budget for all student aid is \$42,324,000 for 1969-70 which includes loan to students not included in the expenditure functions. The narrative explanation notes there will be no increase in 1970-71 for student aid. We are unable to reconcile that statement with the \$2.2 million increase shown in the detail.

University of California
HASTINGS COLLEGE OF LAW

Item 91 from the General Fund

Budget page 376

| | |
|---|-------------|
| Requested 1970-71 | \$1,231,009 |
| Estimated 1969-70 | 1,058,393 |
| Actual 1968-69 | 803,293 |
| Requested increase \$172,616 (16.3 percent) | |
| Total recommended reduction | None |

GENERAL PROGRAM STATEMENT

Hastings College of Law was founded in 1878. It is designated by statute as the law arm of the University of California but is governed by its own board of directors. The Chief Justice of the Supreme Court of the State of California is president of the board. All graduates of Hastings are granted the juris doctor degree by the Regents of the University of California.

The program objectives of Hastings as stated in its program budget are as follows:

1. Provide students a top-quality legal education so that they will become experts in the use of the tools of their craft, and thus achieve a high level of professional competency.

2. Provide the legal profession with promising young men and women who can meet the need of an increasingly interrelated and interdependent society. In other words to produce lawyers prepared for the various private and public roles assigned to the legal profession.

3. Ensure that its graduates are sensitive to the problems of the administration of justice, have an appreciation of the technological-social-economic context in which legal institutions are shaped, and understand the responsibilities of the law as a means of deliberate change.

To accomplish these objectives Hastings provides a basic program of instruction with supporting programs of student services and administration. Table 1 is a summary of these programs for the three years reflected in the budget document as well as the funding requirements.

Enrollment

The Governor's Budget provides for an anticipated 1,200 students in the 1970 fall semester. This represents an increase of 30 students (2.5 percent) over the actual 1969 fall semester registrations and an increase of 136 students (12.8 percent) above the 1,064 students originally programmed in the 1969-70 budget. In addition, 150 students

Hastings College of Law—Continued

Table 1
Program Expenditures and Funding Sources

| <i>Expenditures</i> | <i>Actual 1968-69</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> | <i>Increase</i> |
|--|---------------------------|------------------------------|-----------------------------|------------------|
| Instruction ----- | \$792,132 | \$984,528 | \$1,111,715 | \$127,187 |
| Student Services ----- | 225,043 | 239,617 | 262,587 | 22,970 |
| Administration and Institutional Services ----- | 315,183 | 417,933 | 461,602 | 43,669 |
| Program Totals ----- | \$1,332,358 | \$1,642,078 | \$1,835,904 | \$193,826 |
| <i>Funding</i> | | | | |
| State General Fund ----- | \$803,293 | \$1,058,393 | \$1,231,009 | \$172,616 |
| Federal Funds ----- | 52,997 | 53,734 | 53,734 | - |
| Student Fees ----- | 368,166 | 397,890 | 419,100 | 21,210 |
| Nonresident Tuition ----- | 87,600 | 106,800 | 106,800 | - |
| Other Reimbursements ----- | 20,302 | 25,261 | 25,261 | - |
| Funding Totals ----- | \$1,332,358 | \$1,642,078 | \$1,835,904 | \$193,826 |

are estimated to register for the 1970 summer session. Table 2 shows the 10-year history of student enrollments at Hastings by fall semester, spring semester, the two-semester average and summer session.

An enrollment peak was reached in 1964-65 at which time enrollment was administratively reduced because of overcrowding. Minor reductions in enrollment occurred each year until 1968-69 when the new expanded facilities neared completion.

Table 2
Student Registrations

| <i>Year</i> | <i>Fall</i> | <i>Spring</i> | <i>Two-Semester Average</i> | <i>Summer</i> |
|--------------------------------------|-------------|---------------|---------------------------------|---------------|
| 1961-62 ----- | 710 | 660 | 685 | 52 |
| 1962-63 ----- | 860 | 797 | 829 | 99 |
| 1963-64 ----- | 989 | 934 | 962 | 174 |
| 1964-65 ----- | 1,088 | 1,022 | 1,055 | 157 |
| 1965-66 ----- | 1,055 | 1,017 | 1,036 | 171 |
| 1966-67 ----- | 1,029 | 981 | 1,005 | 95 |
| 1967-68 ----- | 1,006 | 960 | 983 | 96 |
| 1968-69 ----- | 1,036 | 951 | 993 | 98 |
| 1969-70 (Revised) ¹ ----- | 1,171 | 1,100 | 1,136 | - |
| 1970-71 (Estimated) ----- | 1,200 | 1,110 | 1,155 | 150 |

¹ 1969-70 budgeted enrollment was 1,064 in the fall and 1,022 in spring for annual average of 1,043.

ANALYSIS AND RECOMMENDATIONS

The 1970-71 budget marks the second year of a program budget for Hastings College of Law. In last year's analysis we noted that the new program budget structure afforded the reader a clearer understanding of the Hastings operation. At the same time we noted the lack of output data necessary to evaluate the need for a particular level of expenditure. The 1970-71 budget makes no substantive change over last year's program structure although there has been an attempt to revise the stated objectives and to provide additional output data. For the same reasons noted in last year's analysis, we are again unable to relate dollar needs (input) to results (output). Proposed budget increases for the most part are related to increases in enrollment while

Hastings College of Law—Continued

the output as measured by the number of graduates does not show an immediate response to enrollment increases.

To assist us in our review of the Hastings' budget we have again relied on the line item budget, which this year has not been included in the printed budget. It would appear that the budgetary decisions made by Hastings and the Department of Finance were based on information in the traditional budget rather than the program budget. After these decisions were made the budget was reallocated to the program structure. For this reason, our analysis will again be directed towards identification of the traditional components of line item increases as they relate to the programs of instruction, student services and administration.

Administrative Adjustments in 1969-70

A total of 1,172 students were registered in the 1969 Fall semester, exceeding by 108 students the enrollment originally estimated in 1969-70 budget. These additional students generated an increase in fees of \$49,000 in excess of the budgeted amount. Of this increase, \$40,594 has been used to fund the expanded workload related to the new students and the remainder of \$8,407 is proposed as savings in the state appropriation.

The 1969-70 workload increases funded from these fees include one faculty position (\$19,776) within the authorized student-faculty ratio, increased student medical services (\$7,632) and other enrollment related increases.

INSTRUCTION

We recommend approval of the instruction program. The instruction program is the primary program of Hastings and is designed to provide instruction that will best prepare students as members of the legal profession.

Expenditures are allocated to the four program elements of classroom, theory-practice, library and Law Journal. The classroom element consists of the teaching faculty and their related support and is the heart of the instruction program. In addition, practical experience is gained in moot-court operations as well as intern-type experience in legal clinics and trial practices. The Law Journal and the law library are available to keep students informed of developments in the legal profession.

The proposed budget for instruction is \$1,111,715 or 60.6 percent of the total support budget. This is an increase of \$127,187 or 12.9 percent over the 1969-70 fiscal year. State support for 1970-71 amounts to \$608,515 or 54.7 percent of the instruction budget. The remaining 45.3 percent is funded by student fees and other reimbursements in the amount of \$503,200. The budget increases for each program element are shown in Table 3 followed by a line item listing of the increases.

Student-Faculty Ratio

The 1970-71 budget proposes an increase of 3.3 FTE faculty positions over the level authorized in the 1969-70 budget. This results in

Hastings College of Law—Continued

Table 3

Instruction Expenditures by Element

| <i>Program element</i> | <i>1969-70</i> | <i>1970-71</i> | <i>Increase</i> |
|--|----------------|----------------|-----------------|
| Classroom ----- | \$704,628 | \$816,271 | \$111,643 |
| Theory practice ----- | 35,443 | 35,443 | - |
| Library ----- | 205,469 | 217,303 | 11,834 |
| Law Journal ----- | 38,988 | 42,698 | 3,710 |
| Totals Instruction ----- | \$984,520 | \$1,111,715 | \$127,187 |
| Less reimbursements ----- | 475,990 | 503,200 | 27,210 |
| Totals—General Fund ----- | \$508,538 | \$608,515 | \$99,977 |
| <i>Allocation of Increases Related to Workload</i> | | | |
| 1 Faculty director ----- | | | \$24,000 |
| 2.3 ¹ Faculty ----- | | | 54,384 |
| - Summer session faculty ----- | | | 15,000 |
| 2 Clerical ----- | | | 12,900 |
| Merit increases and salary savings ----- | | | 4,327 |
| Operating expense and equipment ----- | | | 16,576 |
| Total increase ----- | | | \$127,187 |

¹ One additional faculty position (\$19,776) was added in 1969-70 from increased student fees and is proposed for continuation in 1970-71 as a new position.

an increase in the student-faculty ratio from 34.2 to 1 as budgeted in 1969-70 to 34.9 to 1 in 1970-71. Hastings computes the need for new faculty positions on the basis of units of teaching and nine units is considered a full-time teaching load. Faculty members teaching less than nine units have a corresponding reduction in salary. In 1970-71 a fourth section of first-year students will be initiated requiring an additional 30 units of classroom work. At the rate of nine units per FTE faculty, this will require the 3.3 new positions.

Other increases for instruction include a faculty director position whose time will be divided between teaching and administration, two clerical positions to support the increase in the professional staff, and related operating expense and equipment. An increase of \$10,832 for the library is included for price increases.

Summer Session Reinstated

In the 1969-70 budget the summer session was deleted to provide for remodeling of facilities during the summer of 1969. In last year's analysis we noted this would be a one-time reduction and the summer session would be reinstated in 1970-71. A total of 150 students are estimated to attend the 1970 summer session and the budget provides \$15,000 for this purpose financed entirely from summer session fees.

STUDENT SERVICES

We recommend approval of student services. This program provides services to students in the areas of admissions, registration, student employment, medical care and financial aid. Student admissions is concerned with screening and selecting applicants while the registrar is responsible for maintaining all student records. Placement services are available to all graduating students and assistance is provided to

Hastings College of the Law—Continued

second-year students for summer work experience. Hospital, medical and surgical benefits (including on-campus care) are provided Hastings students by contract with the University of California Medical Center at San Francisco. A counseling service is available for financial assistance and the financial aid office processes loans, scholarships and grants for the students in need of aid.

The 1970-71 proposed student services budget of \$262,587 represents 14.3 percent of the total support budget, and is an increase of \$22,970 or 9.6 percent over the estimated student services expenditure for 1969-70. State support of \$154,892 accounts for 59 percent of the 1970-71 program level while federal funds of \$53,734, student application and other fees of \$49,300 and other reimbursements of \$4,661, make up the remainder. The budget increases for each program element are shown in Table 4.

Table 4
Student Services Expenditures by Element

| <i>Program Element</i> | <i>1969-70</i> | <i>1970-71</i> | <i>Increase</i> |
|--------------------------------|----------------|----------------|-----------------|
| Admissions ----- | \$30,502 | \$32,572 | \$2,070 |
| Registrar ----- | 23,532 | 24,942 | 1,410 |
| Student placement ----- | 5,760 | 6,130 | 370 |
| Student medical services ----- | 84,240 | 86,400 | 2,160 |
| Student financial aid ----- | 95,583 | 112,543 | 16,960 |
| Totals, Instruction ----- | \$239,617 | \$262,587 | \$22,970 |
| Less federal funds ----- | 53,734 | 53,734 | - |
| Less reimbursements ----- | 53,961 | 53,961 | - |
| Totals, General Funds ----- | \$131,922 | \$154,892 | \$22,970 |

With the exception of the student financial aid element, the budget has relatively small workload increases. These are generally comprised of merit increases, price increases and other enrollment related expenditures. The increase for student financial aid reflects the addition of an administrator (\$14,000) to meet the workload necessitated by an increasing number of students requiring financial aid. In addition, there is an increase of \$2,600 for fee offset grants established in the 1968-69 budget from the increased registration fee.

ADMINISTRATION AND INSTITUTIONAL SERVICES

We recommend approval as budgeted for administration and institutional services. Administrative costs are not distributed to the instruction and student services program but are treated as separate programs in the Governor's Budget. The elements defined under this function include administration, accounting, plant operation and alumni. The administration element includes the executive and business management offices concerned with overall management of the college. Separately identified is the accounting function which is responsible for maintaining all fiscal records of the college. The alumni element is concerned with the continuing relationship between the school and former students. The activities relating to daily housekeeping, maintenance and security of the facilities are included under plant operations.

Hastings College of the Law—Continued

Administration comprises 25.1 percent of the total support budget for Hastings. State support for this function is proposed at a level of \$461,602 or 100 percent of total program expenditure. The proposed increase of \$43,669 is 10.4 percent higher than the 1969-70 fiscal year level. The budget increases for each program are shown in Table 5.

Table 5

| Administration and Institutional Services by Element | | | |
|---|----------------|----------------|-----------------|
| <i>Program Element</i> | <i>1969-70</i> | <i>1970-71</i> | <i>Increase</i> |
| Administration ----- | \$193,854 | \$241,519 | \$47,665 |
| Accounting ----- | 26,346 | 27,661 | 1,315 |
| Alumni ----- | 6,916 | 7,241 | 325 |
| Plant Operation ----- | 190,817 | 185,181 | -5,636 |
| Totals, Administration and Institutional Services ----- | \$417,933 | \$461,602 | \$43,669 |

With two exceptions the workload increases in this program consist of routine projections of merit increases and price increases. In addition, there is some reallocation of the existing operating expense and equipment accounts resulting in a net reduction over last year's level.

The increase in the administration element includes the addition of a new executive assistant position (\$16,200) to provide general staff assistance with emphasis on fiscal planning and administration.

New Retirement Program Proposed

Hastings' employees are not included under the state's Civil Service System and because of the independent status of Hastings from the University, the employees do not fall under direct control of the University personnel system. As a result the employees have never participated in either the Public Employees' Retirement System or the University of California Retirement System. Actually Hastings' employees do not even participate in the federal Social Security program.

To correct this deficiency the budget includes an increase of \$30,000 to provide the necessary employer contribution for inclusion of all Hastings employees in the University of California Retirement System with the exception of those members of the faculty in the "65 Club." The proposed plan will require an employee contribution rate of 8.36 percent for the current program plus 4.29 percent to allow coverage retroactively for 30 years.

CALIFORNIA STATE COLLEGES

Items 92, 93 and 94 from the General Fund

Budget page 386

| | |
|--|---------------|
| Requested 1970-71 ----- | \$311,214,417 |
| Estimated 1969-70 ----- | 288,115,503 |
| Actual 1968-69 ----- | 237,548,812 |
| Requested increase \$23,098,914 (8 percent) | |
| Increase to improve level of service \$365,771 | |
| Total recommended reduction ----- | \$1,091,016 |

SUMMARY OF RECOMMENDED REDUCTIONS

| | <i>Amount</i> | <i>Analysis page</i> |
|--|---------------|----------------------|
| 1. Reduce summer quarter academic planning costs ----- | \$592,801 | 446 |
| 2. Reduce public information ----- | 100,000 | 479 |
| 3. Reduce public affairs ----- | 34,107 | 481 |
| 4. Reduce alumni relations ----- | 34,108 | 482 |
| 5. Restore federal overhead reimbursements ----- | 330,000 | 503 |
| Total General Fund reduction ----- | \$1,091,016 | |

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS*Analysis page***1. Academic Planning**

445

We recommend that the trustees of the state colleges in cooperation with the statewide academic senate, thoroughly evaluate the academic planning workload and report to the Joint Legislative Budget Committee by November 1, 1970.

2. Summer Session

446

We recommend that an evaluation of summer session academic planning be made to determine whether or not the level of service currently budgeted is adequate to insure a program of reasonable academic quality, with a final report to the Joint Legislative Budget Committee by November 1, 1970.

3. Instruction

449

We recommend that the state colleges be directed to utilize faculty teaching positions generated by the faculty staffing formula only for the curricula offerings and academic advisement program elements. This is to be audited for compliance by the trustees newly created audit staff.

4. Curricula Budget Presentation

450

We recommend that the Chancellor's office evaluate the WICHE program classification structure system in terms of utilizing it in future program budgets and report its findings to the Joint Legislative Budget Committee by November 1, 1970.

5. New Admissions Standards

452

We recommend special policy review of the state college admissions standards in the budget.

We recommend that the application fee be reduced from \$20 to \$15 for a \$600,000 reduction in fees.

Education

Items 92-94

California State Colleges—Continued

*Analysis
page*

6. Budget Language

456

We recommend that Section 28.1 be incorporated in the Budget Act as shown on page 456.

7. Enrollment Policies

456

We recommend that review be made to clarify the enrollment policy incorporated in the 1970-71 state college budget. We do not believe that it provides for all qualified students seeking enrollment.

We recommend policy review of the current state college admissions priority plan. The current plan deviates significantly from Master Plan recommendations.

8. Academic Advising

462

We recommend that the colleges implement a reporting system which will determine the actual time spent by teaching faculty in academic advisement.

9. Teacher Training

463

We recommend that the \$1 million currently spent for on-campus laboratory schools be redirected in the 1970-71 budget for district laboratory school programs, teacher aide programs and internship programs to be administered by the Chancellor's office.

10. Regional Library Depositories

470

We recommend that the Chancellor's office in cooperation with the college librarians evaluate the feasibility of utilizing regional library depositories and report to the Joint Legislative Budget Committee by November 1, 1970.

11. Research

479

We recommend that the Chancellor's office thoroughly analyze the use of college EDP services in faculty research in order to obtain an actual program cost allocation.

12. Student Fees

484

We recommend that an equitable student materials and service fee schedule be established wherein all students pay the student service portion (\$34 per semester) of the fee with the instructional service portion (\$20 per semester) to be paid in accordance with the number of units enrolled.

We recommend that the trustees study the nature of miscellaneous fees and the need for a uniform management policy and report to the Joint Legislative Budget Committee by November 1, 1970.

We recommend that the \$534,880 for foreign student counseling be funded from foreign student tuition instead of the general materials and service fee.

California State Colleges—Continued

Analysis
page

13. Fiscal Flexibility

494

We recommend that the Budget Act be amended to authorize the Trustees of the California State Colleges to make intersalary appropriation transfers for administrative purposes when computational errors occur.

14. Overtime

496

We recommend that in future budget presentations funds to pay employee overtime be budgeted independently of offsets against the level of salary savings to be achieved.

15. Year-Round Operations

497

We recommend rejection of the proposed termination of the summer quarter year-round operation program.

16. Space Utilization

497

We recommend that specific studies be made of space utilization at Fullerton and Long Beach with a report to the Joint Legislative Budget Committee by November 1, 1970.

GENERAL PROGRAM STATEMENT

In accordance with the 1960 Master Plan for Higher Education, the Donahoe Act (Chapter 49, Statutes of 1960, First Extraordinary Session) requires the California State Colleges to provide "instruction in the liberal arts and sciences and in professions and applied fields which require more than two years of collegiate education and teacher education, both for undergraduate students and graduate students through the master's degree. The doctoral degree may be awarded jointly with the University of California. Faculty research, using facilities provided for and consistent with the primary function of the state colleges, is authorized."

Governance

The state colleges as a system are governed by the 20-member Board of Trustees created by the Donahoe Act. The board consists of four ex officio members including the Governor, the Lieutenant Governor, the Superintendent of Public Instruction and the Chancellor of the state college system and 16 regular members appointed by the Governor for eight-year terms. The trustees appoint the Chancellor, who serves at the pleasure of the board. It is the Chancellor's responsibility as the chief executive officer of the system to assist the trustees in making appropriate policy decisions and to provide for the effective administration of the system.

The California State Colleges presently operate 19 campuses with an estimated 1970-71 full-time equivalent enrollment of 198,015. The new California State College at Bakersfield is expected to admit students for the first time in the fall of 1970. Sites for additional colleges to be located in Ventura, Contra Costa, and San Mateo Counties have been fully acquired in the past year.

**California State Colleges—Continued
Program Budget Presentation.**

The Governor's Budget for the California state college system departs completely from the traditional line item budget presentation for the first time and offers a program budget for legislative review. In 1969-70, a similar program budget was offered along with the traditional budget. We felt the program budget to be of insufficient quality and consequently we presented our 1969-70 analysis in the traditional functional form.

The 1970-71 state college program budget does not vary significantly from the 1969-70 presentation. There are more reporting categories, but these occur in minor programs. The major program, instruction, is nearly identical to the 1969-70 presentation.

We had difficulty with the instruction program presentation. For example, it states that the objectives of instruction are to "ensure efficient, effective and relevant instructional programs—through a continual evaluation of existing programs and planning of new programs. To admit, advise, register, and award degrees to qualified students in instructional programs. . . ." With these objectives in mind the analyst is then presented with pages of description and finally a list of requested staff increases. It mentions that this program will cost the General Fund over \$250 million in 1970-71, but nowhere is there presented a cost-benefit breakdown of this figure by academic instruction elements or useful output data. The presentation is far too general for determination and analysis of the costs of different programs and related degrees such as humanities, teacher education, physical education or engineering.

The instruction program objectives suggest that if output data are generated they will be "means" oriented instead of "ends" oriented. It is foreseeable that output data may be expressed in terms of the total units of instruction offered instead of in terms of student performance by discipline which will not be too useful when analyzing the success of the Instruction Program. In the curricula offerings section of this analysis, it is recommended that objectives and output data be designed in terms of each instructional program's enrollment, retention, graduation rates and related cost. Factors that have relevance when evaluating alternatives to the instruction program might be (1) offerings which are growing in student enrollments and those which are diminishing, (2) offerings which retain students and those which do not, (3) offerings which have a high graduation rate and those which do not, (4) offerings which generate graduate programs and those which do not, and (5) the cost differences between offerings. These data would also be important in evaluating the needs and successes of support activities such as libraries, ancillary programs, audiovisual, television services and instructional testing.

As we discuss more extensively under curricula offerings, program budgeting places a burden of proof on the colleges to establish that their many academic programs are indeed needed. Output data, which appears to be a most important tool in establishing such need is absent throughout most of the current state college presentation.

**California State Colleges—Continued
Budget Administration**

The decisionmaking process used to develop the 1970-71 budget varied from the 1969-70 process primarily due to the use of an allocation process. The colleges were given a total General Fund dollar figure (\$314,000,000) to budget within. Although this allocation method varied from prior practice, detailed decisions concerning what was to be in the total budget were similar to the 1969-70 process. Thus, line item schedules are still the accounting foundation upon which the college budgets are allocated and controlled. In addition the trustees' staff could not make changes in existing budget formulas without the review and approval of the Department of Finance.

In our opinion much improvement is needed in the quality of the state college systems' program budget, especially in costing academic programs and providing output data. Our analysis follows.

ANALYSIS AND RECOMMENDATIONS

Proposed General Fund expenditures in 1970-71 for the California state college system are found in Budget Bill Items 92, 93, and 94 which total \$311,214,417, an increase of \$23,098,914 (8 percent) over the 1969-70 General Fund expenditure level for this program. In addition, a salary increase is proposed in the amount of \$14,700,000 which we discuss elsewhere in this analysis under Items 247 and 249.

Sources of expenditure other than the General Fund include federal government grants, reimbursements, dormitory funds, auxiliary enterprise funds, parking funds and extension program funds. Grand total expenditures for the system combining the General Fund with all other funds will total \$405,888,508 in 1970-71 of which the General Fund will represent 77.4 percent. Table 1 shows the program breakdown of the expenditures and revenues for 1968-69, 1969-70 and those proposed for 1970-71.

Table 1
Total Expenditures by Program

| <i>Programs</i> | <i>Actual 1968-69</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> | <i>Increase</i> |
|---|---------------------------|------------------------------|-----------------------------|---------------------|
| I. Instruction Program | | | | |
| a. Academic planning ----- | \$12,988,986 | \$15,848,989 | \$17,269,477 | |
| b. Curricular offerings ----- | 126,009,865 | 165,509,614 | 182,399,268 | |
| c. Admissions, registration and records ----- | 5,606,605 | 6,749,990 | 7,809,167 | |
| d. Academic advisement ----- | 26,573,935 | 32,069,792 | 35,401,624 | |
| e. Ancillary offerings ----- | 2,190,081 | 2,386,078 | 2,552,471 | |
| f. Instructional services ----- | 24,689,012 | 29,173,769 | 30,332,826 | |
| Total—Instruction ----- | \$208,058,484 | \$252,138,232 | \$275,764,833 | \$23,626,601 |
| II. Research and Creative Activity Program | | | | |
| a. Faculty research ----- | \$448,612 | \$528,840 | \$591,480 | |
| b. Community service research ----- | 210,160 | 215,991 | 280,111 | |
| c. Institutional research ----- | 145,533 | 179,786 | 198,958 | |
| d. Research services ----- | 1,000,952 | 1,259,821 | 1,386,247 | |
| Total—Research and Creative Activity ----- | \$1,805,257 | \$2,184,438 | \$2,456,796 | \$272,359 |
| III. Community Services Program | | | | |
| a. Public information ----- | \$396,759 | \$471,679 | \$534,404 | |
| b. Institutional relations ----- | 36,674 | 45,396 | 50,601 | |
| c. Governmental relations ----- | 87,839 | 112,229 | 128,073 | |
| d. Continuing education ----- | 2,599,501 | 3,653,117 | 4,025,340 | |
| e. Public affairs ----- | 24,061 | 29,665 | 34,107 | |
| f. Alumni relations ----- | 24,061 | 29,665 | 34,108 | |
| g. Organized activities ----- | 4,502,618 | 5,978,835 | 6,374,875 | |
| Total—Community Services ----- | \$7,671,513 | \$10,320,586 | \$11,181,508 | \$860,922 |
| IV. Student Services Program | | | | |
| a. Student activities ----- | \$1,395,877 | \$1,671,825 | \$1,877,632 | |
| b. Counseling and testing ----- | 3,937,441 | 5,861,044 | 6,694,143 | |
| c. Financial aids ----- | 16,092,894 | 25,096,768 | 31,656,124 | |
| d. Health services ----- | 4,023,772 | 4,818,345 | 5,437,089 | |
| e. Housing ----- | 238,591 | 286,091 | 321,494 | |
| f. Placement services ----- | 1,310,885 | 1,565,250 | 1,766,050 | |

| | | | | |
|--|---------------|---------------|---------------|--------------|
| Total—Student Services ----- | \$26,999,460 | \$39,299,323 | \$47,752,532 | \$8,453,209 |
| V. Institutional Services Program | | | | |
| a. Executive ----- | \$4,016,465 | \$4,880,546 | \$5,579,184 | |
| b. Administrative services ----- | 11,842,432 | 14,491,857 | 16,501,960 | |
| c. Physical planning and development ----- | 1,551,185 | 1,887,849 | 2,001,120 | |
| d. Plant operation ----- | 27,244,891 | 32,098,949 | 35,450,453 | |
| e. Legal services ----- | 169,058 | 209,559 | 230,082 | |
| f. Academic Senate ----- | - | 127,220 | 140,760 | |
| g. Auxiliary services ----- | 6,700,768 | 8,726,564 | 8,829,280 | |
| Total—Institutional Services ----- | \$51,527,799 | \$62,432,544 | \$68,732,839 | \$6,300,295 |
| GRAND TOTAL—EXPENDITURES ----- | \$296,059,513 | \$366,375,123 | \$405,888,508 | \$39,513,385 |
| Revenues : | | | | |
| General Fund ----- | \$237,548,812 | \$288,115,503 | \$314,000,000 | \$25,884,497 |
| Reimbursements and fees ----- | 37,009,000 | 45,313,666 | 53,039,473 | 7,725,807 |
| Auxiliary funds ----- | 4,880,839 | 6,300,053 | 6,241,619 | -158,434 |
| Federal funds ----- | 14,047,748 | 23,026,040 | 28,617,265 | 5,591,225 |
| Extension Fund ----- | 2,573,114 | 3,619,861 | 3,990,151 | 370,290 |

California State Colleges—Continued

I. INSTRUCTION PROGRAM

| | <i>Actual 1968-69</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> |
|--------------------|-----------------------|--------------------------|-------------------------|
| Expenditures ----- | \$208,058,484 | \$252,138,232 | \$275,764,833 |
| Man-years ----- | 15,817.5 | 18,678.2 | 19,744.8 |

The instruction program includes all expenditures shown in Table 3 for classroom instruction and supporting services excluding those for the international program. The budget presentation of this program consists of both instruction and instruction services. Instruction includes instructional administration, faculty, technical, clerical, special programs, summer quarter and summer sessions. Instructional services include expenses for library, audiovisual services, educational television, master teacher payments, special lecture services and college farm operations. Extension programs are discussed in the community services program.

This program contains the five elements of academic planning, curricular offerings, academic advisement, ancillary offerings and instructional services as shown in Table 2.

Table 2
Breakdown of Instruction Program Elements

| | <i>Actual 1968-69</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> | <i>Increase</i> |
|--|---------------------------|------------------------------|-----------------------------|-----------------|
| Elements: | | | | |
| a. Academic planning ----- | \$12,988,986 | \$15,848,989 | \$17,269,477 | \$1,420,488 |
| b. Curricular programs ----- | 126,009,865 | 165,509,614 | 182,399,268 | 16,889,654 |
| c. Admissions, registration and records ----- | 5,606,605 | 6,749,990 | 7,809,167 | 1,059,177 |
| d. Academic advisement ----- | 26,573,935 | 32,069,792 | 35,401,624 | 3,331,832 |
| e. Ancillary programs ----- | 2,190,081 | 2,386,078 | 2,552,471 | 166,393 |
| f. Instructional services ----- | 24,689,012 | 29,173,769 | 30,332,826 | 1,159,057 |
| Totals, Instruction ----- | \$208,058,484 | \$252,138,232 | \$275,764,833 | \$23,626,601 |

Table 3
Proposed Expenditures for Academic Year Instruction, 1970-71

| STATE COLLEGES | PERSONAL SERVICES | | | | | | | Totals | Academic year FTE students | Cost per FTE student |
|--------------------------|---------------------------------|---------------------------------------|--|---|-------------------------------------|-------------------|-----------------------|-------------------------|----------------------------------|----------------------------|
| | Instructional administration | Instructional Faculty ² | Technical and clerical assistance ² | Instructional services and special programs | Adjustments and new positions | Staff benefits | O.E. and equipment | | | |
| Long Beach ----- | \$889,778 | \$15,630,874 | \$1,637,947 | \$259,494 | \$579,079 | \$1,855,099 | \$1,168,705 | \$22,021,176 | 19,460 | \$1,132 |
| San Diego ----- | 997,956 | 14,984,893 | 1,653,256 | 1,633,876 | 768,183 | 2,192,682 | 1,529,131 | 23,759,977 ¹ | 19,270 | 1,233 |
| San Jose ----- | 1,335,953 | 16,332,408 | 1,699,821 | 391,855 | 812,301 | 2,063,901 | 1,253,803 | 23,890,042 | 19,040 | 1,255 |
| San Fern'do Valley ----- | 869,619 | 11,765,806 | 1,297,833 | 206,222 | 1,223,008 | 1,539,363 | 1,084,303 | 17,986,154 | 17,600 | 1,022 |
| Los Angeles ----- | 907,739 | 12,536,991 | 1,298,359 | 314,254 | 827,637 | 1,621,992 | 987,885 | 18,494,857 | 15,390 | 1,202 |
| San Francisco ----- | 1,001,187 | 13,319,689 | 1,347,283 | 973,225 | 180,773 | 1,574,310 | 804,723 | 19,201,190 | 13,580 | 1,414 |
| Sacramento ----- | 775,878 | 9,183,788 | 950,954 | 515,870 | 1,162,256 | 1,241,859 | 822,254 | 14,652,859 | 12,700 | 1,154 |
| Fresno ----- | 807,755 | 9,731,269 | 1,066,746 | 1,333,189 | 756,175 | 1,316,987 | 907,605 | 15,919,726 | 12,500 | 1,274 |
| San Luis Obispo ----- | 779,445 | 8,930,621 | 894,714 | 321,359 | 647,957 | 1,201,733 | 869,208 | 13,645,037 | 11,400 | 1,197 |
| Fullerton ----- | 649,786 | 7,168,490 | 821,419 | 131,166 | 899,293 | 928,103 | 657,811 | 11,256,068 | 10,470 | 1,075 |
| Chico ----- | 606,523 | 6,930,374 | 741,143 | 408,916 | 679,700 | 1,027,369 | 710,204 | 11,104,229 | 9,360 | 1,186 |
| Hayward ----- | 603,075 | 6,053,884 | 690,051 | 111,661 | 950,568 | 796,501 | 575,282 | 9,781,022 | 8,780 | 1,114 |
| Pomona ----- | 585,449 | 5,869,357 | 570,276 | 258,165 | 522,632 | 764,432 | 557,415 | 9,130,726 | 7,500 | 1,217 |
| Humboldt ----- | 453,919 | 4,448,764 | 495,926 | 317,647 | 115,443 | 571,872 | 376,274 | 6,779,845 | 5,000 | 1,356 |
| Sonoma ----- | 270,574 | 2,748,301 | 331,354 | 48,390 | 465,658 | 422,459 | 254,184 | 4,540,920 | 3,500 | 1,297 |
| San Bernardino ----- | 231,693 | 1,333,777 | 147,501 | 41,756 | 267,828 | 232,096 | 144,622 | 2,899,273 | 2,020 | 1,188 |
| Stanislaus ----- | 237,575 | 1,478,918 | 174,051 | 46,989 | 415,761 | 238,585 | 159,726 | 2,751,605 | 2,300 | 1,196 |
| Dominguez Hills ----- | 241,913 | 1,349,634 | 151,266 | 34,617 | 494,776 | 252,395 | 151,827 | 2,676,438 | 2,050 | 1,306 |
| Bakersfield ----- | 124,231 | 33,160 | 6,004 | - | 1,175,253 | 129,578 | 109,044 | 1,577,270 | 700 | 2,253 |
| Totals ----- | \$12,370,048 | \$149,830,998 | \$15,975,904 | \$7,348,851 | \$12,944,281 | \$19,974,316 | \$13,125,016 | \$231,568,414 | 192,920 | \$1,200 |

¹ Includes \$516,556 for educational television station.

² Approximately 20 percent of these funds are allocated to the academic advisement program element.

California State Colleges—Continued

a. Academic Planning

| | <i>Actual 1968-69</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> |
|--------------------|-----------------------|--------------------------|-------------------------|
| Expenditures ----- | \$12,988,986 | \$15,848,989 | \$17,269,477 |
| Man-years ----- | 841.7 | 969.1 | 980.9 |

The academic planning program element consists of instructional administration for the academic year (Table 3), international, summer session, and year-round operation programs, the Chancellor's office and a pro rata share of salary savings and general administration costs as shown in Table 4.

Table 4

Breakdown of Academic Planning Costs

| <i>Function</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> |
|------------------------------|------------------------------|-----------------------------|
| Academic year ----- | \$14,207,121 | \$15,978,221 |
| Summer session ----- | 191,670 | 203,517 |
| Summer quarter ----- | 1,210,682 | 969,181 |
| Chancellor's office ----- | 380,758 | 421,650 |
| General administration ----- | 86,763 | 99,868 |
| International program ----- | 54,067 | 64,650 |
| Workmen's compensation ----- | 18,009 | 17,880 |
| Salary savings ----- | —300,081 | —485,529 |
| Totals ----- | \$15,848,989 | \$17,269,447 |

College positions related to the academic planning elements consist of deans at the college and school level, division chairman in colleges not large enough to justify schools and department chairmen and related clerical and technical positions. Workload consists of the development and administration of instructional programs, the allocation of courses to FTE students, administrative studies and the hiring of faculty.

Position Reallocations

The program magnitude shown in this budget element does not include all the resources actually devoted to the designated workload. It only reflects that which is budgeted. Thus, the individual colleges usually supplement this element by using faculty teaching positions generated in the next element (Curricular Offerings). An example of this occurred at Sacramento State College in the current year. The budget provided 26 faculty positions for academic planning but the college actually allocated an additional 13.1 positions to this activity from positions budgeted for curricular offerings (teaching) as shown in Table 5.

Legislative Concern Over Reallocating Positions

During the 1969 session legislative concern was generated about the reallocation of positions to the extent that it passed SB 541 (Harmer) stating:

"In order to more capably assess the needs of the California State Colleges, the Legislature declares its intent to acquire an accurate description of the relationship between state funds appropriated to the California State Colleges and the actual expenditure of such funds.

California State Colleges—Continued

Table 5

Distribution of Instruction Positions
Sacramento State College 1969-70

| | |
|--|-------|
| Positions Budgeted : | |
| Instruction | 687 |
| Administration | 26 |
| Total | 713 |
| Positions Utilization : | |
| Instruction | 531.3 |
| Administration | 39.1 |
| Research and program development | 20.2 |
| Instructional related activities | 122.4 |
| Total | 713 |

The trustees shall present to the Legislature and to the Legislative Analyst a description of such relationships for the 1969-70 fiscal year by November 1, 1970.

In order to facilitate such presentations, the president of each state college shall present to the trustees and to the Legislative Analyst within 90 days after the end of the 1969-70 fiscal year a report which compares in detail, as determined by the Department of Finance, Legislative Analyst, and the trustees, the actual expenditures by the particular state college with the state funds appropriated therefore by the Budget Act or any other appropriation measure for such fiscal year within the expenditure classifications for which state funds were appropriated. The president shall present a list of deviations of actual expenditures from the appropriations, with an explanation in such detail as is required above of each of the deviations."

Although work on the required report is currently in progress, we are concerned because (1) the budget does not present an accurate picture of the amount of academic administration performed at the colleges; (2) positions justified to the Legislature for the purpose of teaching are not in fact used for that purpose; (3) doubt is created whether additional administrative duties could be justified through the budget review process; and (4) the validity of the faculty staffing formula used to generate teaching positions becomes difficult to substantiate. The ultimate effect is that there are fewer teaching positions to instruct the budgeted number of students which results in larger class sizes. We will discuss this point more extensively in the curricular offerings section.

In relation to the first three concerns expressed above, *we recommend that the trustees of the state colleges, in cooperation with the statewide academic senate, thoroughly evaluate the academic planning workload and report to the Joint Legislative Budget Committee by November 1, 1970.* If the level of budget support for academic planning is sufficient, expenditure control procedures should be implemented to prevent the use of faculty teaching positions for administrative duties. If it is not sufficient, justification for additional positions should be presented

California State Colleges—Continued

based on the merits of the duties to be performed. This evaluation should be performed as soon as possible with a final report including findings and recommendations to be completed by November 1, 1970.

Summer Quarter Planning

We recommend that \$592,801 be reduced from the academic planning program element to bring planning costs per FTE student for summer quarter to the same level as planning costs for regular academic year FTE students. As shown previously in Table 4 the academic planning element is primarily composed of administration costs for the academic year (September to June), the year-round program (summer quarter) and the summer session. When the cost of planning for the three activities is related to the FTE student population served as shown in Table 6, we see a great disparity in results.

Table 6

Cost Per FTE Student for Academic Planning by Activity

| Activity | Budgeted cost | FTE students | Cost per FTE |
|----------------------|---------------|--------------|--------------|
| Academic year ----- | \$15,978,221 | 192,920 | \$82 |
| Summer quarter ----- | 969,181 | 4,590 | 211 |
| Summer session ----- | 203,517 | 13,826 | 15 |

It is apparent from these data that the level of academic planning for the summer quarter greatly exceeds that provided for the academic year while that provided for the self-supporting summer session is quite low. Because the academic programs offered and administered are of equivalent academic weight and particularly since the summer quarter only exists at four colleges and is not a program scheduled to be developed beyond the 1970 year (see discussion on page 335), we cannot rationalize the need for such a high level of planning for the summer quarter. In order to provide comparable levels of service we recommend that summer quarter planning be budgeted at \$82 per FTE for a General Fund budget reduction of \$592,081.

Summer Session

We recommend that an evaluation of summer session academic planning be made to determine whether or not the level of service currently budgeted is adequate and in order to insure a program of reasonable academic quality with a final report to the Joint Legislative Budget Committee by November 1, 1970.

Table 6 shows that the summer session academic planning which occurs at nearly all the colleges is budgeted at only \$203,517 in 1970-71. If the planned termination of the summer quarter is effected, the fee supported summer sessions will have an important academic responsibility of providing courses of equivalent quality as academic year courses. The recommended study should be designed to evaluate whether summer session courses are indeed equivalent in quality.

b. Curricular Offerings

| | Actual 1968-69 | Estimated 1969-70 | Proposed 1970-71 |
|--------------------|-------------------|----------------------|---------------------|
| Expenditures ----- | \$136,009,865 | \$165,909,614 | \$182,399,268 |
| Man-years ----- | 10,801.4 | 12,379.6 | 13,164 |

California State Colleges—Continued

The curricular offerings program element has the responsibility "to impart knowledge to each student and to evaluate his competence in each subject field." This element consists of the cost of instruction during the academic year, summer quarter and summer session as shown in Table 7.

Table 7
Breakdown of Curricular Offerings Cost

| <i>Function</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> |
|------------------------------|--------------------------|-------------------------|
| Academic year ----- | \$154,837,025 | \$174,139,447 |
| Summer quarter ----- | 5,505,720 | 4,407,464 |
| Summer session ----- | 9,165,298 | 9,731,806 |
| Chancellor's office ----- | 12,568 | 16,000 |
| International program ----- | 157,750 | 189,170 |
| General administration ----- | 737,483 | 848,876 |
| Workmen's compensation ----- | 528,240 | 191,986 |
| Totals ----- | \$165,909,614 | \$182,399,268 |

Curricula

The colleges offer a diversified curricula in the social sciences, humanities, physical sciences, engineering, business, education, agriculture, mathematics, fine arts, biological sciences and foreign languages. As is customary throughout higher education, certain campuses tend to emphasize particular subject fields although all are generally oriented toward the liberal arts. While the primary function of the colleges is teaching, most colleges also engage in a limited amount of research and public service activity. Unlike the University of California, however, which maintains these activities as separate programs, those at the colleges are primarily instructionally related and are considered auxiliary to the primary teaching responsibility.

Faculty Workload Factors

As described in the Governor's Budget, workload indicators for the curricular program area are varied. Table 8 provides a historical summary of degrees granted by the California State Colleges over a 14-year

Table 8
Summary of Undergraduate and Graduate Degrees Granted
by the California State Colleges 1955-56 to 1968-69

| <i>Year</i> | <i>Undergraduate degrees</i> | <i>Graduate degrees</i> | <i>Total degrees</i> | <i>Percent graduate</i> |
|---------------|----------------------------------|-----------------------------|--------------------------|-----------------------------|
| 1955-56 ----- | 6,878 | 1,270 | 8,148 | 15.6 |
| 1956-57 ----- | 8,709 | 1,447 | 10,156 | 14.2 |
| 1957-58 ----- | 9,737 | 1,761 | 11,408 | 15.3 |
| 1958-59 ----- | 10,770 | 1,668 | 12,438 | 13.4 |
| 1959-60 ----- | 11,045 | 1,911 | 12,956 | 14.8 |
| 1960-61 ----- | 12,010 | 2,062 | 14,072 | 14.7 |
| 1961-62 ----- | 13,281 | 2,283 | 15,564 | 14.7 |
| 1962-63 ----- | 15,370 | 2,341 | 17,711 | 13.2 |
| 1963-64 ----- | 17,258 | 2,730 | 19,988 | 13.6 |
| 1964-65 ----- | 20,056 | 3,109 | 23,165 | 13.4 |
| 1965-66 ----- | 21,533 | 3,795 | 25,328 | 15.0 |
| 1966-67 ----- | 23,858 | 4,248 | 28,106 | 15.1 |
| 1967-68 ----- | 27,271 | 4,881 | 32,152 | 15.2 |
| 1968-69 ----- | 32,236 | 5,684 | 37,920 | 15.0 |

California State Colleges—Continued

period. Table 9 shows the distribution of full-time equivalent students by discipline area in the California State Colleges for the fall of 1968.

Table 9
Full-Time Equivalent Students by Discipline Area
California State Colleges, Fall 1968

| <i>Discipline area</i> | <i>Lower division</i> | <i>Upper division</i> | <i>Graduate</i> | <i>Total</i> | <i>Percent of total</i> |
|--|---------------------------|---------------------------|-----------------|--------------|-----------------------------|
| Agricultural sciences ----- | 1,267 | 609 | 32 | 1,908 | 1.15 |
| Architecture ----- | 286 | 343 | - | 629 | 0.38 |
| Area and ethnic studies ----- | 164 | 327 | 8 | 499 | 0.30 |
| Biological sciences ----- | 5,253 | 2,870 | 246 | 8,369 | 5.03 |
| Business administration ----- | 3,483 | 10,087 | 777 | 14,347 | 8.62 |
| City and regional planning --- | 74 | 11 | 6 | 91 | 0.05 |
| Computer sciences ----- | 98 | 49 | 9 | 156 | 0.09 |
| Creative arts ----- | 8,064 | 7,548 | 639 | 16,251 | 9.76 |
| Criminology ----- | 322 | 704 | 26 | 1,051 | 0.63 |
| Education ----- | 118 | 9,516 | 2,675 | 12,309 | 7.39 |
| Engineering sciences ----- | 1,776 | 3,126 | 414 | 5,316 | 3.19 |
| English language and literature | 7,357 | 6,463 | 451 | 14,270 | 8.57 |
| Environmental design ----- | 59 | 92 | - | 150 | 0.09 |
| Foreign languages ----- | 3,587 | 1,536 | 194 | 5,318 | 3.19 |
| Health sciences ----- | 1,053 | 1,060 | 74 | 2,188 | 1.31 |
| Home economics ----- | 1,172 | 1,122 | 69 | 2,364 | 1.42 |
| Industrial arts and technology | 722 | 1,262 | 127 | 2,111 | 1.27 |
| Journalism ----- | 499 | 788 | 5 | 1,292 | 0.78 |
| Library science ----- | 18 | 94 | 54 | 166 | 0.10 |
| Mathematical sciences ----- | 6,336 | 2,154 | 149 | 8,639 | 5.19 |
| Military science ----- | 40 | 104 | - | 144 | 0.09 |
| Natural resources ----- | 158 | 396 | 5 | 559 | 0.34 |
| Nursing ----- | 225 | 697 | 6 | 928 | 0.56 |
| Philosophy ----- | 2,661 | 1,264 | 35 | 3,961 | 2.38 |
| Physical education and recreation ----- | 2,860 | 2,520 | 321 | 5,701 | 3.42 |
| Physical sciences ----- | 7,777 | 2,324 | 218 | 10,319 | 6.20 |
| Psychology ----- | 3,259 | 5,311 | 600 | 9,169 | 5.51 |
| Social sciences ----- | 15,677 | 19,592 | 926 | 36,195 | 21.74 |
| Social work ----- | 103 | 461 | 538 | 1,102 | 0.66 |
| Other ----- | 585 | 369 | 26 | 980 | 0.59 |
| Totals ----- | 75,053 | 82,799 | 8,630 | 166,482 | 100.00 |

Faculty Resources Needed for Curricular Offerings

Academic year salaries for teaching faculty positions which are budgeted to serve the various curricula offerings comprise approximately \$132 million of this program element's cost. This is based on the traditional faculty staffing formula and consists of an increase of 1,153 new positions in 1970-71 due to enrollment increases. The formula determines faculty needs by assigning courses to one of seven types, each requiring a different number of hours in class and in preparation. From this it is possible to compute the number of courses that will make up a full program for each faculty member based on a normal course load equivalent of 12 units, which normally requires 12 hours per week in the classroom and 24 hours per week in preparation. For faculty members teaching one or more graduate courses, however, the teaching load is reduced to the equivalent of 10 units on the assumption that more outside preparation is required for each hour in the classroom.

California State Colleges—Continued

In determining the allocation of faculty positions to the various colleges and in the subsequent budget requests for these positions found in the curricular offerings program element, it has been the assumption that these resources are necessary to instruct the total FTE students within the various discipline areas shown in Table 9. Positions justified as budgeted for this purpose are not in all cases used accordingly. As mentioned previously in the discussion of the academic planning program element the individual colleges may utilize the teaching positions for administrative work or other noninstruction duties.

We recommend that the state colleges be directed to utilize faculty teaching positions generated by the faculty staffing formula only for the curricula offerings and academic advisement program elements. This is to be audited for compliance by the trustees' newly created audit staff. We believe that flexibility in budget administration is an important management tool. However, we also believe that the consistent reallocation of positions justified and budgeted for one program element to other program elements, is management abuse of the allocation system. Positions should be justified before the Legislature in accordance with their actual need in order to maintain the integrity of the budget as a realistic fiscal plan for management. Reallocations such as those shown in Table 5 for Sacramento State, occur at most of the colleges. This situation casts doubt not only on the budget justification system, but also on whether or not the education policy of budgeting sufficient teaching positions to provide small class sizes is being satisfied. The more that teaching positions get reassigned to other duties, the more class sizes must be increased in order to meet the total budgeted FTE student enrollment.

Student-Faculty Ratios

Student-faculty ratios are an index to levels of academic support provided by the budget. Ratios for the past five years are reflected in Table 10.

Table 10
Student-Faculty Ratios
1966-67 to 1970-71

| | <i>Student-faculty ratios</i> |
|---------------------------|-------------------------------|
| 1966-67 ----- | 16.30 to 1 |
| 1967-68 ----- | 16.38 to 1 |
| 1968-69 ----- | 16.21 to 1 |
| 1969-70 (estimated) ----- | 16.00 to 1 |
| 1970-71 (estimated) ----- | 16.02 to 1 |

Curricular Trends

An additional index (Table 11) which relates to the student-faculty ratio is the trend towards a greater percentage of the curricula being presented at the graduate and upper division levels. Thus increases in the number of more advanced courses would have the effect of lowering the student-faculty ratios because advanced course enrollments are generally smaller. If student-faculty ratios remained constant

California State Colleges—Continued

or increased while more FTE by level of instruction was shifting to the upper division and graduate levels, then there would be evidence that the level of instructional support might be decreasing.

Table 11
State College Annual FTE Students by Level of Instruction

| | Reported 1968-69 | | Estimated 1969-70 | | Proposed 1970-71 | |
|----------------------|------------------|---------|-------------------|---------|------------------|---------|
| | FTE | Percent | FTE | Percent | FTE | Percent |
| Lower division ----- | 68,899 | 42.5% | 71,320 | 40.7% | 77,300 | 39.9% |
| Upper division ----- | 84,489 | 52 % | 93,930 | 53.6% | 105,000 | 54.2% |
| Graduate ----- | 9,050 | 5.5% | 9,990 | 5.7% | 11,435 | 5.9% |
| Total ----- | 162,438 | 100 % | 175,240 | 100 % | 193,735 | 100 % |

When Table 10 is related with Table 11, we see that student-faculty ratios have not gone up despite the shift upwards in the level of instruction and it can be concluded that these indexes support the finding that the level of instructional support has not decreased in recent years.

Special Curricular Offering Programs

Special curricular offerings programs in the colleges include master of social work programs, joint doctoral programs, Moss Landing marine studies facility and off-campus centers. The identifiable costs for these activities and the colleges conducting them are shown in Table 12.

Table 12
1970-71 Curricular Offerings—Special Programs

| State Colleges | Master of social work | Joint doctoral programs | Moss Landing | Off-campus ¹ centers |
|---------------------|--------------------------|----------------------------|------------------------|------------------------------------|
| San Diego ----- | \$694,298 | \$89,520 | | \$292,433 |
| San Jose ----- | | | \$168,703 ² | |
| Los Angeles ----- | | 54,923 | | |
| San Francisco ----- | 270,502 | 63,466 | | |
| Sacramento ----- | 354,513 | | | |
| Fresno ----- | 465,631 | | | 375,358 |
| Totals ----- | \$1,784,944 | \$207,909 | \$168,703 | \$667,791 |

¹ Includes academic planning.

² Includes contributions from Fresno, Hayward, San Luis Obispo and San Francisco.

Need for Improved Curricular Offerings Presentation

We recommend that the Chancellor's office evaluate the WICHE program classification structure system in terms of utilizing it in future program budgets and report its findings to the Joint Legislative Budget Committee by November 1, 1970. The Western Interstate Council on Higher Education has developed a program classification structure which provides a common system of describing the activities of institutions of higher education. It organizes institutional data to fit a classification of academic programs with the net result of being able to achieve uniform comparisons of these programs. We have reviewed the extensive material prepared by WICHE and believe that its implementation would provide much of the information which is needed for the program budget of the state colleges.

California State Colleges—Continued
Use of the WICHE Model for Budgeting

The model allows the reporting of data by academic departments, academic degrees and can be utilized in showing the efficiency of degree production. Cost data can be allocated to the WICHE model to give a cost per student credit hour by program. A pilot study using the WICHE model was performed this fall at San Fernando Valley. As of this time we have not received the results of the study for analysis. However, of major importance was the fact that the costing, both by academic departments and by degrees granted, was accomplished. We believe that the utilization of the program classification system in future program budgets would be a major improvement over the current state college reporting system, and should be evaluated by the Chancellor's office.

c. Admissions, Registration and Records

| | <i>Actual</i> 1968-69 | <i>Estimated</i> 1969-70 | <i>Proposed</i> 1970-71 |
|--------------------|--------------------------|-----------------------------|----------------------------|
| Expenditures ----- | \$5,606,605 | \$6,749,990 | \$7,809,167 |
| Man-years ----- | 672.6 | 771.9 | 834.5 |

This program element consists primarily of the college's admissions and records office workload for the academic year and the summer quarter as broken down in Table 13.

Table 13

Admissions, Registration and Records Breakdown by Component

| <i>Component</i> | <i>1969-70</i> | <i>1970-71</i> | <i>Change</i> |
|-------------------------------|----------------|----------------|---------------|
| Academic year ----- | \$5,587,628 | \$6,396,060 | \$808,432 |
| Summer quarter ----- | 451,604 | 361,520 | -90,084 |
| Chancellor's office ----- | 50,048 | 53,216 | 3,168 |
| General administration ----- | 780,864 | 898,810 | 117,946 |
| Workman's compensation ----- | 7,844 | 7,777 | -67 |
| Augmentation ----- | - | 300,000 | 300,000 |
| Salary savings ----- | -127,998 | -208,216 | -80,218 |
| Totals ----- | \$6,749,990 | \$7,809,167 | \$1,059,177 |
| Application fee revenue ----- | \$2,203,270 | \$3,600,000 | \$1,396,730 |

Admissions

Since passage of the master plan in 1960, the colleges have restricted admission of new students to those graduating in the highest third of their high school class as determined by overall grade point averages and college entrance examination test scores. There is, however, an exception which allows admission of no more than 4 percent of the students who would not otherwise be qualified. Transfer students may be admitted from other four-year institutions or from junior colleges if they have maintained at least a 2.0 or "C" average in prior academic work. To be admitted to upper division standing, the student must also have completed 60 units of college courses. Out-of-state students must be equivalent to the upper half of the qualified California students to be admitted. To be admitted to a graduate program, the only requirement is a bachelor's degree from an accredited four-year institution.

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New Admissions Standards Eliminate 5,600 FTE

The state college budget presentation states that "the estimate of 198,015 FTE for 1970-71 assumes an increase of 17,200 FTE over the 180,815 FTE budgeted for 1969-70. This projection takes into account planned changes in admission's policies, procedures, and student fees which presumably will reduce the increase 5,600 FTE below that which would otherwise materialize. . . . The largest single group involved is the unclassified student (no degree objective indicated), and most of these are at the graduate level. The remainder are nonresident and transfer students, who could complete additional work in the California Community Colleges."

We recommend special policy review of the new state college admissions standards in the Governor's Budget. We believe that more detailed data should be presented specifying the new policies and the estimated number of unclassified, nonresident and transfer students affected. Current data shown in Table 14 would indicate that only 600 of the planned reduction in FTE are from nonresident students.

Table 14

Change in Nonresident Student Enrollment

| <i>Student classification</i> | <i>Original 1970-71 estimate</i> | <i>Current 1970-71 estimate</i> |
|-----------------------------------|--------------------------------------|-------------------------------------|
| Foreign ----- | 4,216 FTE | 3,615 FTE |
| Other nonresident ----- | 2,425 | 2,425 |
| Totals ----- | 6,641 | 6,040 |

Since there are only 25,000 FTE total graduate students in the system a 5,000 FTE reduction would have a significant impact. However, the planned level of instruction data (Table 11) does not indicate any reduction in graduate instruction. In light of these considerations it appears that the burden of the planned 5,600 FTE reduction will occur among existing students and transfer students. We believe that policy review is appropriate in order to weigh the impact of the decision especially as it may affect the community college burden.

General Enrollment Data

In 1970-71 the enrollment throughout the state college system is expected to increase 17,200 FTE over the current-year estimate which will mark the fifth consecutive year that more than 12,000 new FTE students have been admitted. Table 15 shows the enrollment distribution for the 19 campuses, the off-campus centers, the summer quarter sessions and the international program.

Table 16 shows a breakdown of full-time (more than 12 units) and part-time (12 units or less) headcount students. This demonstrates the magnitude of the total number of students which represent workload in the areas of admissions, library, registration and counseling. These figures differ from FTE figures in that they consist of actual headcount while one FTE represents the enrollment for 15 units of classwork. As an example, one FTE can be a single student taking 15 units, three students taking five units or five students taking three units.

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Table 15

Average Annual Full-Time Equivalent (FTE) Enrollments

| Academic Year | Actual | | | Estimated | | Difference |
|----------------------------|---------|---------|---------|-----------|---------|------------|
| | 1966-67 | 1967-68 | 1968-69 | 1969-70 | 1970-71 | |
| Long Beach ----- | 14,537 | 16,090 | 18,336 | 18,850 | 19,460 | 610 |
| San Diego ----- | 13,914 | 15,557 | 17,511 | 18,290 | 19,270 | 980 |
| San Jose ----- | 16,446 | 17,464 | 18,253 | 18,200 | 19,040 | 840 |
| San Fernando Valley ---- | 10,327 | 11,684 | 13,447 | 15,600 | 17,600 | 2,000 |
| Los Angeles ----- | 11,476 | 12,452 | 13,422 | 14,220 | 15,390 | 1,170 |
| San Francisco ----- | 13,590 | 13,585 | 13,225 | 13,500 | 13,580 | 80 |
| Sacramento ----- | 7,556 | 8,980 | 10,472 | 11,000 | 12,700 | 1,700 |
| Fresno ----- | 7,385 | 8,187 | 9,285 | 10,900 | 12,500 | 1,600 |
| San Luis Obispo ----- | 7,434 | 8,102 | 9,268 | 10,260 | 11,400 | 1,140 |
| Fullerton ----- | 5,273 | 6,438 | 7,901 | 9,040 | 10,470 | 1,430 |
| Chico ----- | 5,822 | 6,759 | 7,414 | 8,480 | 9,360 | 880 |
| Hayward ----- | 4,105 | 5,253 | 6,663 | 7,410 | 8,780 | 1,370 |
| Pomona ----- | 4,847 | 5,390 | 6,340 | 6,700 | 7,500 | 800 |
| Humboldt ----- | 2,956 | 3,460 | 4,153 | 4,750 | 5,000 | 250 |
| Sonoma ----- | 1,141 | 1,634 | 2,516 | 2,900 | 3,500 | 600 |
| San Bernardino ----- | 514 | 807 | 1,127 | 1,500 | 2,020 | 520 |
| Stanislaus ----- | 704 | 934 | 1,339 | 1,640 | 2,300 | 660 |
| Dominguez Hills ----- | 118 | 403 | 888 | 1,400 | 2,050 | 650 |
| Bakersfield ----- | --- | --- | --- | --- | 700 | 700 |
| Bakersfield—OCC ----- | 233 | 281 | 358 | 400 | --- | -400 |
| Calexico—OCC ----- | 138 | 167 | 154 | 200 | 300 | 100 |
| International Program ---- | 265 | 255 | 366 | 425 | 505 | 80 |
| Totals—Academic Year-- | 128,781 | 143,882 | 162,438 | 175,665 | 193,425 | 17,760 |
| | | | | | | |
| Summer Quarter | Actual | | | Estimated | | Difference |
| | 1966-67 | 1967-68 | 1968-69 | 1969-70 | 1970-71 | |
| Los Angeles ----- | 447 | 1,904 | 2,365 | 2,650 | 2,400 | -250 |
| Hayward ----- | 472 | 647 | 864 | 1,100 | 930 | -170 |
| Pomona ----- | 363 | 468 | 602 | 740 | 630 | -110 |
| San Luis Obispo ----- | 405 | 460 | 561 | 660 | 630 | -30 |
| Totals—Summer Quarter | 1,687 | 3,579 | 4,392 | 5,150 | 4,590 | -560 |
| GRAND TOTALS ----- | 130,468 | 147,361 | 166,830 | 180,815 | 198,015 | 17,200 |
| Increase : | | | | | | |
| Numbers ----- | 12,917 | 16,893 | 19,469 | 13,985 | 17,200 | |
| Percent ----- | 11.0 | 12.9 | 13.2 | 8.4 | 9.5 | |

Table 16

Fall Term Headcount Enrollment

| | Full-time | | Part-time | | Total |
|------------|-----------|---------|-----------|---------|---------|
| | Number | Percent | Number | Percent | |
| 1965 ----- | 98,852 | 63.8 | 56,075 | 36.2 | 154,927 |
| 1966 ----- | 110,274 | 65.1 | 59,246 | 34.9 | 169,520 |
| 1967 ----- | 122,426 | 65.9 | 63,175 | 34.1 | 185,601 |
| 1968 ----- | 141,447 | 66.8 | 70,175 | 34.1 | 211,568 |

The master plan recommended that the University and state colleges achieve by 1975 a systemwide enrollment distribution wherein the lower division (freshmen and sophomores) proportion of the full-time undergraduate enrollment would be 40 percent of the total full-time undergraduate enrollment. This policy is designed to promote full usage of the community colleges. Table 17 reflects its implementation at the state colleges.

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Table 17

Distribution of Enrollments—Full-Time Lower Division
and Upper Division as a Percent of Full-Time Undergraduate

| | Lower division | | Upper division | | Total undergraduates |
|------|----------------|---------|----------------|---------|-------------------------|
| | Number | Percent | Number | Percent | |
| 1963 | 37,859 | 49.9 | 38,074 | 50.1 | 75,933 |
| 1964 | 42,046 | 48.4 | 44,872 | 51.6 | 86,918 |
| 1965 | 41,425 | 45.1 | 50,479 | 54.9 | 91,904 |
| 1966 | 41,631 | 41.1 | 59,609 | 58.9 | 101,240 |
| 1967 | 42,509 | 38.0 | 69,316 | 62.0 | 111,825 |
| 1968 | 48,496 | 37.4 | 81,073 | 62.6 | 129,569 |

In addition to the growth in upper division enrollments, the summary in Table 18 of the total distribution of students by class level points out the shift towards a higher academic standing of students over the past five years.

Table 18

Distribution of FTE Students by Class Level

| | Lower division | | Upper division | | Graduate | | Total |
|------|----------------|---------|----------------|---------|----------|---------|---------|
| | Number | Percent | Number | Percent | Number | Percent | |
| 1963 | 41,129 | 41.8 | 45,570 | 46.3 | 11,783 | 11.9 | 98,487 |
| 1964 | 45,005 | 40.4 | 52,621 | 47.2 | 13,828 | 12.4 | 111,454 |
| 1965 | 43,859 | 37.4 | 57,991 | 49.4 | 15,466 | 13.2 | 117,316 |
| 1966 | 44,648 | 34.1 | 68,068 | 52.0 | 18,129 | 13.9 | 130,845 |
| 1967 | 45,280 | 31.4 | 78,609 | 54.4 | 20,513 | 14.2 | 144,402 |
| 1968 | 51,859 | 31.0 | 92,183 | 55.1 | 23,166 | 13.8 | 167,208 |

1969-70 Overenrollments

Due to enrollment pressures over the past two academic years there has been concern as to whether the state college system is providing for all qualified students, especially those who transfer from the community colleges. During the 1969 Session the Legislature passed Chapter 8, Statutes of 1969 (AB 93) appropriating \$900,000 to provide for an additional 3,875 FTE students in the 1968-69 fiscal year.

During the 1969-70 budget hearings, the Chancellor's office assured the Legislature that the estimated enrollment of 180,815 would provide for all qualified students and the budget was reviewed and adopted on that basis. On March 17, 1969 the Chancellor's office directed each college to limit enrollments to the budget. However, on March 19, the Chancellor's office staff met with the Department of Finance to discuss among other things the fact that enrollment might be larger than anticipated for the fall of 1969 and that an enrollment adjustment should be made to the state college budget. On April 15, 1969 the Chancellor's office sent a formal letter to the Department of Finance which requested an enrollment adjustment in the magnitude of 1,400 FTE at a cost estimate of \$1,100,000. The colleges had originally discussed a need for a 2,000 FTE increase in the enrollment base. However, at the last moment San Jose State decided it could not take any more students so the estimate was reduced to 1,400 FTE.

On April 29, 1969 a response was sent by the Director of Finance stating that it was premature at that time to adjust the enrollment base. The letter mentioned the small amount of FTE involved and that

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it appeared to be within the 2-percent budget flexibility. The letter went on to state that if the fall enrollment were higher than the budgeted figure, the Department of Finance would help the colleges proceed with a deficiency bill before the Legislature.

At this point the state colleges did not pursue the matter. They did not bring it to the attention of the Legislature or of the budget hearings which were in progress at that time.

In the fall of 1969, enrollment exceeded the budget by 2,100 FTE and it appeared that qualified students were denied admission to the college system. For this reason the Assembly Ways and Means Committee held an interim hearing on November 19, 1969 to determine the extent of the problem. The Chancellor's office testified that "the aggregate of institutional estimates of eligible students not accepted for admission this fall was approximately 25,000. Some of those students would have chosen other alternatives even if admitted (probably one-third or more), some were effectively redirected to open colleges, and some were 'duplicates' having initially sought to apply at two or more state colleges. The best estimate of the 'hard core' of eligible applicants denied admission is probably under 10,000, and the 'inner-core' of this number, approximately one-half, consists of upper division transfers from junior colleges. The latter are the 'inner-core' since their alternatives are most limited and redirection is often not feasible."

Funding 1969-70 Overenrollments

Determining the exact number of students denied admission is at best difficult. The most reliable evidence of determining additional enrollment needs in 1969-70 is the fact that on November 17, 1969 the Chancellor's office requested from the Department of Finance a budget adjustment of \$1.6 million to provide for an additional 2,000 FTE in the 1969-70 fiscal year over the budget maximum of 184,431 FTE composed of the budgeted 180,815 FTE plus 2 percent (3,616 FTE). (The budget policy has been that the final budget for the state colleges has a 2-percent flexibility factor in which enrollments may be over or under by 2 percent without a need for adjusting the budget.)

Additional funds were not authorized. However, an agreement was reached that the additional enrollment would be added and funded from within existing budget resources. The current budget states that "efforts are now being made to increase spring enrollments by an additional 3,425 annual FTE students. Until spring admissions are completed the current enrollment will not be known, although it could reach 186,340 FTE." It is not anticipated that the 1970 Legislature will be faced with a deficiency request by the colleges for additional funding for 1969-70 enrollments.

There appears to be a reluctance on the part of the state college system to utilize the Emergency Fund deficiency bill procedure as well as by the Department of Finance to issue an allotment promise to provide open enrollment as evidenced by the March 17, 1969 directive to limit enrollments and the lack of followup on the April 29 letter of the Department of Finance which denied an allotment promise but offered

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to proceed with a deficiency bill at the 1970 legislative session. Precedent for legislative support of deficiency funds for overenrollment can be found in 1964-65 and again in 1968-69.

New Budget Act Language Recommended

We recommend that Section 28.1 be incorporated in the Budget Act.

SEC. 28.1. Since it is the intent of the Legislature in enacting this budget that no qualified student be denied admission to the California State Colleges because of a budget deficiency caused by unanticipated additional enrollments, the Director of Finance may, pursuant to a request from the Trustees of the California State Colleges, authorize the augmentation of the amounts available for expenditure by the colleges in the form of an allotment promise to the extent necessary to insure that all qualified students can be admitted, when he finds that the systemwide enrollment of the California State Colleges exceeds by 2 percent or more the enrollment upon which the budget for the state colleges was based; provided, that no increased expenditure may be authorized sooner than 30 days after notification in writing of the necessity therefor to the Joint Legislative Budget Committee, or not sooner than such lesser time as the chairman of such committee, or his designee, may in each instance determine.

Enrollment Issues

Problems concerning (1) the 2-percent budget flexibility policy, (2) the question of enrolling all qualified students, and (3) the general admissions' plan of the state colleges have emerged from the foregoing events.

(1) Regarding the first problem, it is apparent that we can only adhere to the 2 percent over enrollment level as an indication of additional funding need. Funds should not be provided mechanically simply because a certain over enrollment occurs. Future augmentation requests for over enrollments will have to be based on the facts of the individual situation and the possibility of using all conceivable budget savings. We believe that this is a reasonable expectation.

(2) *We recommend that review be made to clarify the enrollment policy incorporated in the 1970-71 state college budget.* Concerning the second issue of enrolling all qualified students the Coordinating Council for Higher Education in response to the 1969 Budget Conference Committee, is in the process of studying enrollment projections in all segments for higher education.

As a preliminary conclusion presented to the council in December of 1969 a staff report stated that "enrollment projections are increasingly subject to management in relation to physical capacity and are drifting further away from representing actual demand".

We have conferred with the staffs of the Chancellor's Office, the Department of Finance and the Coordinating Council for Higher Education to determine if the enrollment estimate contained in this budget is sufficient to allow the admission of all qualified students who desire

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to attend the state colleges. In a meeting held in January of 1970 with the above parties considerations were presented which included the effects of University admission patterns, year-round operation, retention rates and planned growth factors on individual colleges. It is our belief that current evidence no longer supports the conclusion that enrollment projections reflect the anticipated enrollment demand by qualified students. We recommend that this matter is of sufficient importance to warrant special legislative review and clarification from the Chancellor's office.

(3) *We recommend policy review of the current state college admissions priority plan.* The third enrollment issue concerns the priority system used to admit students. Restrictive admissions standards were established under the Master Plan for Higher Education policy guideline that "the quality of an institution and that of a system of higher education are determined to a considerable extent by the abilities of those it admits and retains as students. This applies to all levels—lower division, upper division, and graduate." The separation of functions between the University of California and the California State Colleges justified a separate standard for each segment. However, the Master Plan was explicit to state that "both should be exacting (in contrast to public higher educational institutions in most other states) because the junior colleges relieve them of the burden of doing remedial work. Both have a heavy obligation to the state to restrict the privilege of entering and remaining to those who are well above average in the college-age group."

The Master Plan recommended admissions policy states that "in order to raise materially standards for admission to the lower division, the state colleges select first-time freshmen from the top one-third, (33½ percent) and the University from the top one-eighth (12½ percent) of all graduates of California public high schools." In discussing the allocation of students among institutions, the survey team foresaw a possibility of overcrowding and stated that "the tightened admission standards . . . will help to divert many students to the junior colleges; so may overcrowded conditions on state college and university campuses. Persuasive counseling might help sell the merits of the junior colleges . . . eventually, the systems may have to resort to quotas and develop methods of selection in addition to basic admission requirements . . . among the better criteria suggested for choosing those applicants to be admitted to a particular institution, when all cannot be accommodated, are the following:

1. The best students should be granted their first choice. The Technical Committee on Selection and Retention of Students stressed the importance of giving the exceptional applicant the privilege of choosing where he is to go.
2. Continuing or re-entering students at each institution should be given preference over new students.
3. Applicants within commuting range might be chosen before those requiring dormitory accommodations.

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4. The more advanced student could be favored over the less advanced.

The team is less favorably impressed with these possible criteria:

1. Students with extracurricular skills—athletic, forensic, musical, might be preferred.

2. Sons and daughters of alumni might be given some preference.

3. Applications might be accepted in the order in which they are received, providing admission standards are met.

4. Choice by chance, through drawing lots, could be resorted to if other means fail."

In contrast to these Master Plan guidelines, the current state college admissions plan appears to be based on the less favorable criteria. Thus, admissions are based on chronological order in which applications are received with choice by chance through drawing lots used to decide when the number of applicants of equal chronological priority exceed the openings available. In addition, there appears to be an inconsistency concerning the third Master Plan desirable admission criteria that "applicants within commuting range might be chosen before those requiring dormitory accommodations." In December 1969, Hayward announced that it would give priority to surrounding area transfer students over out-of-area transfer students. However, the same policy was not announced at the other bay area colleges, San Jose, San Francisco and Sonoma. It would appear that such unilateral decisions allow the Hayward area students an admissions advantage since they have highest priority in their own area and equal priority at San Jose and San Francisco.

The question of not granting unilateral priority allocation to local commuting students also appears to be inconsistent with the existing capital outlay plan. New colleges have been justified and located in areas of unserved population densities such as Bakersfield with sites currently acquired in San Mateo, Contra Costa and Ventura Counties. The capital outlay plan would appear to presume that the college location is to serve the area's students first. Despite this presumption, the trustees have not implemented an admissions policy granting priority to local students.

Centralized Admissions

A related issue to enrollment problems at the California State Colleges has been the evaluation of existing procedures and the possibility of a centralized admissions center. Senate Resolution 133 of the 1968 Regular Session and the Budget Conference Committee report of 1969 address this subject.

Senate Resolution 133 (Alquist) adopted during the 1968 session directed "the Coordinating Council, in cooperation with the California State Colleges and the University of California, to study the feasibility and desirability of developing a standardized form, process, and procedure to be used by the state colleges and the University, relative to

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student admissions applications." The resolution also asked the state colleges to make a number of changes in their admissions procedures designed to eliminate variation in individual college policies, to refine redirection policies and to move to a single application usable for all state colleges.

In response to this resolution the council reported to the Legislature in December of 1969 essentially that:

1. There appear to be no advantages and serious disadvantages in requiring at this time the development of a single admissions form for use by both the University of California and the California State Colleges. So long as admissions criteria differ, and redirection occurs only within a single system, it will not be possible for a student to file, via one single application to both the University system and the state colleges as well. The benefits of a standard form thus seem to be unclear. A degree of consistency, however, can be developed between the existing University standard form, and the state college new common application form now in use.

2. The University of California for some time has used a single admissions form and has a well-developed admissions procedure which has permitted orderly redirection of students within the system.

3. The state colleges have recognized the need for improvement in their admissions procedures. A common form has been developed and commonality of admissions procedures is being proposed to permit orderly redirection and a reduction in the number of multiple applications.

4. While a common admissions form is not now required for both segments, a common opening date for applications for both systems may be useful for prospective students and advisors, and is being explored.

In response to the 1969 Budget Conference Committee reporting requirement, we have received an extensive analysis on centralized admissions from the Chancellor's office. The analysis concludes that although there are problems with the existing admissions system and a centralized admissions center may appear at first to be a solution, it would not be the most effective means of correcting present shortcomings. It appears that total costs would be higher since much of the present on-campus workload could not be delegated to the center; there is concern about the relations with prospective students and there are no useful models in any other system of higher education to utilize.

An alternative approach suggests improvements in the existing system through increased commonality and operational consolidation. Steps already taken, in process or contemplated for the near future will result in a program whereby: confusion is reduced by simplification in the process, more time is provided for planning by colleges and applicants by moving back the admissions cycle and making admissions commitments at an earlier date, and regional data processing centers assist in much of the routine clerical activity which is now the cause of anxiety producing delays in applicant notification where backlogs occur.

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Likewise the regional data processing centers coupled with procedural modifications in the admission cycle would provide a basis for a more current and comprehensive system of admissions status reporting.

Deficiencies

We have evaluated the proposed common admissions system and despite improvements in terms of common admissions forms and dates, we believe it is deficient in two regards. First, it does not prevent multiple applications and second the redirection element of having applicants list colleges in preference order is not built into the original application; it occurs only after an inquiry has been sent the applicant on a later date.

We believe that there are problems with centralized admissions particularly as it specializes staff to a workload which is seasonal and has not been successful in other systems of higher education. The current system of combining admissions and registration staff allows for the shifting around of staff as workload peaks develop and preserves contact between the applicant and the institution he is considering. We do believe that the two major improvements of preventing duplicate applications perhaps by checking social security numbers and not processing duplicates and setting up a preference for redirection category in the original application are still necessary.

Application Fee Increase

We recommend that the application fee be reduced from \$20 to \$15 for a \$600,000 reduction in fees. The 1970-71 budget proposes an admissions fee of \$20 which is an increase of 100 percent over the current \$10 fee. This \$20 fee is expected to produce \$3.6 million in 1970-71 which is \$1,350,804 more than would be generated from a \$10 fee and a total of \$1,396,730 more than is estimated to be generated in the current 1969-70 year as shown in Table 19.

Table 19

Application Fee Revenue

| <i>Actual 1968-69</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> |
|-----------------------|--------------------------|-------------------------|
| \$1,984,203 | \$2,203,270 | \$3,600,000 |

The budget rationale for this action is that the fee increase is needed "to offset the cost of processing the student applications numbering in excess of 200,000 a year and to reduce the number of multiple applications made." We believe that (1) this rationale contradicts other data submitted to the Legislature and (2) the new fee produces more revenue than is needed for the admissions activities cost increases and proposed augmentation.

In the legislative report on centralized admissions submitted in November of 1969, the Chancellor's office states that "available evidence indicates that approximately 5 percent of applicants apply to more than one state college." Thus, this feature of the fee increase rationale appears to be minor. In addition, other controls as mentioned previ-

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ously such as informing applicants that multiple applications will not be processed can be implemented.

In the same report it is indicated that the exact cost breakdown in admissions and records offices is not known. Budgeted cost increases in 1970-71 for admissions and records excluding augmentations total \$759,177 of which approximately 50 percent, or \$379,588 represents the admissions activity. When the \$300,000 augmentation discussed in the next section is added to the \$379,588 admissions cost increase, a total admissions increase over 1969-70 of \$679,588 is produced. This is approximately \$600,000 more than generated by the proposed increase to a \$20 fee. Our proposed \$15 fee would cover the increase. We believe that any fee increase should only cover the increased level of service provided. The budgeted \$20 fee indicates that \$600,000 in other services are being funded from the fee which have not been clearly justified.

Admissions Augmentation

The admissions program element contains a proposed \$300,000 augmentation to fund 25 professional positions to be allocated to all colleges based on the rationale that there has not been a professional staff increase authorized in this formula with minor exceptions over the past 12 years, a period of increased complexity in workload. Approximately half (12) of the 25 positions requested would be classified at the student affairs officer of assistant III level (\$11,904) and the remainder (13) would be classified at the student affairs assistant II level (\$10,356).

This augmentation would provide for a maximum of seven professional staff members at an institution with more than 25,000 students in lieu of the present allocation of three positions for colleges with 5,000 or more students. It increases the level of service to students in conjunction with a related fee increase. *We recommend approval.*

d. Academic Advisement

| | <i>Actual 1968-69</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> |
|-------------------|-----------------------|--------------------------|-------------------------|
| Expenditure ----- | \$26,573,935 | \$32,069,792 | \$35,401,624 |
| Man-years ----- | 1,984.1 | 2,248.1 | 2,405.3 |

The academic advisement program elements is designed to provide faculty advisers who interpret requirements to students in order to assist them in planning their programs. The cost components of this element are primarily academic year and summer quarter faculty salaries as shown in Table 20.

Table 20

| Academic Advisement Cost Components | | | |
|-------------------------------------|----------------|----------------|---------------|
| <i>Component</i> | <i>1969-70</i> | <i>1970-71</i> | <i>Change</i> |
| Faculty Salaries: | | | |
| Academic year ----- | \$31,708,646 | \$35,661,536 | \$3,952,890 |
| Summer quarter ----- | 989,685 | 792,267 | -197,418 |
| Workmen's compensation ----- | 41,436 | 41,083 | -353 |
| Salary savings ----- | -669,975 | -1,093,262 | -423,287 |
| Total ----- | \$32,069,792 | \$35,401,624 | \$3,331,832 |

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Academic advisement costs per FTE student appear in Table 21.

Table 21
1970-71 Academic Advisement Cost per FTE Student

| Advisement | Budgeted Cost | Student FTE | Cost per FTE |
|----------------------|---------------|-------------|--------------|
| Academic year ----- | \$35,661,536 | 192,920 | \$184 |
| Summer quarter ----- | 792,267 | 4,590 | 172 |

In reviewing this program element we are concerned with three factors: (1) the importance of the task to be accomplished, (2) the considerable input of 2,405.3 positions and \$35 million, and (3) the fact that there are no output measurements presented in the budget to determine the effectiveness of the program. We can reasonably assume that students must be advised in both the technical aspects of academic requirements and the general problems encountered by students in choosing academic programs and achieving degrees. Under current policy this task is assumed by regular teaching faculty and is factored into the faculty workload formula as part of three units equivalent which includes college service, committee work and instructional administrative work.

We recommend that the colleges implement a reporting system which will determine the actual time spent by teaching faculty in academic advisement. The main problem with the academic advisement program element is that there is little data on actual compliance. This is reflected in the fact that the budgeted funds and positions are an estimate determined by simply allocating 20 percent of the total teaching faculty positions to this program element. In analyzing this activity we have encountered student concern that there is insufficient academic advisement. However, this problem is difficult to weigh due to the lack of useful data.

e. Ancillary Offerings

| | Actual 1968-69 | Estimated 1969-70 | Proposed 1970-71 |
|--------------------|----------------|-------------------|------------------|
| Expenditures ----- | \$2,190,081 | \$2,386,078 | \$2,552,471 |
| Man-years ----- | 186 | 190.1 | 196.6 |

The ancillary offerings program element consists of facilities that are directly related to curricula but are separate organizational units. Table 22 shows the components of this program element.

Table 22
1970-71 Ancillary Offerings Program Element

| College | Laboratory schools | Natural resources laboratory | Ocean resources | College farms |
|-----------------------|--------------------|------------------------------|-----------------|---------------|
| San Diego ----- | \$173,340 | - | - | - |
| San Jose ----- | - | - | \$168,703 | - |
| San Francisco ----- | 385,665 | - | - | - |
| Fresno ----- | 148,350 | - | - | \$233,356 |
| San Luis Obispo ----- | - | - | - | 246,819 |
| Chico ----- | 148,088 | - | - | 201,334 |
| Pomona ----- | - | - | - | 223,684 |
| Humboldt ----- | 186,113 | \$129,768 | - | - |
| Bakersfield ----- | - | - | - | 4,000 |
| Total ----- | \$1,041,556 | \$129,768 | \$168,703 | \$909,193 |

**California State Colleges—Continued
Laboratory Schools**

We recommend that the \$1 million currently spent for on-campus laboratory schools be redirected in the 1970-71 budget for district laboratory school programs, teacher aide programs and internship programs to be administered by the Chancellor's office.

On-Campus Laboratory Schools

In 1970-71, the state colleges will operate five on-campus laboratory schools at Humboldt, Chico, San Francisco, Fresno and San Diego with costs totaling \$1 million. The history of these schools dates to 1890 with the founding of the Chico laboratory school. The other four schools were established by 1925 as desirable adjuncts to the higher education "normal schools." The laboratory schools primarily served as centers for student teachers to gain classroom experience. However, by the 1950's the demand for student teaching time exceeded the capacity of the laboratory schools and the colleges arranged for student teaching to take place in cooperating public schools. The laboratory schools became observation and demonstration centers controlled by master teachers.

Until 1965-66, the legal function of the laboratory schools was designated in Administrative Code Title V, Section 41703 which stated: "Laboratory School: Each college shall provide adequate facilities for observation, demonstration, and supervised teaching in the Teacher Education programs;" and Education Code Section 24102 which provides for the leasing of school district buildings for use by a state college as a laboratory demonstration elementary school.

In 1965 the Chancellor's office of the state colleges made an extensive study of the laboratory schools in response to a directive by the Conference Committee on the 1965-66 budget. The staff made four recommendations summarized as follows:

Recommendation I: Broadened the purposes, goals, and functions of campus laboratory schools by changing Title V, Section 41703.

Recommendation II: Extended the laboratory school concept to other colleges and other functions, including the possibility of extending to secondary school levels, and allow the individual state colleges to determine whether a campus laboratory school is desirable.

Recommendation III: Proposed staffing formulas for classroom teaching, and included provision for teachers of special subjects, staffing of classes for exceptional children, teachers of nursery school children, administrative personnel, secretarial staff, and a nurse educator.

Recommendation IV: Stressed cooperation and communication between state college laboratory schools, UCLA laboratory school, private college laboratory schools, the State Department of Education, and local school districts.

These recommendations were based on the general findings of a staff report published in October of 1965 which supported the interpretation that the laboratory schools were no longer necessary to meet their original function as centers for student teaching in precredentialed programs and needed a new role. The new role was designated in 1966

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when the trustees expanded the Administrative Code, Title V functions of Section 41703 to read:

"41703. Each college shall *upon approval by the Board of Trustees*, provide adequate facilities for observation, demonstration, research, experimentation, supervised teaching and other activities related to Teacher Education programs in order to foster and promote continued improvements in the education of children and of teachers."

Problems With New Function

As newly designated research and demonstration centers, the laboratory schools were not required to present individual program designs with specific targets, such as ascertaining methods of improving low student performance in reading and math. Since 1965-66, the laboratory schools have continued to operate as special on-campus elementary schools with the same characteristics as before. These characteristics include a high percentage of faculty children, few or no disadvantaged children, a high cost per student state-supported staff, no significant research funding, and selection of students through family initiative, as opposed to selection based on fitting a program design.

Although there is some research and experimentation at the laboratory schools, it is often done by outside staff since laboratory teachers are tied down by a full-time teaching load and there are no supplemental research funds budgeted. Concerted efforts in educational research and development can be costly, as demonstrated by the \$23.6 million per year cost of the 15 Federal Title IV centers. For the level of research work done by California's higher education institutions, it may be that a cooperative agreement with a district school could be equally beneficial. Tables 23 and 24 summarize the general data.

Table 23
Laboratory School Data 1969-70

| School | Students | Faculty | Budgeted Cost | Cost per Student |
|---------------------|----------|---------|---------------|------------------|
| Humboldt ----- | 200 | 9 | \$193,978 | \$970 |
| Chico ----- | 175 | 7 | 141,244 | 807 |
| San Francisco ----- | 390 | 19 | 324,588 | 832 |
| Fresno ----- | 160 | 7.5 | 141,300 | 883 |
| San Diego ----- | 175 | 7 | 164,700 | 941 |
| Totals ----- | 1,100 | 49.5 | \$965,810 | \$878 |

Table 24
State College Laboratory School Student Composition (1964-65)

| School | Percent faculty children | Percent disadvantaged | Total enrollments |
|---------------------|--------------------------|-----------------------|-------------------|
| Chico ----- | 18.7 | 0 | 171 |
| Fresno ----- | 16.3 | 0 | 166 |
| Humboldt ----- | 21.3 | 6 | 211 |
| San Diego ----- | 20.7 | 0 | 213 |
| San Francisco ----- | 3.0 | 5 | 408 |

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Based on our review we believe that the laboratory schools have not kept pace with the state's requirements to increase the performance of low-achieving students especially in reading and mathematics.

District Laboratory Schools

The district laboratory school model is currently in effect between the University of California at Berkeley and the Berkeley School District. In this program, three district schools are designated as laboratory schools; 38 teachers, 3 principals and 1,000 students are involved. The state cost is significantly less than on-campus schools since the district pays the basic teacher salary with a \$500-\$700 per teacher annual stipend supplied by the University. The laboratory school classes are conducted in district schools concurrently with regular classes which reduces the "ivory tower" stigma related to on-campus schools. The district is a full partner in the arrangement and benefits by obtaining programs and consulting relevant to its student and in-service teacher problems. The University benefits as a result of: (a) its ability to reach a large number of students in their natural learning environments, (b) the low cost of the program and (c) participation with practicing teachers on a joint venture program.

New Teacher Preparation Programs

Within their existing budget formulas some higher education institutions have been modifying their credential program to require more student time in school district classrooms. One-half of the 700 students in the Sacramento State College teacher education program are required to spend a full semester in district schools. Seminars in methods and professional development are conducted in the district with the help of in-service teachers. The emphasis is given to district responsibilities, the involvement of the students in an ongoing full day schedule and the ability of the district to receive in-service training. Similar programs are conducted at Berkeley with its Early Childhood Education Group conducted in conjunction with the three district laboratory schools. Another concept is the proposed Education 50 course at Fresno State College which would induce the involvement of lower division students into teacher education by offering two units of credit for aiding teachers in the Fresno area school districts.

Internships

Affiliated with the trend to recognize that preservice teacher training should utilize more student in-district teaching experiences is the recent emphasis on internships. Internships have been conducted on a limited basis for the past 10 years, however, funding in the magnitude of \$1 million has only been authorized commencing in 1969-70 through the provisions of the Federal Education Professions Development Act, Chapter 1414 (AB 920) of the 1968 legislative session and the Teacher Education Internship Act of the 1967 legislative session.

The Education Professions Development Act (PL 90-35) is a new federal program that is designed to attract and qualify teachers to meet critical teacher shortages and to improve the training opportuni-

California State Colleges—Continued

ties for personnel serving in programs of education other than higher education. AB 920 contains policy guidelines for the establishment, maintenance and evaluation of both preservice and in-service programs of teacher training. The major guideline is that 80 percent of the funds received must be applied to urban schools in the lowest reading and math quartile. The remaining 20 percent of the funds is to be applied to rural areas of the state. The first allocation of EPDA funds was received for the 1969-70 fiscal year totaling approximately \$1 million and will be spent primarily for interns and teacher aides.

Internship programs usually involve students who have achieved a baccalaureate degree with other than a teaching goal. These students must take an intensive eight-week summer program which includes student teaching and professional coursework. In the EPDA programs the student receives a \$75 per week stipend and tuition costs. Upon completion of the eight weeks the student is provisionally credentialed and placed into a cooperating school. The school district will pay the minimum state salary of \$6,000 (\$3,000 for half-time interns) and give the intern complete responsibility for conducting instruction. The school district and institute of higher education personnel cooperatively supervise and participate in seminars with the intern during the year. Upon completion of the school year an additional summer session is required to complete coursework prior to receiving a full teaching credential.

Intern programs appear to be well received since there are advantages to all parties concerned. The student is given a salaried position with immediate responsibility for a class. Since he is concurrently taking coursework from the institution of higher education he can apply his actual classroom experience to the instruction he is receiving. By being in a school on a full-time basis he is fully involved as a participant of the school. The school benefits from this program from a recruitment standpoint and from its ability to help design the program to fit its needs and then to train the interns accordingly. From a budget position the district can free resources since, as an example, two positions budgeted at \$10,000 each can be filled at \$6,000 each thus freeing \$8,000. This surplus can be used for supervising the interns and for freeing existing staff to receive in-service training. Finally, the higher education institution can receive feedback from the interns concerning actual day to day situations and can focus its resources at in-service staff development programs with the district.

Also, the employment of teacher aide positions can be valuable for recruitment. These can be regular students or older people from the community who are hired as part or full-time staff members to assume nonprofessional tasks which consume many teacher hours such as typing, recess and lunch room supervision, attendance reporting and library research supervision. Teacher aides have the benefit of receiving classroom experience years before assuming student teaching or intern responsibilities. They can apply the experience in coursework and more importantly in choosing the proper credential goal, for example,

California State Colleges—Continued

before they are locked into a secondary program when they would have performed better in an elementary program.

To date, intern and teacher aide programs have received only limited budget support in the \$1 million of EPDA funds discussed previously. Of the approximate 12,000 credentials being produced in California in 1969-70 we can find evidence of less than 800 produced through internships.

We believe that a reallocation of the funds budgeted to support on-campus lab schools for use in district lab schools, internships and teacher aide programs would be of greater benefit to teacher training in California than is currently possible. An additional indirect benefit of our proposal would be the ability of the regular college programs to utilize the campus space and facilities currently assigned to the lab school activities.

f. Instructional Services

| | Actual 1968-69 | Estimated 1969-70 | Proposed 1970-71 |
|--------------------|----------------|-------------------|------------------|
| Expenditures ----- | \$24,689,012 | \$29,173,769 | \$30,332,826 |
| Man-years ----- | 1,936 | 2,119.4 | 2,163.5 |

The instructional services program element includes expenditures for libraries, audiovisual services, instructional television, testing services and instructional data processing as shown in Table 25.

Table 25
Cost Components of Instructional Services

| Components | Estimated 1969-70 | Proposed 1970-71 | Change |
|--------------------------------|----------------------|---------------------|-------------|
| Library ----- | \$23,379,450 | \$24,088,800 | \$709,350 |
| Audiovisual ----- | 3,079,856 | 3,463,799 | 383,943 |
| Instructional television ----- | 626,349 | 704,432 | 78,083 |
| Summer quarter ----- | 441,995 | 353,828 | -88,167 |
| General administration ----- | 3,578,962 | 2,271,992 | -1,306,970 |
| Workman's compensation ----- | 21,773 | 21,588 | -185 |
| Salary savings ----- | -1,954,616 | -571,613 | +1,383,003 |
| Totals ----- | \$29,173,769 | \$30,332,826 | \$1,159,057 |

Components of Table 25 are discussed hereafter.

Library

| Component | Actual 1968-69 | Estimated 1969-70 | Proposed 1970-71 | Change Amount | Percent |
|---|-------------------|----------------------|---------------------|------------------|---------|
| Personal services ----- | \$11,185,589 | \$13,695,356 | \$14,327,394 | \$632,038 | 4.6 |
| Books ----- | 5,934,469 | 6,709,103 | 6,715,977 | 6,874 | 0.1 |
| Periodicals ----- | 763,224 | 785,700 | 931,966 | 146,266 | 18.0 |
| Supplies, services and equipment ----- | 1,835,299 | 2,189,291 | 2,113,463 | -75,828 | -3.4 |
| Total ----- | \$19,718,581 | \$23,379,450 | \$24,088,800 | \$709,350 | 3 |

The library component at the state colleges includes the acquisition and processing of books, pamphlets, periodicals and other documents, the maintenance of the catalog and indexing systems, the distribution

Table 26
Proposed Library Expenditures 1970-71

| <i>State Colleges</i> | <i>Personal services</i> | <i>Books</i> | <i>Periodicals</i> | <i>Supplies, services and equipment</i> | <i>Cost total</i> | <i>Cost per FTE students</i> |
|---------------------------|------------------------------|--------------------|--------------------|---|-----------------------|----------------------------------|
| Long Beach ----- | \$1,214,377 | \$662,656 | \$50,000 | \$126,475 | \$2,053,508 | \$105 |
| San Diego ----- | 1,313,015 | 576,894 | 118,780 | 174,598 | 2,183,287 | 111 |
| San Jose ----- | 1,077,273 | 324,911 | 80,000 | 133,995 | 1,616,179 | 85 |
| San Fernando Valley ----- | 1,196,584 | 642,563 | 70,000 | 200,637 | 2,109,784 | 120 |
| Los Angeles ----- | 1,194,404 | 563,025 | 68,000 | 182,404 | 2,007,833 | 113 |
| San Francisco ----- | 846,690 | 286,179 | 40,000 | 137,545 | 1,310,414 | 96 |
| Sacramento ----- | 1,007,818 | 553,421 | 70,000 | 171,940 | 1,803,179 | 141 |
| Fresno ----- | 934,932 | 467,996 | 46,053 | 141,209 | 1,590,190 | 127 |
| San Luis Obispo ----- | 795,011 | 342,382 | 60,000 | 114,617 | 1,312,010 | 109 |
| Fullerton ----- | 859,866 | 381,156 | 74,800 | 122,730 | 1,438,552 | 137 |
| Chico ----- | 725,520 | 335,628 | 62,000 | 106,422 | 1,229,570 | 131 |
| Hayward ----- | 802,512 | 466,900 | 35,000 | 139,130 | 1,443,542 | 148 |
| Pomona ----- | 608,889 | 285,073 | 30,000 | 103,507 | 1,027,469 | 126 |
| Humboldt ----- | 363,891 | 101,671 | 24,629 | 32,548 | 522,739 | 104 |
| Sonoma ----- | 489,908 | 294,655 | 35,000 | 91,300 | 910,863 | 260 |
| San Bernardino ----- | 267,027 | 120,653 | 27,390 | 38,167 | 453,237 | 224 |
| Stanislaus ----- | 235,024 | 115,073 | 13,000 | 35,142 | 398,239 | 173 |
| Dominguez Hills ----- | 246,535 | 128,395 | 13,000 | 37,946 | 425,876 | 207 |
| Bakersfield ----- | 148,118 | 66,746 | 14,314 | 23,151 | 252,329 | 360 |
| Total ----- | \$14,327,394 | \$6,715,977 | \$931,966 | \$2,113,463 | \$24,088,800 | \$121 |

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of reference services to students and faculty, and the supervision and administration of these activities. The operation is similar to that found at liberal arts institutions that emphasize undergraduate education and teaching before research. They do not specialize to the extent that is evident in large universities but tend to offer a general purpose facility strongly oriented to undergraduate instruction. Recently the college libraries have attempted to expand their offerings and to increase specialization in response to the study expansion of master's degree programs.

The budget for library expenditures is composed of categories including personal services, books, periodicals, supplies and services, and equipment as shown for 1970-71 in Table 26 by college.

With the allotted resources the library program is programmed to achieve a minimum of 40 volumes per FTE student. The status of this program is shown in Table 27.

Tabel 27

Total Library Volumes and Volumes per FTE¹

| <i>Fiscal year</i> | <i>Previous volume total</i> | <i>Volumes added</i> | <i>Total</i> | <i>Academic year FTE</i> | <i>Volumes per FTE students</i> |
|--------------------|------------------------------|----------------------|--------------|--------------------------|---------------------------------|
| 1966-67 ---- | 3,178,840 | 662,206 | 3,841,046 | 129,615 | 29.6 |
| 1967-68 ---- | 3,841,046 | 606,874 | 4,447,420 | 140,245 | 31.7 |
| 1968-69 ---- | 4,447,420 | 826,364 | 5,273,784 | 156,735 | 33.6 |
| 1969-70 ---- | 5,273,784 | 886,317 | 6,160,101 | 175,240 | 35.2 |
| 1970-71 ---- | 6,160,101 | 869,618 | 7,029,719 | 192,920 | 36.4 |

¹ Budgeted volumes and enrollment.

While there is no specific augmentation requested for the library activity, the Chancellor's office and the California Library Association (CLA) are currently involved in deliberations on a \$325,000 augmentation proposal to grant faculty status and salaries to librarians. The association acted on August 1, 1969, to impose sanctions which include the following if the deliberations are futile:

1. CLA request that the American Library Association also censure the California State Colleges for denying CSC librarians full faculty status as required by the "Standards for College Libraries."

2. CLA request AAUP to investigate the status and benefits of librarians in the California State Colleges.

3. CLA inform the profession in general through notices to the library journals, library schools, placement centers, and when possible to candidates for positions in the California State Colleges that employment is not recommended in the California State Colleges until full faculty status is implemented as required by the "Standards for College Libraries" and as recommended by the Academic Senate of the California State Colleges.

The Chancellor's office position centers on the arguments that the state college librarians have better salaries than comparative institutions, most institutions of higher education including the University of California do not grant faculty status and finally this is a low priority

California State Colleges—Continued

of expenditure augmentation under current conditions of limited budget resources. This position is generally supported by data produced by the Coordinating Council for Higher Education.

We have discussed this issue since it was brought before the legislative budget hearings in 1969. We believe that the issue should be resolved by the agencies involved including the Coordinating Council for Higher Education prior to further presentations to the Legislature.

Regional Depositories

We recommend that the Chancellor's office in cooperation with the college librarians evaluate the feasibility of utilizing regional library depositories and report to the Joint Legislative Budget Committee by November 1, 1970. A major cost component of college library activities is the expense of storing books, periodicals and microfilms. As shown in Table 27 the state colleges currently handle approximately 7,000,000 volumes and have been increasing the inventory at a rate of 800,000 volumes per year. While many of these volumes are in frequent use, it is also true that many are not. In addition to those not used, special collections and older editions occupy space which is of a premium. The problem is acute enough to force a least one college to store books at locations other than the library.

One solution which appears to be economical is the establishment of regional depositories to be utilized for the storage of lesser used materials. The four San Francisco Bay area colleges contain some 1.5 million volumes while the seven Los Angeles area colleges contain 2.3 million volumes. Using Table IX of the Governor's Budget as an index, if only 80 percent of these holdings are circulated, then approximately 760,000 volumes in the two regional areas are uncirculated. This is only a rough approximation since some volumes such as reference books do not circulate while on the other hand some volumes circulate many times. A thorough study may be able to determine whether or not regional depositories would be more economical than the present system.

Audiovisual and Instructional Television

We recommend that the audiovisual and instructional television activities be combined in the budget allotments to provide a unified activity. Under the current budget allocation system, audiovisual and instructional television are justified and funded as separate activities. The purposes of the two activities are to deliver visual and recorded material to the classroom instructor in order to aid the presentation of courses. In health sciences, biological sciences and mental health classes, visual presentations on television or film provide an effective presentation and perhaps the only feasible presentation of experiments or collections which are costly and difficult to duplicate. Identifiable budgeted resources for these activities are shown in Table 28.

Data shown in Table 28 reflects that approximately three times as much funds are budgeted for audiovisual services as budgeted for television services and audiovisual occurs at every college while television occurs at only 10. This situation is primarily the result of historical budget formulas which insure audiovisual funds but require additional

California State Colleges—Continued

Table 28

Proposed Audiovisual and Television Expenditures, 1970-71

| State Colleges | Television | |
|---------------------------|----------------------|-------------|
| | broadcasting | Audiovisual |
| Long Beach ----- | \$38,230 | \$249,539 |
| San Diego ----- | 559,058 ¹ | 225,958 |
| San Jose ----- | 111,637 | 255,294 |
| San Fernando Valley ----- | - | 212,902 |
| Los Angeles ----- | 105,621 | 207,663 |
| San Francisco ----- | 57,987 | 201,648 |
| Sacramento ----- | 49,640 | 168,961 |
| Fresno ----- | 67,056 | 160,261 |
| San Luis Obispo ----- | 17,355 | 188,735 |
| Fullerton ----- | - | 134,170 |
| Chico ----- | 50,060 | 121,334 |
| Hayward ----- | - | 136,983 |
| Pomona ----- | 16,606 | 114,133 |
| Humboldt ----- | - | 77,856 |
| Sonoma ----- | - | 58,590 |
| San Bernardino ----- | - | 47,831 |
| Stanislaus ----- | - | 51,989 |
| Dominguez Hills ----- | - | 40,189 |
| Bakersfield ----- | - | 20,127 |
| Total ----- | \$1,073,250 | \$2,674,163 |

¹ Includes area educational television station.

television uses to be presented on individual justification and as a budget augmentation.

We believe that television services are a valuable educational tool which appears to be underutilized in the state college system. The combination of the budget functions as suggested will allow individual colleges more flexibility to use television if they so desire. An effective television program can be operated economically as is currently being done at Chico State College which has a television budget of approximately \$50,000.

We recommend that future budget presentations contain a new formula for allocating resources to the combined audiovisual and television activity. While we believe that the current budget for these activities should be combined immediately in order to reflect a single support activity and provide flexibility of expenditure, we also believe that the 1971-72 budget should contain a new formula based on this combination to be developed in the interim.

Administrative and Instructional Data Processing

Our office has maintained a continuing interest in the development of an adequate program to support the administrative and instructional data processing needs of the California State Colleges. In the analysis of the Budget Bill 1968-69, we expressed concern over the lack of progress pertaining to efficient funding to upgrade the obsolete automatic data processing (ADP) equipment that was found to exist on all state colleges. This problem was further developed in a special report to the Senate Finance and the Assembly Ways and Means Committees entitled, "Automatic Data Processing in the California State Colleges," released on March 1, 1968. In this report, we surveyed na-

California State Colleges—Continued

tional trends and pointed out that the state colleges had acquired their EDP equipment and developed their programs in an independent uncoordinated manner, resulting in a duplication of administrative systems and a minimal level of support for student instruction. Further, the colleges had been unable to come up with a total state college system Master Plan that established a uniform administrative system for all state colleges or that approached the common needs of the campuses with respect to instruction.

In light of the above, we recommended that:

1. A concentrated systems design effort should be undertaken by a central systems group in the Chancellor's office to accomplish installation of an administrative services ADP system which would be uniform and mandatory for all state colleges.

2. Funds should be provided to install two modern third-generation-medium scale computers—one on a college site in southern California and one in northern California.

3. The regional computer centers should be used primarily for the improvement of the management of the state colleges and the implementation of a uniform administrative package.

4. The instructional data processing program should be considered separate for fiscal year 1968-69 and the colleges should retain their small scientific computers for instruction.

As a result of discussions before the fiscal committees of the Legislature, the Budget Act of 1968 contained funding in the amount of \$480,100 to establish two regional computer centers.

The ADP Program During the 1969-70 Fiscal Year

Satisfactory progress was demonstrated by the state colleges in the development of their administrative program. After a competitive selection process, two Control Data Corporation (CDC) 3300 computers were installed at Los Angeles State College and San Jose State College. A Division of Information Systems was established within the office of the Chancellor and a staff assembled to provide leadership, systems development, programming and implementation of a uniform administrative system. The operating procedures for the regional centers for the first year were developed and the ADP needs of the campuses were served by physically transporting data to the centers and preparing reports on a 24-28-hour turn-around time.

The budget request for the 1969-70 fiscal year was primarily oriented toward upgrading the obsolete small scale computers which remained on the campuses for instructional use. A total of \$821,000 was requested to procure new third-generation, high-speed, small-scale computers for the larger campuses and five remote-job-entry terminals for the newer and smaller colleges. With this general upgrading of equipment, all colleges in the state college system would have access to the high-level programming languages such as COBAL and FORTRAN and have the capability to provide computer service to the instructional program. Although the administrative and instructional needs were separated

California State Colleges—Continued

in the original planning, the new program as presented would permit the use of the small-scale computers on the campuses as devices to process certain administrative programs in addition to instructional data processing. Similarly the instructional needs could be served by the regional centers when the college computers are overloaded, or when a large computing facility was necessary for more complex problems.

We supported the general concept of the proposed augmentation but suggested that the computers be installed on a phased basis and recommended a reduction of \$238,697. The final action of the Legislature in 1969 reduced the appropriation to \$380,528 to provide for a two-year phasing of campus computers.

The 1969-70 California State Colleges Distributed Computing Network

With the augmentation by the Legislature and through the turnover of obsolete computer and punched-card equipment, the colleges proceeded to implement the computing network. Exhibit 1 is a graphic illustration of the state college system indicating the computers available at each college and illustrating the communication lines connecting the colleges with the regional centers and the high-speed communication line connecting the southern regional data processing center with the northern center.

In a report dated January 1970 to the Joint Legislative Budget Committee on the progress and plans for implementing the 1969-70 fiscal year ADP augmentation and the state colleges outlined in considerable detail the progress made possible by the augmentation. This report, which was required by language in the Supplemental Report of the Committee on Conference, indicates that CDC 3150s were selected after another competitive procurement by the colleges and the Division of Information Systems. Eight of the larger colleges participated in this group procurement and the CDC computers were obtained under a quantity discount arrangement. The CDC computers on the campuses and at the regional centers are under one contract which is administered by the Division of Information Systems.

The report to the Joint Legislative Budget Committee also indicates that the selection of the remote job-entry terminals has been completed in a separate competitive acquisition. In this instance, a low-cost IBM 360/20 was selected as the job-entry terminal for four state colleges and the Chancellor's office. State colleges at San Jose and Los Angeles and Long Beach, although large colleges, have selected the remote job-entry approach because of their proximity to the regional computing centers. The first CDC 3150 is scheduled for delivery to Fullerton State College about February 1, 1970, and the delivery of the IBM 360/20 remote job-entry terminals is expected to begin about March 1, 1970.

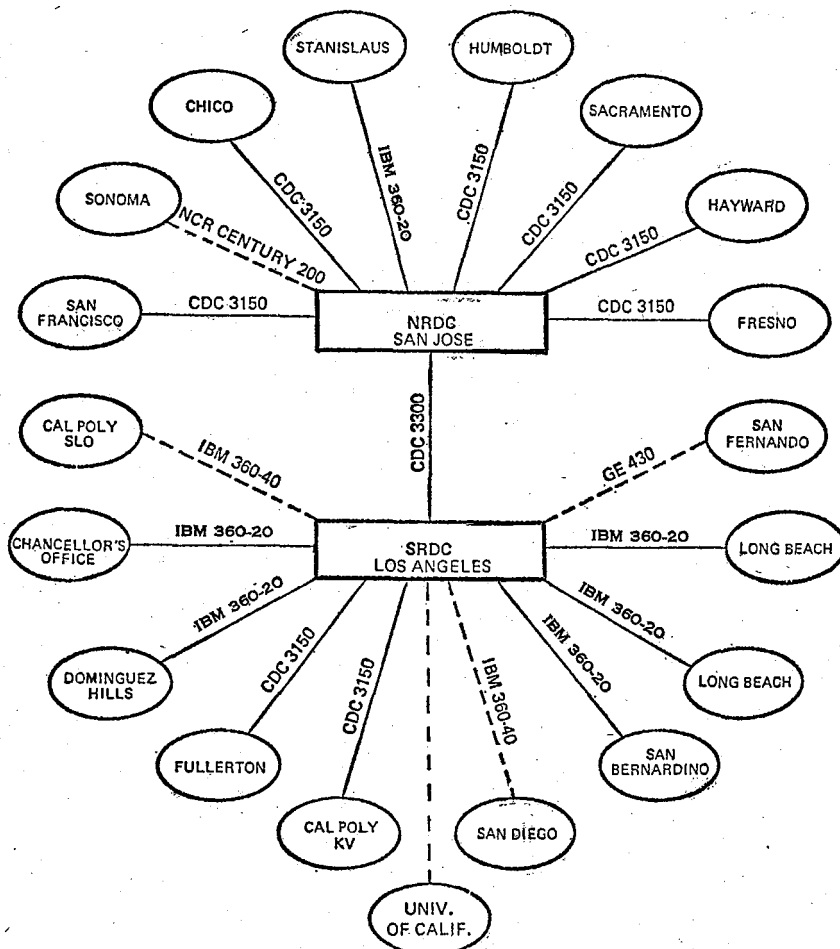
Administrative Systems Developed

The development and implementation of administrative data processing systems for the California State Colleges were intended, according

California State Colleges—Continued

1969-70 CALIFORNIA STATE COLLEGES DISTRIBUTED
COMPUTING NETWORK

EXHIBIT 1



----- TO BE ESTABLISHED AS FUNDS BECOME AVAILABLE

to the report received by the Joint Legislative Budget Committee, to: (1) reduce the consistently increasing cost of administration and prevent administrative failure, and (2) improve the management of resources by making useful information available to college officials. Developed first were the Personnel System and the Allotment-Expenditure-Ledger Subsystem of the Business Management System. The Personnel System is being designed to process routine personnel transactions, to provide management with readily available data on faculty

California State Colleges—Continued.

and staff, and has been coordinated with the State Controller's payroll system. Currently the Chancellor's office and three colleges are using the complete personnel system. Other colleges are being phased into the system and the Division of Information Systems has developed a "video tape" which demonstrates the uses of the system and greatly facilitates the training of the college campuses in the utilization of the terminal-oriented personnel system.

The allotment-expenditure-ledger subsystem is now in use by two state colleges and the Chancellor's office and four additional colleges are being phased into this system. A systemwide admissions system has also been developed to support the admissions process and to permit admissions control reporting and multicampus application reporting. Currently four state colleges are using the admissions system for processing of fall 1970 admissions and implementation has been planned at seven additional colleges. Finally, a registration system is under design to enroll students efficiently in courses and is in pilot test stage. Current plans are to run in the spring of 1970 concurrent with regular registration systems at two state colleges. In the fall it is expected that these two colleges plus two additional colleges will be supported by the student registration system.

ADP Budget Request for 1970-71 Fiscal Year

The request for funding administrative and instructional data processing for the state college system for the coming fiscal year includes the provision of 48.5 new ADP positions to staff the 19 state college campuses. These positions are required, according to the Chancellor's office, on a workload basis and take into account the general upgrading of the state colleges distributed computing network. Reasonable workload standards have been developed for the various classes of ADP personnel and are based on the enrollment (FTE) of the campus.

A total of eight new positions are requested for the Division of Information Systems. These positions will be allocated four to each regional data center and stem directly from the increased workload demands expected, once all campus computers and terminals link into the regional center computing system. No new positions are requested for the central staff from the Division of Information Systems which includes the director and a staff of systems analysts and programmers.

Equipment costs for the state colleges reflects the full-year rental of each computer system, the data handling costs and the rental of one teletype machine for each of the separate college campuses. The budget to support the total California State Colleges distributed computing network is as follows:

| <i>Components</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> |
|-----------------------------|------------------------------|-----------------------------|
| Total personnel costs ----- | \$2,581,334 | \$3,211,257 |
| Total equipment costs ----- | 1,667,807 | 2,140,661 |
| EDP services received ----- | - | 25,000 |
| Other EDP costs ----- | 585,066 | 864,163 |
| Grand total ----- | \$4,834,207 | \$6,241,081 |

California State Colleges—Continued

It is anticipated that the regional centers will be operating on a 24-hour, seven-days-a-week basis and the additional computer operators on college campuses will permit at least two shifts per day operation. The computer programmers are justified on the basis that each college campus has need for additional programming expertise to assist in the orderly transition of the instructional program to the new third generation computers and remote job entry terminals. We recommend approval of this program as budgeted. It should be noted that the budget for fiscal year 1970-71 is presented as a workload budget and that there are no augmentation for new programs included in the ADP budget.

Related Issues—State College ADP Program

The following is a brief discussion of a number of important issues which face the state colleges as they attempt to implement their distributed computing network.

1. It can be noted from Exhibit 1 that there exists on a number of the state colleges equipment that does not appear to be compatible with the overall state college plan. The existence of this equipment is explained in the following manner: The State College Foundations at San Fernando State College and San Diego State College have independently acquired equipment which is then leased to the state college for their utilization. In the case of these two colleges, the allotment for equipment expenditure is the same as that allotted to other colleges of similar size. The California Polytechnic Institute, San Luis Obispo, has been given permission to acquire a 360/40 rather than participate in the mass procurement of control data machines. The justification presented to our office for this procurement was that the unique requirements of the School of Architecture at Cal Poly requires the support of a terminal-based instructive graphics system for the instruction of architectural students. It appears that the IBM 360/40 uniquely meets this requirement. Sonoma State College has purchased an NCR Century 200 computer and this equipment is currently in the final test stages at the campus. We therefore reserve comment on the advisability of this procurement until all tests have been completed. The remainder of the computers adhere closely to state college planning. Because a uniform and standard communications code is required for the entire network, the current mix of computers does not pose a serious communication problem for the network. However, further deviation from the plan could cause serious systems problems.

2. The Supplemental Report of the Committee on Conference requested that the Office of the Chancellor conduct a study to ascertain the most efficient and effective method of providing instruction in the computer sciences and information technology to students in the state college system. One of the goals of this study was to preclude the development of such programs on numerous state college campuses since the ADP equipment necessary to support such a program represents a substantial investment that should not be duplicated throughout the state college system. One part of this report was received from the Academic Planning Division of the Office of the Chancellor. On November 1, 1969,

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request was made to extend the deadline for the final report to March 1970.

3. There have been instances where separate administrative projects such as the State College Admission and Registration System (SCARS) have been attempted by individual state colleges. The attempt to schedule the student body at San Jose State College in September of 1969 met with less than full success. *We recommend that all future projects be developed centrally through the Division of Information Systems to preclude unilateral development of systems by individual colleges.*

4. Finally the Supplemental Report of the Committee on Conference recommended that the Division of Information Systems of the Chancellor's Office maintain control over the acquisition and installation of all computers within the state college system. This recommendation appears to have been implemented and we expect continued strong central direction from the Chancellor's Office to implement the State College Master Plan.

5. The issue of a single computer utility serving all of the California State Colleges has been discussed in the Legislature and has been researched by the Division of Information Systems. The conclusion at this time is that the California State Colleges do not have the budget or the technical capability to support such a single computing utility since no manufacturer has demonstrated capability for a single centralized computer that would satisfy the current requirements presented by the state colleges. This current finding, however, does not preclude the continued investigation into the advisability of a single computer utility serving all campuses. The contract with the current major vendor is written such that if a state college master plan is developed which specifies such a single utility, the contract may be canceled. Further, the current contract expires in January 1974 and there is an option following that data for the contract to be continued on a month-by-month basis. Therefore the current distributing computer network becomes available for an orderly upgrading during the 1973-74 fiscal year.

II. RESEARCH AND CREATIVE ACTIVITY PROGRAM

| | Actual 1968-69 | Estimated 1969-70 | Proposed 1970-71 |
|--------------------|----------------|-------------------|------------------|
| Expenditures ----- | \$1,805,257 | \$2,184,438 | \$2,456,796 |
| Man-years ----- | 127.1 | 149.1 | 160.5 |

The research and creative activity program includes expenditures for faculty research, community service research, institutional research and related services as shown in Table 29.

Table 29
Research and Creative Activity Breakdown

| Elements | Actual 1968-69 | Estimated 1969-70 | Proposed 1970-71 | Change |
|---------------------------|-------------------|----------------------|---------------------|-----------|
| a. Faculty Research---- | \$448,612 | \$528,840 | \$591,480 | \$62,640 |
| b. Community Research.. | 210,160 | 215,991 | 280,111 | 64,120 |
| c. Institutional Research | 145,533 | 179,786 | 198,958 | 19,172 |
| d. Research Services --- | 1,000,952 | 1,259,821 | 1,386,247 | 126,426 |
| Total ----- | \$1,805,257 | \$2,184,438 | \$2,456,796 | \$272,358 |

California State Colleges—Continued

a. Faculty Research

| | <i>Actual</i> 1968-69 | <i>Estimated</i> 1969-70 | <i>Proposed</i> 1970-71 |
|--------------------|--------------------------|-----------------------------|----------------------------|
| Expenditures ----- | \$448,612 | \$528,840 | \$591,480 |
| Man-years ----- | 42 | 50 | 55.6 |

The faculty research element consists of special leaves allocated to each college on the basis of one per 97 existing faculty positions. This program was created by the Legislature in 1965 to provide for a unique-type leave which was distinct from traditional sabbatical leaves and was to be for specific innovative projects justified to a college faculty committee. We recommend approval as budgeted.

We recommend that future budget presentations include the traditional sabbatical leave program in this element. Included elsewhere in this total budget is the traditional sabbatical leave program which consists of approximately 419 leaves at \$2,350,525. This activity is not separately identified in the current program budget presentation. It is located in the total cost of instruction. Sabbatical leaves are research-oriented and should be so identified in this program.

b. Community Research

| | <i>Actual</i> 1968-69 | <i>Estimated</i> 1969-70 | <i>Proposed</i> 1970-71 |
|--------------------|--------------------------|-----------------------------|----------------------------|
| Expenditures ----- | \$210,160 | \$215,991 | \$280,111 |
| Man-years ----- | 15.4 | 20.3 | 21.7 |

We recommend that future presentations of the community service research element include community research handled by foundations in order to reflect the full magnitude of this element. The community service research element is a fully reimbursed activity. It reflects work performed by the colleges for off-campus private and public enterprises. The current budget presentation does not reflect a clear delineation of the magnitude of this element since it does not include approximately \$3 million in projects of a similar nature handled by the foundations. A unified presentation would be more realistic in allocating costs by program element instead of the current allocation breakdown by administrative agency.

c. Institutional Research

| | <i>Actual</i> 1968-69 | <i>Estimated</i> 1969-70 | <i>Proposed</i> 1970-71 |
|--------------------|--------------------------|-----------------------------|----------------------------|
| Expenditures ----- | \$145,533 | \$179,786 | \$198,958 |
| Man-years ----- | 10.8 | 12.4 | 12.7 |

The institutional research program element reflects the cost of the section of the Chancellor's office which gathers data and prepares reports for the trustees, the Department of Finance and the Legislature. Data concerning space utilization rates, student enrollment patterns, student attrition rates and related projections have been of valuable assistance to all parties. *We recommend approval as budgeted.*

California State Colleges—Continued

d. Research Services

| | <i>Actual</i> 1968-69 | <i>Estimated</i> 1969-70 | <i>Proposed</i> 1970-71 |
|--------------------|--------------------------|-----------------------------|----------------------------|
| Expenditures ----- | \$1,000,952 | \$1,259,821 | \$1,386,247 |
| Man-years ----- | 58.9 | 66.4 | 70.5 |

We recommend that the Chancellor's office thoroughly analyze the use of college EDP services for faculty research in order to obtain an actual program cost allocation. This program element consists of college EDP services allocated to support faculty research and creative activity. The budgeted cost of \$1,386,247 is based on an estimate that 20 percent of college EDP services are devoted to this activity. We believe that this estimate is in serious error. In accordance with the budget these services are to support (a) 55.6 faculty leaves of which presumably many will be away from campus, (b) a \$280,111 fully reimbursed program and (c) 12.7 positions in the Chancellor's office which use a regional EDP center. From such a presentation it might be concluded (a) that a few faculty members on leave are provided a research EDP budget allocation of 70.5 positions and \$1.3 million or (b) perhaps that there is a significant amount of unauthorized faculty research occurring from within the regular instruction budget. We believe that a realistic costing should be performed to test the accuracy of the current estimate prior to the formulation of any definite conclusions.

III. COMMUNITY SERVICES PROGRAM

| | <i>Actual</i> 1968-69 | <i>Estimated</i> 1969-70 | <i>Proposed</i> 1970-71 | <i>Change</i> |
|-------------------|--------------------------|-----------------------------|----------------------------|---------------|
| Expenditures ---- | \$7,671,513 | \$10,320,586 | \$11,181,508 | \$860,922 |
| Man-years ----- | 638.6 | 833.8 | 881.8 | 48 |

The community services program is composed of seven elements as shown in Table 30.

Table 30
Elements of Community Service Program

| <i>Element</i> | <i>Estimated</i> 1969-70 | <i>Proposed</i> 1970-71 | <i>Change</i> |
|----------------------------------|-----------------------------|----------------------------|---------------|
| a. Public Information ----- | \$471,679 | \$534,404 | \$62,725 |
| b. Institutional Relations ----- | 45,396 | 50,601 | 5,205 |
| c. Governmental Relations ----- | 112,229 | 128,073 | 15,844 |
| d. Continuing Education ----- | 3,653,117 | 4,025,340 | 372,223 |
| e. Public Affairs ----- | 29,665 | 34,107 | 4,442 |
| f. Alumni Relations ----- | 29,665 | 34,108 | 4,443 |
| g. Organized Activities ----- | 5,978,835 | 6,374,875 | 396,040 |
| Total ----- | \$10,320,586 | \$11,181,508 | \$860,922 |

a. Public Information

| | <i>Actual</i> 1968-69 | <i>Estimated</i> 1969-70 | <i>Proposed</i> 1970-71 |
|--------------------|--------------------------|-----------------------------|----------------------------|
| Expenditures ----- | \$396,759 | \$471,679 | \$534,404 |
| Man-years ----- | 34.5 | 38.8 | 41.5 |

We recommend a \$100,000 reduction in the public information program element. The budget proposes \$534,404 and 41.5 positions as input to the public information program element. Justification is based

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on the need that "sustained efforts to accurately present issues involving the colleges, along with their regulations, policies and offerings must be maintained to increase public comprehension of the state colleges." We agree that public information is an important function. However, it is a function of most managerial positions in the college system. The college president, admissions officer, sports director, etc., individually release information. We believe that the establishment of separate college information officers should be authorized primarily as a coordinator of information. This function should not require more than one professional position per college with related clerical assistance. We estimate that such a position with expenses on each of the 15 major colleges would average \$22,000 in cost. This expense coupled with \$45,800 for the Chancellor's office and \$10,000 at each of the remaining small colleges produces a grand total expense of \$415,800 which is approximately \$100,000 less than the current proposed expenditure of \$534,404.

b. Institutional Relations

| | <i>Actual 1968-69</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> |
|--------------------|-----------------------|--------------------------|-------------------------|
| Expenditures ----- | \$36,674 | \$45,396 | \$50,601 |
| Man-years ----- | 2.5 | 2.9 | 2.9 |

The institutional relations program element consists of 2.9 positions located in the Chancellor's office to articulate with high school and community college counselors on the academic requirements of the state colleges. This program was created by the Legislature in 1968 at a level of \$192,693 but reduced by the Governor's Budget veto to \$27,170. *We recommend approval.*

c. Governmental Relations

| | <i>Actual 1968-69</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> |
|--------------------|-----------------------|--------------------------|-------------------------|
| Expenditures ----- | \$87,839 | \$112,229 | \$128,073 |
| Man-years ----- | 5.8 | 6.6 | 6.8 |

The state college system maintains two governmental relations offices, one in Sacramento and one in Washington, D.C. These offices act as the trustees' agent in representation before legislative and other governmental hearings. The Washington, D.C., office is fully reimbursed from overhead charges. *We recommend approval.*

d. Continuing Education

| | <i>Actual 1968-69</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> |
|--------------------|-----------------------|--------------------------|-------------------------|
| Expenditures ----- | \$2,599,501 | \$3,653,117 | \$4,025,340 |
| Man-years ----- | 231.8 | 308.7 | 332.2 |

Extension programs are offered at 16 colleges to assist persons employed in government agencies, school districts, industries and other organizations in the furtherance of their education. Like the summer session, this is a self-supporting public service program operated by the colleges. It offers both credit and noncredit courses in a large number of fields including accounting, education, engineering, the natural, physical and social sciences and the humanities. In addition to regular

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coursework, the state college extension also offers workshops, institutes, conferences and consultant services.

In recent years, college extension programs have increased in utilization. Table 31 shows the number of individuals participating, the total production of student credit hours and the equivalent annual FTE using the most recent data available. *We recommend approval.*

Table 31

| Extension Enrollment | | | |
|----------------------|-----------------------|-----------------------------|-------------------|
| | <i>Net enrollment</i> | <i>Student credit hours</i> | <i>Amount FTE</i> |
| 1962-63 ----- | 26,652 | 94,505 | 3,150 |
| 1963-64 ----- | 34,133 | 118,650 | 3,953 |
| 1964-65 ----- | 37,776 | 139,377 | 4,646 |
| 1965-66 ----- | 39,786 | 141,106 | 4,703 |
| 1966-67 ----- | 43,753 | 141,536 | 4,718 |
| 1967-68 ----- | 50,768 | 164,760 | 5,492 |

The 1967 Legislature enacted Chapter 1543, creating the State College Extension Programs Revenue Fund, which became effective as of January 1, 1968. This is a revolving fund to which all extension program funds are appropriated without regard to fiscal years. All expenditures are shown in the Governor's Budget. The advantage of this type of fund for the colleges is that it will enable them to carry balances or surpluses forward from one fiscal year to the next, eliminating the need to revert any existing reserves to the General Fund.

Table 32

| Extension Program Revenue Fund | | | |
|-----------------------------------|---------------------------|------------------------------|-----------------------------|
| | <i>Actual 1968-69</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> |
| Accumulated surplus, July 1 ----- | \$1,050,084 | \$830,952 | \$986,266 |
| Prior year adjustment ----- | —620,281 | -- | -- |
| Accumulated Surplus, Adjusted -- | \$429,803 | \$830,952 | \$986,266 |
| Revenues ----- | 2,958,320 | 3,755,175 | 4,517,412 |
| Interest income ----- | 15,943 | 20,000 | —25,000 |
| Total Revenues ----- | \$2,974,263 | \$3,775,175 | \$4,542,412 |
| Total Resources ----- | \$3,404,066 | \$4,606,127 | \$5,523,678 |
| Less expenditures ----- | 2,573,114 | 3,619,861 | 3,990,151 |
| Accumulated Surplus, June 30 ---- | \$830,952 | \$986,266 | \$1,538,527 |

e. Public Affairs

| | <i>Actual 1968-69</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> |
|--------------------|-----------------------|--------------------------|-------------------------|
| Expenditures ----- | \$24,061 | \$29,665 | \$34,107 |
| Man-years ----- | 1.6 | 1.8 | 1.9 |

We recommend the deletion of the public affairs program element for a General Fund savings of \$34,107. The public affairs program element proposes an expenditure of \$34,107 in the Chancellor's office "to provide facilities for various social, cultural and recreational activities." We believe that such services are an important ancillary activity of the state colleges. We do not believe that 1.9 positions are necessary at the

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Chancellor's office for such activity. The Chancellor's office is located in rented office space in Los Angeles and thus does not control public activity space. Such space for social, cultural and recreational activities is located on each college campus and is managed at that level.

f. Alumni Relations

| | <i>Actual 1968-69</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> |
|--------------------|-----------------------|--------------------------|-------------------------|
| Expenditures ----- | \$24,061 | \$29,665 | \$34,108 |
| Man-years ----- | 1.6 | 1.8 | 1.9 |

We recommend that the alumni relations program element be supported on a fee basis for a General Fund savings of \$34,108. The alumni relations program element is designed to "establish and maintain close contact with the alumni of the state colleges." As shown in Table 8 the state college system has graduated over 200,000 alumni since 1955-56. In a report to the Legislature in July of 1969 the college alumni activity was more thoroughly described. The report stated that "state college placement offices customarily devote staff time and effort in maintaining mailing lists and other contacts with the graduates of the college. This continued contact is important in maintaining information regarding the progress of the alumni."

"It is also in the best interest of the college to develop vigorous and active alumni groups for:

1. Potential financial support
2. Potential political support

The college will furnish all costs until the Alumni Association has 300 paid members.

The college will always furnish:

1. Minimal office space (normally on a joint-usage basis)
2. Not to exceed one-fourth faculty released time for executive direction and liaison
3. Not to exceed one half-time secretary
4. One annual mailing to all alumni."

From the previous statements it appears that the Chancellor's office staff is somewhat involved in providing services so that vigorous and active alumni groups will be developed for "potential political support." We question the need to provide General Fund supported services to this activity.

Alumni activities in many public institutions of higher education are generally funded from membership fees based on the rationale that they are organized as a social service group to aid the institution. We support this policy. We do not believe that the institution of higher education has the duty to provide special services to these groups at \$34,108 General Fund expense. Nor do we believe that student material and service fees should be utilized at the college level for these services which do not affect them directly. Such is the effect if placement office staff is utilized.

g. Organized Activities

| | <i>Actual 1968-69</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> |
|--------------------|-----------------------|--------------------------|-------------------------|
| Expenditures ----- | \$4,502,618 | \$5,978,835 | \$6,374,875 |
| Man-years ----- | 360.8 | 473.2 | 494.6 |

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We recommend that future presentations of the organized activities program element include similar projects handled by foundations in order to reflect the full magnitude of this element. The organized activities program element is composed of reimbursements for special projects (\$6,100,876) and the reimbursed share of the San Diego educational television station. Special projects include workshops, special events, special training programs, institutes and pilot projects. This section consists only of those projects handled directly by the college. Foundations handle an additional \$12 million in organized activities as shown in Table 33 which are not shown in this program element.

Table 33
College Administered Organized Activities
Compared to Foundations Administered

| | Estimated 1969-70 | Proposed 1970-71 | Change |
|-------------------------|-------------------|------------------|--------------|
| Colleges: | | | |
| Special projects ----- | \$6,134,706 | \$6,100,876 | —\$33,830 |
| Foundations: | | | |
| Special projects ----- | 9,765,000 | 9,064,000 | —701,000 |
| Special events ----- | 491,000 | 426,000 | —65,000 |
| Institutes ----- | 2,995,000 | 2,620,000 | —375,000 |
| Workshops ----- | 141,000 | 131,000 | —10,000 |
| Foundation Totals ----- | \$13,392,000 | \$12,241,000 | —\$1,151,000 |
| Grand Totals ----- | \$19,526,706 | \$18,341,876 | —\$1,184,830 |

IV. STUDENT SERVICES PROGRAM

| | Actual 1968-69 | Estimated 1969-70 | Proposed 1970-71 |
|--------------------|----------------|-------------------|------------------|
| Expenditures ----- | \$26,999,460 | \$39,299,323 | \$47,752,532 |
| Man-years ----- | 1,047.4 | 1,435.1 | 1,591.9 |

The student services program in the state colleges is concerned with the provision of certain services to students which aid the effective and efficient functioning of the institution. These include student activities, counseling and testing, financial aids, health services, housing, placement and veterans' services as shown in Table 34.

Table 34
Student Services Program Breakdown

| Elements | Actual 1968-69 | Estimated 1969-70 | Proposed 1970-71 | Change |
|---------------------------------|-------------------|----------------------|---------------------|-------------|
| a. Student Activities ----- | \$1,395,877 | \$1,671,825 | \$1,877,632 | \$205,807 |
| b. Counseling and Testing ----- | 3,937,441 | 5,861,044 | 6,694,143 | 833,099 |
| c. Financial Aids ----- | 16,092,894 | 25,096,768 | 31,656,124 | 6,559,356 |
| d. Health Services ----- | 4,023,772 | 4,818,345 | 5,437,089 | 618,744 |
| e. Housing ----- | 238,591 | 286,091 | 321,494 | 35,403 |
| f. Placement Services ----- | 1,310,885 | 1,565,250 | 1,766,050 | 200,800 |
| Total ----- | \$26,999,460 | \$39,299,323 | \$47,752,532 | \$8,453,209 |

The proposed increase for 1970-71 in this program area is \$8,453,209 and reflects 156.8 additional positions.

The General Fund support reflects one-half support of the dean of students' office and the state matching of federal student financial aid programs. All other student service programs are financed by the state college material and service fee.

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Material and Service Fee Increase

The budget proposes to eliminate the differential fee for limited students. Under existing policy a student enrolled for six units or less pays half of the \$108 academic year materials and service fee while students enrolled in more than six units pay the full fee. Total revenues from the materials and service fee along with the nonresident tuition, application fees, catalog fees and miscellaneous fees are shown in Table 35.

Table 35
Student Fees by Type and Year

| Fee | Estimated 1969-70 | Proposed 1970-71 | Change |
|----------------------------|-------------------|------------------|-------------|
| Materials and service----- | \$21,623,259 | \$26,792,064 | \$5,168,805 |
| Nonresident ----- | 3,231,599 | 3,192,057 | —60,458 |
| Application ----- | 2,203,270 | 3,600,000 | 1,396,730 |
| Catalog ----- | 181,841 | 197,509 | 15,668 |
| Miscellaneous ----- | 1,199,109 | 1,278,139 | 79,030 |
| Totals ----- | \$28,439,078 | \$35,059,769 | \$6,620,691 |

The \$5,168,805 increase in the material and service fee is due to normal enrollment increases and the new full fee to limited students policy. The latter factor is expected to produce \$2,835,162 in additional revenue.

We recommend that an equitable student materials and service fee schedule be established wherein all students pay the student service portion (\$34 per semester) of the fee with the instructional service portion (\$20 per semester) paid in accordance with the number of units enrolled using the following schedule:

| Semester units | Instructional service fee |
|-------------------|---------------------------|
| 0 to 4----- | \$5 |
| Over 4 to 8----- | 10 |
| Over 8 to 11----- | 15 |
| Over 11----- | 20 |

The current \$108 academic year (\$54 per semester) materials and service fee is divisible into a student service share of \$34 per semester and an instructional services share of \$20 per semester. Student services include health, counseling, placement and financial aids administration while instructional services include teaching supplies but not the cost of faculty salaries. It appears reasonable to us to level a uniform fee on all students for student service activities since health or counseling aid is provided at the same level of service regardless of the students' enrollment status. The uniform fee for instructional services, however, does not appear to be reasonable. The student enrolled in 15 units receives much more instructional service than the student enrolled in three units, yet under the budget proposal both would pay \$20 per semester for the service. We believe that the \$20 fee should be levied in accordance with the sliding scale shown previously. Table 35 compares the current fee structure to the budgeted structure and our structure on a semester basis.

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Table 36
Comparison of Material and Service Fee Structures

| <i>Enrolled semester units</i> | <i>Actual 1969-70</i> | <i>Proposed 1970-71</i> | <i>Proposed Legislative Analyst</i> |
|------------------------------------|---------------------------|-----------------------------|---|
| 0 to 4 ----- | \$27 | \$54 | \$39 |
| Over 4 to 6 ----- | 27 | 54 | 44 |
| Over 6 to 8 ----- | 54 | 54 | 44 |
| Over 8 to 11 ----- | 54 | 54 | 49 |
| Over 11 ----- | 54 | 54 | 54 |

We believe that our proposed schedule has the advantages (a) of being more equitable, (b) of being based on a clear distinction between student services and instructional services and (c) of producing the same amount of additional revenues needed for student service expenditures. There will be some reduction in fees available for instructional services. However, increases for this expense should be separately justified as was done in 1969-70.

Foreign Student Fees

Chapter 1605, Statutes of 1969, provides for a minimum fee of \$360 for a full-time foreign student for an academic year. Previously, the foreign student tuition was fixed by statute at \$255. A major change made by that measure is the delegation of authority to the Trustees of the California State Colleges for setting this fee at any level beyond the new minimum. In addition, the trustees may establish waivers or reduce the fee for exceptional foreign students. The 1970-71 fee was set at \$360 by the trustees in January of 1970.

Table 36 shows the total foreign student enrollment incorporated into the budget and the number of fee waivers granted.

Table 37
Foreign Student Enrollments

| | <i>1968-69 Reported</i> | <i>1969-70 Estimated</i> | <i>1970-71 Budgeted</i> |
|------------------------|-----------------------------|------------------------------|-----------------------------|
| Foreign students ----- | 3,549 | 3,834 | 3,615 |
| Less waivers ----- | —123 | —152 | —261 |
| Total ----- | 3,426 | 3,682 | 3,354 |

We recommend that the trustees study the nature of miscellaneous fees and the need for uniform management policy and report to the Joint Legislative Budget Committee by November 1, 1970.

As shown previously in Table 35, the 1970-71 budget anticipates \$1,278,135 will be paid by students in the form of "miscellaneous" fees. These fees generally include such items as library fines and transcript fees. It has come to our attention that these fees also include a variety of special class fees used to purchase instructional material in addition to that which is authorized by the materials and service fee. Thus, it has been possible for departments which believe that their materials and service fee allocation is insufficient to establish an additional student fee.

It is the position of the Chancellor's office that "student fees are fixed by the Chancellor in accordance with resolutions adopted by the

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board of trustees." Despite this assurance, we are aware of at least one class fee in the magnitude of \$6.50 which was levied in the fall of 1969 without such approval. We believe that the magnitude of this occurrence should be studied since it reflects directly on the adequacy of the standard materials and service fee. We believe that the materials and service fee should be set at a level which realistically covers class expenses. The proposed study should also determine the extent to which college foundations might be used to collect such fees and whether systemwide direction is needed.

a. Student Activities

| | Actual 1968-69 | Estimated 1969-70 | Proposed 1970-71 |
|--------------------|----------------|-------------------|------------------|
| Expenditures ----- | \$1,395,877 | \$1,671,825 | \$1,877,632 |
| Man-years ----- | 136.4 | 155.8 | 168.3 |

The student activities program element is a student fee reimbursed activity which provides for special cultural programs. These include speakers, movies and musical, artistic and theatrical performances. Such programs are offered in order to compliment and supplement regular academic programs. *We recommend approval.*

b. Counseling and Testing

| | Actual 1968-69 | Estimated 1969-70 | Proposed 1970-71 |
|--------------------|----------------|-------------------|------------------|
| Expenditures ----- | \$3,937,441 | \$5,861,044 | \$6,694,143 |
| Man-years ----- | 321.4 | 518.3 | 583.9 |

Counseling and testing programs are offered to all students in order to aid in resolving problems and establishing personal and vocational direction. This element includes a special foreign student counseling program and is supported from student materials and services fees.

We recommend that the \$534,880 for foreign student counseling be funded from foreign student tuition instead of the general materials and service fee. The current budget proposes to expend approximately \$534,880 for special counseling to the 3,615 foreign students from the materials and service fee. The \$534,880 is generated through the current formula which allows a maximum of three special counselors for foreign students plus clerical positions. Unlike other services funded from the materials and service fee, this service is maintained for a limited segment of the student body. We believe that it is difficult to justify this funding mechanism particularly since the 3,615 foreign students contribute only \$390,420 to the material and service fee income and can obtain placement, housing and health services in addition to the \$534,880 special counseling program. A more reasonable revenue source would be the foreign student tuition. This action would align the service to a fee paid by the user group.

c. Financial Aids

| | Actual 1968-69 | Estimated 1969-70 | Proposed 1970-71 |
|--------------------|----------------|-------------------|------------------|
| Expenditures ----- | \$16,092,894 | \$25,096,768 | \$31,656,124 |
| Man-years ----- | 120.4 | 227.1 | 252.8 |

The aid programs devoted to assisting students in the completion of their higher education are varied and have grown rapidly in recent

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years, particularly at the federal level. The form of student aid offered by the colleges is either a loan, a direct award or a "package" combining several forms of aid. A direct award is generally offered to students with need and may take the form of a California state scholarship if the student is of high academic merit and in substantial financial need, an NDEA loan, a part-time job under the Work-Study Program or some other program. For students with a much greater need, i.e., a student receiving little or no parental assistance, the college financial aid administration will generally construct a "package" program consisting of a loan, a grant, and a part-time job.

The concept of the "package program" has grown out of the recognition by higher education and government officials that the demand for scholarship and grant funds is greater than the available supply. Of all the student aid money allocated within the college system each year, only about 14 percent is in the form of scholarships and grants.

The current expenditure level of student financial aid programs is not possible to predict precisely due to the overlapping jurisdictions administering them, including the federal government, state government and the collegiate institutions themselves. In addition, there are a great many sources of funds other than governmental and educational agencies including alumni groups, banks, private and semi-public foundations and private interests. Finally, a major source of financial aid is part-time jobs which are often allocated on an informal basis and not reported.

Although there are a large number of student financial aid programs utilized, the state colleges are responsible for the administration of only six. These programs include the Educational Opportunity Grant Program, the National Defense Student Loan Program, the Nursing Student Loan Program, the Work-Study Program, the Nursing Educational Opportunity Grant Program and the Law Enforcement Grant Program, all of which are supported primarily from federal funds. In 1969-70 these programs accounted for a total of \$24,026,696 in loans and grants, a total that is expected to increase to \$29,991,454 in the budget year. Table 38 lists the college-administered programs.

Table 38
College-Administered Financial Aid Programs

| <i>Programs</i> | <i>Actual 1968-69</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> | <i>Change</i> |
|--------------------------|---------------------------|------------------------------|-----------------------------|---------------|
| Work-Study | \$5,189,970 | \$8,715,818 | \$9,789,830 | \$1,074,012 |
| NDEA Loan | 6,766,644 | 9,259,258 | 10,707,350 | 1,448,092 |
| Educational Opportunity: | | | | |
| Federal | 2,551,177 | 4,192,300 | 6,403,000 | 2,210,700 |
| State | -- | 1,197,453 | 1,147,924 | -49,529 |
| Nursing: | | | | |
| Loans | 158,516 | 224,222 | 321,000 | 96,778 |
| Scholarships | 44,899 | 96,725 | 235,500 | 138,775 |
| Law Enforcement | 56,240 | 340,920 | 1,386,850 | 1,045,930 |
| Totals | \$14,767,446 | \$24,026,696 | \$29,991,454 | \$5,964,758 |

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Budget Proposes an Unspecified College EOP Program

The 1970-71 budget proposes an educational opportunity allocation of \$2,785,583 to handle approximately 2,520 continuing EOP students and an undetermined number of new EOP enrollees. It is explained in the budget that "a substantial portion of the financial support for EOP students is provided by the federal government and to some degree by private funds. In addition, it is not clear the extent to which continuing students will require financial aid and tutoring services. These matters are under study at each state college. Therefore the number of new first-year students that can be accommodated in 1970-71 is not known at this time. The total new enrollees will depend upon the amount available from federal and private sources and the extent to which continuing students require support."

The 1969 Budget Act funding was established on the basis that \$1.1 million would be needed for administrative costs including counseling and tutoring for the 3,150 EOP students and the remaining \$1.25 million would be used for financial assistance. This latter element was budgeted on the basis of providing an average of \$500 for 2,500 (80 percent of the total) EOP students. The 1969-70 allocation of EOP funds are shown in Table 39.

Table 39
1969-70 State College EOP Enrollment and Budget Allocations

| <i>College</i> | <i>EOP Enroll- ment</i> | <i>Personal services</i> | <i>Operating expense and equipment</i> | <i>Student grants</i> | <i>Total cost</i> | <i>Cost per enrollee</i> |
|---------------------------|---------------------------------|------------------------------|--|---------------------------|-----------------------|------------------------------|
| Long Beach ----- | 240 | \$70,473 | \$5,500 | \$93,000 | \$168,973 | \$704 |
| San Diego ----- | 335 | 88,744 | 8,140 | 125,000 | 221,884 | 662 |
| San Jose ----- | 450 | 99,131 | 6,198 | 163,000 | 268,329 | 596 |
| San Fernando Valley --- | 385 | 97,164 | 5,964 | 144,000 | 247,128 | 641 |
| Los Angeles ----- | 420 | 80,322 | 5,000 | 150,000 | 235,322 | 560 |
| San Francisco ----- | 275 | 77,090 | 9,722 | 106,000 | 192,812 | 701 |
| Sacramento ----- | 145 | 52,216 | 6,300 | 58,000 | 116,516 | 803 |
| Fresno ----- | 150 | 52,216 | 6,700 | 60,000 | 118,916 | 792 |
| San Luis Obispo ----- | 70 | 27,432 | 3,366 | 30,000 | 60,798 | 868 |
| Fullerton ----- | 150 | 53,002 | 5,300 | 60,000 | 118,302 | 789 |
| Chico ----- | 90 | 40,339 | 4,500 | 39,000 | 83,839 | 931 |
| Hayward ----- | 145 | 52,847 | 6,070 | 58,000 | 116,917 | 806 |
| Pomona ----- | 75 | 26,168 | 2,900 | 30,000 | 59,068 | 787 |
| Humboldt ----- | 20 | 17,437 | 3,243 | 9,000 | 29,680 | 1,484 |
| Sonoma ----- | 40 | 29,950 | 3,000 | 16,000 | 48,950 | 1,223 |
| San Bernardino ----- | 35 | 23,567 | 2,486 | 15,000 | 41,053 | 1,172 |
| Stanislaus ----- | 35 | 22,563 | 2,641 | 15,000 | 40,204 | 1,148 |
| Dominguez Hills ----- | 90 | 39,156 | 11,340 | 39,000 | 89,496 | 994 |
| Unallocated ----- | -- | -- | -- | -- | 40,000 | N/A |
| Chancellor's Office ----- | N/A | 31,113 | 20,700 | N/A | 51,813 | N/A |
| Totals ----- | 3,150 | \$980,930 | \$119,070 | \$1,250,000 | \$2,350,000 | \$746 |

The above data show that the state college EOP program costs range from a minimum of \$560 per enrollee at Los Angeles to a maximum of \$1,484 at Humboldt with a systemwide average of \$746 per enrollee. The higher costs per enrollee occur at the smaller colleges primarily due to diseconomies of scale which occur when low enrollments are

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prorated into a minimum program cost of approximately \$40,000. Student performance data has not been reported on the rationale that "since EOP students as defined in the Budget Act are those new freshmen and undergraduates, this first report must omit information on academic progress." A report on EOP student performance was promised for November 1, 1970.

The policies established in the 1969 Budget Act were clearly articulated as to the level of the program and the administrative policies to be utilized. The proposed budget offers a contrast to this in that it is vague particularly in relation to the number of new enrollees. The budgeted amount of \$2,785,583 utilized within the 1969 Budget Act policies appears to cause either (1) a reduction in the level of student assistance or (2) a reduction in the number of new enrollees. Additional data is needed from the colleges in order to properly assess the 1970-71 EOP program. We recommend special legislative review under the budget item for all EOP programs found on page 525.

d. Health Services

| | Actual 1968-69 | Estimated 1969-70 | Proposed 1970-71 |
|--------------------|----------------|-------------------|------------------|
| Expenditures ----- | \$4,023,772 | \$4,818,345 | \$5,437,089 |
| Man-years ----- | 310.5 | 353.2 | 381 |

The health services program element is budgeted at \$5,437,089 for 1970-71 with 35.9 proposed new positions. This program is designed to provide health services on an emergency and short-term basis. It does not furnish hospitalization and is fully supported from student fees. Regular campus staff is restricted from the use of these services except in the case of emergencies and first aid. *We recommend approval.*

In addition to the support staff for health services a fee of \$1 per student has been authorized by the trustees for the lease of facilities. It is anticipated that future permanent health facilities will be constructed through the use of a larger fee of \$6 per student if the Legislature authorizes the establishment of a special fund for this purpose.

e. Housing

| | Actual 1968-69 | Estimated 1969-70 | Proposed 1970-71 |
|--------------------|----------------|-------------------|------------------|
| Expenditures ----- | \$238,591 | \$286,091 | \$321,494 |
| Man-years ----- | 18.1 | 20.7 | 22.3 |

The housing program element consists of the college coordinators of housing and their related clerical staff. This activity is fully reimbursed from materials and service fees. It is designed to aid students in locating housing on and off campus. *We recommend approval.*

f. Placement Services

| | Actual 1968-69 | Estimated 1969-70 | Proposed 1970-71 |
|--------------------|----------------|-------------------|------------------|
| Expenditures ----- | \$1,310,885 | \$1,565,250 | \$1,766,050 |
| Man-years ----- | 140.6 | 160 | 175.5 |

The placement service program element is designed to aid students in choosing vocations and gaining employment. The activity is budgeted at \$1,766,050 for 1970-71 and is fully reimbursed from materials and service fees. *We recommend approval.*

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V. INSTITUTIONAL SERVICES PROGRAM

| | <i>Actual 1968-69</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> |
|--------------------|-----------------------|--------------------------|-------------------------|
| Expenditures ----- | \$51,524,799 | \$62,432,544 | \$68,732,839 |
| Man-years ----- | 4,532.6 | 5,263.1 | 5,458.9 |

The institutional services program is designed to provide various ancillary services such as parking, dormitories, executive management and food services. This program is divided into seven elements as shown in Table 40.

Table 40
Elements of the Institutional Services Program

| <i>Element</i> | <i>Actual 1968-69</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> | <i>Change</i> |
|---|---------------------------|------------------------------|-----------------------------|---------------|
| a. Executive ----- | \$4,016,465 | \$4,880,546 | \$5,579,184 | \$698,728 |
| b. Administrative ----- | 11,842,432 | 14,491,857 | 16,501,960 | 2,010,103 |
| c. Physical Planning and Development ----- | 1,551,185 | 1,887,849 | 2,001,120 | 113,271 |
| d. Plant Operation ----- | 27,244,891 | 32,098,949 | 35,450,453 | 3,351,504 |
| e. Legal ----- | 169,058 | 209,559 | 230,082 | 20,523 |
| f. Academic Senate ----- | -- | 137,220 | 140,760 | 3,540 |
| g. Auxiliary ----- | 6,700,768 | 8,726,564 | 8,829,280 | 102,716 |
| Total ----- | \$51,524,799 | \$62,432,544 | \$68,732,839 | \$6,300,295 |

a. Executive

| | <i>Actual 1968-69</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> |
|--------------------|-----------------------|--------------------------|-------------------------|
| Expenditures ----- | \$4,016,465 | \$4,880,546 | \$5,579,184 |
| Man-years ----- | 260.9 | 303.1 | 320.7 |

The executive program element consists of those positions in the Chancellor's office and the colleges which provide general management of the state college system. The distribution of this element is shown in Table 41.

Table 41
Distribution of Executive Program Element

| <i>Components</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> | <i>Change</i> |
|-----------------------------|--------------------------|-------------------------|---------------|
| Chancellor's office ----- | \$423,623 | \$466,394 | \$42,771 |
| International Program ----- | 187,646 | 224,893 | 37,247 |
| Colleges: | | | |
| President's office ----- | 3,340,365 | 3,844,910 | 504,545 |
| Deans ----- | 864,066 | 989,081 | 125,015 |
| Miscellaneous ----- | 111,042 | 89,912 | 78,870 |
| Salary savings ----- | —46,196 | —36,006 | 10,190 |
| Total ----- | \$4,880,546 | \$5,579,184 | \$698,638 |

Chancellor's Office

The Chancellor is the chief executive officer of the State College Board of Trustees and is responsible for the implementation of all policy determinations enacted by the board. The Chancellor's office, located in Los Angeles, carries out this overall responsibility in several ways. It conducts research into college operations for the purpose of providing the trustees with information basic to decisions on the system's general welfare. It compiles the annual budget based on the individual requests of the colleges, formulates justifications for ex-

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pansion of programs, reviews position classifications, formulates salary requests and performs a fiscal management function which consists of administering the annual budget within the limits of certain controls specified by the Legislature and coordinating its activities with the Departments of Finance and General Services which are required by law to approve certain contracts and expenditures. There are no proposed new positions in this office. *We recommend approval.*

Fiscal Flexibility

The administrative autonomy from fiscal control by the legislative and executive branches of government has been a major goal of the California State Colleges. In deliberations prior to 1960 on the Master Plan for Higher Education, the colleges sought constitutional status similar to that held by the University of California. While the Legislature did not agree to the need for constitutional status, it did recognize that the colleges as a system needed greater autonomy and responsibility with respect to program development and financial administration.

The passage of the 1960 Donahoe Higher Education Act removed the colleges from the jurisdiction of the State Board of Education and established a new Board of Trustees of the State College System (later, Trustees of the California State Colleges) with direct responsibility to the Governor and the Legislature for the governance of the state colleges. The Donahoe Act gave the colleges as a system much of the policymaking autonomy which had been requested, but it was largely silent as to matters of fiscal administration. Those fiscal controls exercised by the Department of Finance (and, later, the Department of General Services) in accordance with the Government Code and the annual budget acts remained unchanged.

Assembly Concurrent Resolution 218 of 1969

Since 1960 legislative and administrative measures have resulted in a substantial transfer of responsibility to the trustees. However, the Trustees and the Chancellor of the California State Colleges have repeatedly urged a much greater degree of autonomy in fiscal administration for the state college system, with the apparent objective of achieving by statute much the same degree of autonomy as is enjoyed by the University of California under the State Constitution. Accordingly, this subject was again brought to the attention of the Legislature during its 1969 hearings on campus unrest, Assembly Concurrent Resolution No. 218 directing the Legislative Analyst to conduct a study on the matter.

In accordance with ACR 218, this office has worked with the Chancellor's office, the Departments of Finance and General Services and the Coordinating Council for Higher Education to: (1) identify and clarify the existing fiscal and budgetary controls now exercised by the Departments of Finance and General Services relative to the state colleges; (2) identify specific problems which have arisen from the exercise of these controls; (3) review the recommendations of the Chancellor's office for further transfers of authority for budget ad-

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ministration to the Trustees; and (4) prepare recommendations for consideration by the Legislature.

The actual number of documents which need approval by the Departments of Finance and General Services have decreased greatly over the past three years. In a previous report on this subject prepared by this office in March 1966 it was pointed out that the chief arguments by the trustees for more flexibility were based on problems associated with the volume, delay and cost involved in submitting documents to the Departments of Finance and General Services for approval. Most of such documents concerned purchasing, out-of-state travel, changes in established positions, budget revisions and transfers of budget allotments. With recent delegations by the Department of Finance and the increase in the college's purchasing ability up to \$500, the expressed difficulties in the fiscal control process have been greatly reduced.

We have found that many of the local college personnel have not been made aware of the recent delegations. Many of the fiscal controls formerly exercised by the Department of Finance which led the colleges to complain of "fiscal inflexibility" have been delegated and are currently being exercised by the Chancellor's office budget staff.

Currently the principal involvement of the Department of Finance in the fiscal management of the colleges occurs during the Governor's Budget preparation, the approval of the transfer of funds between budget functions (instruction, administration, etc.) and the approval of the expenditure of salary savings.

Chancellor's Office Proposal for Increased Fiscal Flexibility

On November 5, 1969, the Chancellor's office requested that the Legislature give consideration for additional fiscal authority and responsibility to accomplish the following transactions:

1. Authority to transfer funds among the major budgetary functions.
2. Authority to use excess salary savings out of the salary savings reserve.
3. Authority to make submissions to the federal government for loans, grants, or other financial assistance to students without prior Department of Finance approval.
4. Authority to make intersalary appropriation transfers for administrative, nonpolicy purposes when errors arise in computing the salary base for each category of personnel; i.e., faculty, faculty-related, and nonacademic.

The four requests presented for additional flexibility are viewed by the state colleges as necessary in order to increase their ability to respond to emergencies and in order to accomplish a general management goal of achieving the greatest level of fiscal responsibility commensurate with the level of program responsibility delegated to the trustees. It is argued that the current process which requires Department of Finance approval creates delays when action is needed and

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is of questionable importance in the Department of Finance's program of administering the state's budget. This latter argument is substantiated by the argument that the colleges would not use the transferred funds to engage in any new program which had not been previously approved by the Department of Finance and the Legislature. It is foreseen that the additional fiscal flexibility would be of assistance in resolving enrollment crises, in taking advantage of federal program options and in allocating approved salary increase funds.

The Department of Finance counters (a) that review of transfers between functions allows them participation in transactions which are significant departures from the budget; (b) that the colleges have more fiscal flexibility currently than any other agency of state government with the exceptions of the University of California and the Department of Public Works; (c) that strict control of salary savings produces budget savings; and (d) that monitoring of federal programs is important to the overall budget process since federal funds often require matching state funds and could terminate resulting in pressures for the State General Fund to support the program.

The basic reason for the existing system of budget administration is to be found in the fact that under the State Constitution the Governor is held responsible for the general and continuing management of the fiscal affairs of the state. In order to carry out this responsibility, the Department of Finance, as the Governor's fiscal agent, is given broad statutory powers concerning the financial policies of the state and such specific powers and duties as have been found necessary to the exercise of that authority.

The authority of the Department of Finance to approve or disapprove budget revisions, the use of salary savings, and the initial development of capital outlay projects, as well as the authority of the Department of General Services to approve or disapprove contracts and purchases, is related to their broad responsibility for financial management. To limit the Governor and his administrative agencies to the review and approval of proposed budgets could restrict greatly their ability to carry out their responsibility for the management of state expenditures.

With respect to the college's arguments, it is implied that the Department of Finance as a central fiscal management agency is too far removed from the operation of the colleges and not sufficiently sensitive to program objectives to exercise fiscal controls in a manner which will not jeopardize the growth and development of the colleges. It is possible that the department could abuse its authority in the name of fiscal management to the detriment of the state college system. It is equally evident, however, that delegated authority could be abused in the name of educational policy to the detriment of effective fiscal management.

In our opinion the central management function assigned to the Department of Finance is necessary to the sound fiscal administration of the state, and this function cannot be delegated to operating agencies without seriously jeopardizing the integrity of the annual budgets approved by the Legislature. The question, then, is not whether all au-

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thority for state college budget administration should be delegated to the trustees, but whether there are elements of existing authority which are not essential to the Department of Finance function and which, therefore, may be assigned to the trustees. We believe there is one such element.

We recommend that the Budget Act be amended to authorize the Trustees of the California State Colleges to make intersalary appropriation transfers for administrative purposes when computational errors occur. This authority would not give policy powers to the trustees. It would provide administrative flexibility to adjust expenditures according to established salary policy. Currently there are salary allotments for each category of personnel based on estimates made months in advance of the actual salary-setting date. Errors in computing the allotments create surpluses in some and shortages in others. the surplus funds cannot be transferred to the shortage accounts under the current powers of the trustees.

Conversely we do not agree with the trustees that the Department of Finance should abandon its review function over federal programs, transfers between functions and salary savings.

It is important to emphasize that a required review by the Department of Finance is not synonymous with the fact that the trustees' budget is "inflexible." Transfers between functions and the use of salary savings are important budget deviations which fall within the Department of Finance's overall fiscal control responsibility. Although the changes desired would be of high priority to the trustees, we believe that they should be properly evaluated along with the Department of Finance's fiscal considerations.

Trustee's Audit Staff

Chapter 1406, Statutes of 1969, provided for the establishment of an audit staff reporting directly to the Trustees of the California State Colleges. The present audit staff consists of three auditors and 0.5 clerical position and reports directly to the audit committee of the board of trustees. Under the direction of the board, this management audit staff will perform management analysis and carry out auditing procedures throughout the state college system. The 1970-71 budget proposes four additional professional positions and one additional clerical position at a cost of \$65,771, to provide an adequate level of service for this activity. *We recommend approval.*

International Program

The purpose of the international program is to afford selected students the opportunity for one year of study in a foreign country. The program was established in 1963 and at that time provided opportunities for 108 students for study in six foreign universities. Since then, the program has grown to a level of 505 students with the addition of four other institutions. Countries currently participating in the program include Formosa, France, Germany (two institutions), Italy, Japan, Spain (two institutions) and Sweden (two institutions). The program is divided into two parts including two months of intensive

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language training prior to attendance followed by 9 or 10 months (two semesters) at the participating institutions as a regular student.

Admission to the international program is limited to upper division and graduate students who can demonstrate a minimum comprehension of the language of the country to which they will be sent. Faculty committees conduct interviews with applicants to determine eligibility.

The costs of the program are shared by the students and the state with the students being responsible for transportation, living expenses and fees and the state for administration and some instructional costs up to the limit of the number of students in the program times the state support for each regular academic year FTE enrollment. Table 42 shows the actual and estimated costs of the program.

Table 42
International Program Costs and Funding

| Component | Actual 1968-69 | Estimated 1969-70 | Proposed 1970-71 | Change |
|-----------------------------------|-------------------|----------------------|---------------------|------------------|
| General administration ----- | \$101,548 | \$161,564 | \$188,453 | \$26,889 |
| Instruction ----- | 321,462 | 398,142 | 475,492 | 77,350 |
| Student services ----- | 5,112 | 76,382 | 97,805 | 21,423 |
| Salary savings ----- | -- | -1,260 | -7,291 | -6,031 |
| Total Program Costs ----- | \$428,122 | \$634,828 | \$754,459 | \$119,631 |
| Student fees ----- | -33,674 | -43,350 | -54,540 | 11,190 |
| Miscellaneous ----- | -6,086 | -140,715 | -- | 140,715 |
| Net Total—General Fund --- | \$388,362 | \$450,763 | \$699,919 | \$249,156 |
| Enrollment ----- | 366 | 425 | 505 | 80 |
| Cost per student ----- | \$1,061 | \$1,060 | \$1,386 | \$326 |

Funding for the International Program came under critical review during the 1969 legislative session. It was determined that this program had accumulated a large surplus which was felt to be in excess of reasonable contingency needs. The Budget Conference Committee directed that a \$50,000 contingency fund be established and that the excess surplus in the current year be applied to the program cost. The proposed 1970-71 budget is based on the assumption that the \$50,000 contingency fund will continue and that excess reimbursements if any will be rebated to the students involved in the program. We believe that this is a reasonable approach. *We recommend approval.*

b. Administrative Services

| | Actual 1968-69 | Estimated 1969-70 | Proposed 1970-71 |
|--------------------|----------------|-------------------|------------------|
| Expenditures ----- | \$11,842,432 | \$14,491,857 | \$16,501,960 |
| Man-years ----- | 920.6 | 1,044.5 | 1,083 |

The administrative services program element is composed of college business management operations, the Chancellor's management, staff and related components in the summer quarter and the International Program as shown in Table 43.

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Table 43

Administrative Services Components

| Component | Estimated 1969-70 | Proposed 1970-71 | Change |
|----------------------------|-------------------|------------------|-------------|
| College management ----- | \$11,409,298 | \$13,132,616 | \$1,723,318 |
| Chancellor's management -- | 2,833,010 | 3,301,152 | 468,142 |
| Summer quarter ----- | 393,952 | 315,368 | -78,584 |
| International Program --- | 53,520 | 69,900 | 11,380 |
| Workmen's compensation -- | 10,834 | 10,741 | -93 |
| Salary savings ----- | -213,848 | -327,817 | -113,969 |
| Total ----- | \$14,491,857 | \$16,501,960 | \$2,010,103 |

Overtime

We recommend that in future budget presentations funds to pay employee overtime be budgeted independently rather than as offsets against the level of salary savings to be achieved. The Fair Labor Standards Act Amendments of 1966 were filed by the President as Public Law 89-601 on September 23, 1966. The law extends minimum wages, equal pay, and overtime pay benefits to all employees of public and private, profit and nonprofit colleges, universities and hospitals, except those employed in an executive, administrative or professional capacity. Employees covered for the first time by the Wage-Hour Law must receive time-and-a-half for hours worked over 44 per week beginning February 1, 1967, over 42 per week beginning February 1, 1968, and over 40 per week beginning February 1, 1969.

The California State Colleges and auxiliary organizations come under these provisions. The Department of Finance has chosen to meet this obligation by increasing salary savings to be met by the colleges. In 1970-71 the offset is budgeted at \$132,379.

We question this policy since it changes the existing salary savings concept. Salary savings is the amount budgeted for personal services that is not spent due to vacancies, delays in filling authorized positions and turnover where an employee leaves and is replaced by another employee at a lower salary. In effect, the action in the current budget acts as a penalty in that it forces an additional savings factor into the college's budget which is not a normal savings in order to meet a mandatory expenditure. We believe that in future presentations overtime expenditures should be budgeted separately without the increase in salary savings to act as an offset.

c. Physical Planning and Development

| | Actual 1968-69 | Estimated 1969-70 | Proposed 1970-71 |
|--------------------|----------------|-------------------|------------------|
| Expenditures ----- | \$1,551,185 | \$1,887,849 | \$2,279,381 |
| Man-years ----- | 133.8 | 155.4 | 143.2 |

The program element of physical planning and development includes college and Chancellor's office staff involved in programming, planning, direction, and operation of a statewide plan for the development of physical facilities, providing advice and assistance in physical master planning to the colleges, presenting capital outlay programs and budgets to state agencies, conducting analyses and studies of potential sites for new campuses, reviewing, approving, and executing capital outlay contracts, coordinating all sources of capital outlay funding and alloca-

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tion of funds to the campuses, developing new approaches, programs, and methods of improving physical development, and with other divisions, conducting special studies relating to space requirements.

Year Round Operation

We recommend rejection of the proposed termination of the summer quarter year-round operation program.

The 1970-71 budget proposes to completely eliminate the summer quarter in 1971 based on the statement that "it will be replaced by self-supporting summer session programs and will be reflected in the 1971-72 budget... the method of fourth quarter operation was originally conceived as a means of maximizing the use of the physical plant facilities thereby minimizing the need for additional capital construction. Studies on year-round operation have not proved conclusive. Additional studies are currently being made on the current utilization of facilities during the regular academic year. The 1970-71 budget has been predicated on serving the greatest number of qualified students and as a result priority has been given to accommodating more students during the academic year than at four colleges during a summer quarter. Funds have been included in the 1970-71 budget for support of the 1970 summer quarter and its phase out."

We disagree with the statement that "studies on year-round operation have not proved conclusive." All studies which are public on this subject have made conclusive statements as to the savings to be realized by the year-round operation program. The Coordinating Council for Higher Education resolution discussed on page 337 was the result of the most recent of such studies. Existing data show that at three of the four colleges the summer quarter program is less expensive than the regular quarters. An extensive discussion of this issue is found on page 335 of this analysis.

We believe that it is inconsistent for the budget to provide a minimum of capital outlay funds for the future building program while at the same time canceling programs which offer better utilization of existing facilities. Student demand for higher education is increasing at the same time that it is increasingly difficult to construct facilities due to lack of bond funds and interest rate ceilings. We believe that the Legislature should subject the rationale of the budget to serious investigation during the budget hearings and restore the deleted \$3.8 million if appropriate.

Academic Year Facilities Utilization

A thorough review of progress towards better facility space utilization is presented on page 339 of this analysis. The colleges have made substantial progress since the 1969 legislative hearings towards implementing a system of utilization reporting and have increased their planning standards. This progress is encouraging and should be continued.

We recommend that specific studies be made of space utilization at Fullerton and Long Beach with a report to the Joint Legislative Budget Committee by November 1, 1970. In the fall of 1968, both of these col-

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leges exceeded our recommended utilization standard in terms of station utilization. We believe that part of any future review of utilization should be devoted to examining the Long Beach and Fullerton colleges as case examples in studying the effects of high utilization. Such a method would provide more specific information to be related to educational policy. Particularly it may provide data which would show whether or not high utilization has any measurable effect on the quality of education.

d. Plant Maintenance, Operation and Security

| | Actual 1968-69 | Estimated 1969-70 | Proposed 1970-71 |
|-------------------|----------------|-------------------|------------------|
| Expenditure ----- | \$27,244,891 | \$32,098,949 | \$35,172,192 |
| Man-years ----- | 2,512.7 | 2,872.3 | 3,010 |

The plant operation, maintenance and security program element includes all activities of a custodial nature to maintain the physical facilities of the colleges, including electrical maintenance, plumbing, heating repairs, painting, grounds maintenance and janitorial services. In addition, the function includes all costs for utilities, motor vehicle operation, campus security and college farm operation. It does not include any activities associated with dormitory or parking lot operation inasmuch as these are budgeted as self-supporting activities through special funds. College expenditures for this element in 1970-71 are shown in Table 44. The total cost of this element includes expenditures of \$203,495 in the Chancellor's office, \$31,800 from the international program, \$28,458 for workmen's compensation and an offsetting reduction of \$282,930 for salary savings and reimbursements.

Increased Custodian Workload

As an economy measure in 1970-71 the budget proposes to increase the custodian standards from one position per 15,000 square feet of cleanable space to one per 15,600 square feet. It is estimated that this revision will save \$506,969 in the budget year.

We recommend that the new custodian standards not be permanently adopted until a comprehensive report is completed by the Chancellor's office. We have not been able to ascertain a sound basis on which the new 15,600 square feet standard is formulated. It appears that the revision proposed in the budget may have been made without a full evaluation of the long-run effects on building deterioration and common practice in other institutions. We propose that the 15,600 square feet be considered as interim standards and a study to clarify the validity should be made before the new standards are permanently adopted.

e. Legal Services

| | Actual 1968-69 | Estimated 1969-70 | Proposed 1970-71 |
|--------------------|----------------|-------------------|------------------|
| Expenditures ----- | \$169,058 | \$209,559 | \$230,082 |
| Man-years ----- | 12.4 | 14.2 | 14.6 |

The legal services program element provides legal counsel to the state college system. There are no proposed increases. *We recommend approval.*

Table 44
Proposed Expenditures for College Plant Operation, 1970-71

| State Colleges | Adminis- tration | Maintenance of structure | Maintenance of grounds | Plant security | Motor vehicle operation | Utilities | Rent | Other expense | Special projects | Total |
|--------------------|---------------------|-----------------------------|---------------------------|-------------------|----------------------------|-------------|-------------|------------------|---------------------|--------------|
| Long Beach ----- | \$105,804 | \$1,495,094 | \$267,083 | \$146,709 | \$62,993 | \$371,743 | \$118,248 | \$24,251 | \$22,500 | \$2,614,506 |
| San Diego ----- | 89,749 | 1,688,902 | 331,224 | 121,942 | 46,549 | 572,935 | 79,588 | 95,521 | 54,520 | 2,980,930 |
| San Jose ----- | 92,789 | 1,784,135 | 188,660 | 121,695 | 79,314 | 424,556 | 83,771 | 54,670 | 38,194 | 2,867,784 |
| San Fernando | | | | | | | | | | |
| Valley ----- | 88,498 | 1,412,106 | 303,976 | 131,963 | 73,396 | 391,305 | 94,091 | 39,282 | - | 2,534,617 |
| Los Angeles ----- | 87,686 | 1,905,246 | 182,083 | 122,998 | 39,244 | 268,194 | 3,000 | 20,902 | 800 | 2,630,153 |
| San Francisco ---- | 174,771 | 1,399,710 | 122,713 | 120,525 | 50,108 | 306,352 | 67,500 | 38,722 | 29,712 | 2,250,113 |
| Sacramento ----- | 72,348 | 1,024,150 | 245,293 | 84,046 | 39,474 | 255,214 | 189,950 | 12,000 | 9,500 | 1,931,975 |
| Fresno ----- | 81,928 | 1,187,542 | 256,516 | 112,127 | 49,619 | 260,453 | 261,166 | 36,793 | 63,850 | 1 2,309,994 |
| San Luis Obispo -- | 58,678 | 1,160,771 | 200,395 | 138,474 | 92,388 | 303,800 | - | 34,388 | 19,000 | 2,007,894 |
| Fullerton ----- | 51,035 | 1,156,246 | 175,627 | 84,968 | 39,475 | 341,229 | 175,760 | 42,400 | - | 2,066,740 |
| Chico ----- | 89,339 | 1,034,885 | 184,866 | 88,425 | 80,688 | 253,474 | 195,644 | 24,435 | 31,450 | 1 1,983,206 |
| Hayward ----- | 89,676 | 865,735 | 289,367 | 92,642 | 65,656 | 243,236 | 82,217 | 62,440 | 2,700 | 1,793,669 |
| Pomona ----- | 77,984 | 976,672 | 254,179 | 106,862 | 65,564 | 245,462 | 19,228 | 15,999 | 19,014 | 1,780,964 |
| Humboldt ----- | 66,741 | 813,070 | 174,904 | 48,004 | 25,787 | 194,325 | 46,135 | 15,336 | 7,620 | 1,391,922 |
| Sonoma ----- | 77,414 | 579,232 | 195,886 | 51,793 | 38,278 | 165,855 | 51,430 | 24,030 | 14,000 | 1,197,918 |
| San Bernardino -- | 44,535 | 459,857 | 146,391 | 59,985 | 25,434 | 146,797 | 5,396 | 11,785 | - | 900,180 |
| Stanislaus ----- | 39,981 | 301,082 | 123,909 | 47,395 | 12,500 | 115,266 | 41,820 | 12,192 | - | 694,145 |
| Dominguez Hills -- | 60,505 | 251,245 | 196,762 | 59,234 | 15,504 | 103,263 | 249,400 | 12,934 | 4,800 | 953,647 |
| Bakersfield ----- | 30,750 | 106,564 | 47,795 | 49,172 | 21,311 | 39,750 | 4,400 | 1,270 | - | 301,012 |
| Total ----- | \$1,420,211 | \$19,602,244 | \$3,887,629 | \$1,789,040 | \$923,282 | \$4,903,209 | \$1,768,744 | \$579,350 | \$317,660 | \$35,191,369 |

499
1 Includes College Farm.

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f. Academic Senate

| | Actual 1968-69 | Estimated 1969-70 | Proposed 1970-71 |
|--------------------|----------------|-------------------|------------------|
| Expenditures ----- | \$110,415 | \$137,220 | \$140,760 |
| Man-years ----- | 2.2 | 2.2 | 2.2 |

The Academic Senate is the official organization representing the state college faculty on all campuses. Its members are chosen by the full-time faculty on each campus under procedures that differ by campus and it holds meetings on the average of five times per year. Representatives of the senate regularly attend meetings of the board of trustees and are often asked for opinions on various matters affecting academic policy.

Funds for the Academic Senate's activities are used to permit its officials released time from normal academic responsibilities. The budget year proposes an expenditure of \$140,760 to provide for participation by the faculties of the colleges in the formulation of systemwide policy relating to the colleges. *We recommend approval.*

g. Auxiliary Services

| | Actual 1968-69 | Estimated 1969-70 | Proposed 1970-71 |
|--------------------|----------------|-------------------|------------------|
| Expenditures ----- | \$6,700,768 | \$8,726,564 | \$8,829,280 |
| Man-years ----- | 692.2 | 871.4 | 885.2 |

The Auxiliary Services program element is a fully reimbursed activity which involves the operation of college parking, dormitories, bookstores, food services, student activities, and special grant projects. Auxiliary enterprises fall basically into two categories, those operated by nonprofit, on-campus corporations and those financed through special nongovernmental cost funds.

The first category includes such services as bookstores and cafeterias which are generally managed by private corporations established to contract with the colleges for the operation of this type of service. Although called foundations, they should not be confused with the state college foundations responsible for the administration of research and special project activities. Income and expenditures for the operation of auxiliary services as reported in the Governor's Budget are shown in Table 45.

The second category includes dormitory and parking services which are financed through special funds. Although they are not included in the overall budget totals, the income and expenditures for these funds are included in the budget. The first of these funds to be established was the College Auxiliary Enterprise Fund in 1949. It was created by the Legislature to accept title to dormitory buildings which have been constructed by the Federal Public Housing Administration for veterans. The anticipated revenue and expenditures for this fund in the budget year are \$162,451 and \$160,579 respectively.

The larger of two funds concerned with housing activities is the State College Dormitory Revenue Fund. This fund was established by the Legislature in 1957 for the construction of housing facilities for students and was financed in part through a loan in the amount of \$13,762,000 from the Federal Housing and Home Finance Agency

California State Colleges—Continued

Table 45
Expenditures for Auxiliary Operations

| Operations | Actual 1968-69 | Estimated 1969-70 | Proposed 1970-71 |
|---|-------------------|----------------------|---------------------|
| TOTAL EXPENDITURES | | | |
| Support (charges for services and products) ----- | \$39,831,501 | \$42,348,860 | \$45,041,218 |
| Statement of Operations | | | |
| Balance, July 1 ----- | \$20,943,609 | \$23,537,190 | \$25,816,882 |
| Receipts: | | | |
| Bookstore ----- | 18,391,316 | 19,310,882 | 20,276,426 |
| Food service ----- | 11,408,301 | 11,978,716 | 12,577,652 |
| Student activities ----- | 7,681,625 | 8,449,788 | 9,294,767 |
| Indirect cost reimbursement ----- | 1,770,526 | 1,628,884 | 1,498,573 |
| Agriculture ----- | 1,732,182 | 1,766,826 | 1,802,163 |
| Housing ----- | 657,749 | 670,904 | 684,322 |
| Other ----- | 783,883 | 822,552 | 863,680 |
| Total Receipts ----- | \$42,425,082 | \$44,628,552 | \$46,997,583 |
| Expenditures: | | | |
| Bookstore ----- | 17,531,242 | 18,495,892 | 19,515,381 |
| Food service ----- | 11,266,124 | 11,984,649 | 12,750,742 |
| Student activities ----- | 6,397,880 | 7,037,668 | 7,741,435 |
| Special project administration ----- | 1,338,003 | 1,404,903 | 1,475,148 |
| Agriculture ----- | 1,797,110 | 1,868,994 | 1,943,754 |
| Housing ----- | 648,169 | 661,132 | 674,355 |
| Other ----- | 852,973 | 895,622 | 940,403 |
| Total Expenditures ----- | \$39,831,501 | \$42,348,860 | \$45,041,218 |
| Balance, June 30 ----- | \$23,537,190 | \$25,816,882 | \$27,773,247 |
| Special Projects | | | |
| TOTAL EXPENDITURES | | | |
| Support (Federal funds) ----- | \$17,235,876 | \$16,354,000 | \$14,992,000 |
| Balance, July 1 ----- | \$6,624,057 | \$6,590,206 | \$6,136,206 |
| Receipts: | | | |
| Research ----- | 4,129,997 | 3,500,000 | 3,300,000 |
| Workshops ----- | 289,614 | 200,000 | 200,000 |
| Special events ----- | 443,828 | 400,000 | 375,000 |
| Special training programs ----- | 10,216,003 | 9,765,000 | 9,064,000 |
| Institutes ----- | 2,448,005 | 2,300,000 | 2,100,000 |
| Total Receipts ----- | \$17,202,025 | \$15,900,000 | \$15,175,000 |
| Total Resources ----- | \$23,826,082 | \$22,490,206 | \$21,311,206 |
| Expenditures: | | | |
| Research ----- | 3,173,026 | 2,962,000 | 2,751,000 |
| Workshops ----- | 143,620 | 141,000 | 131,000 |
| Special events ----- | 504,515 | 491,000 | 426,000 |
| Special training programs ----- | 10,216,003 | 9,765,000 | 9,064,000 |
| Institutes ----- | 3,198,712 | 2,995,000 | 2,620,000 |
| Total Expenditures ----- | \$17,235,876 | \$16,354,000 | \$14,992,000 |
| Balance, June 30 ----- | \$6,590,206 | \$6,136,206 | \$6,319,206 |

(now the Department of Housing and Urban Development—HUD) at an interest rate of 2½ percent. In addition, \$16,484,353 was received from the State Construction Program Fund. Subsequently, HUD

California State Colleges—Continued

agreed to purchase \$35 million in revenue bonds at an interest rate of 3 percent with a term of 40 years for the construction of an additional 6,000 student residence units and an increase in cafeteria capacity of 6,800 seats. Table 46 presents income and expenditures for this program.

Table 46

Income and Expenditures for the State College Dormitory Revenue Fund

| | <i>Actual</i> 1968-69 | <i>Estimated</i> 1969-70 | <i>Proposed</i> 1970-71 |
|--|--------------------------|-----------------------------|----------------------------|
| Accumulated surplus, July 1----- | \$1,794,350 | \$3,208,412 | \$3,563,282 |
| Prior year adjustment ----- | 39,940 | - | - |
| Revenues ----- | 5,953,384 | 7,280,907 | 8,274,450 |
| Interest income ----- | 20,111 | 20,000 | 20,000 |
| Total Resources ----- | \$7,807,785 | \$10,509,319 | \$11,857,732 |
| Less: | | | |
| Current expenditures ----- | 3,340,822 | 4,405,831 | 4,562,537 |
| Extraordinary expenditures ----- | 115,588 | 26,016 | - |
| Transfer for debt servicing ----- | 920,963 | 2,469,190 | 2,819,724 |
| Transfer to Maintenance Revenue ----- | 222,000 | - | 400,000 |
| Accumulated Surplus, June 30----- | \$3,208,412 | \$3,563,282 | \$4,075,471 |

Parking Services

Parking services are provided through the State College Parking Facilities Program which is financed by the State College Parking Revenue Fund, also a nongovernmental cost fund which was added by the Legislature in 1965 (Chapter 1282, Statutes of 1965).

Table 47 lists the fund's income and expenditures.

Table 47

Income and Expenditures State College Parking Revenue Fund

| | <i>Actual</i> 1968-69 | <i>Estimated</i> 1969-70 | <i>Proposed</i> 1970-71 |
|--|--------------------------|-----------------------------|----------------------------|
| Accumulated surplus, July 1----- | \$1,981,387 | \$2,583,847 | \$3,622,049 |
| Prior year adjustment ----- | -134,596 | - | - |
| Revenues ----- | 2,938,625 | 3,110,419 | 3,355,257 |
| Interest income ----- | 47,312 | 40,000 | 40,000 |
| Total Resources ----- | \$4,832,728 | \$5,734,266 | \$7,017,306 |
| Less: | | | |
| Current expenditures ----- | 1,882,298 | 1,683,648 | 1,518,503 |
| Transfer to Construction Fund ----- | 534,139 | - | - |
| Transfer to debt service ----- | 332,444 | 428,569 | 1,366,023 |
| Accumulated Surplus, June 30----- | \$2,583,847 | \$3,622,049 | \$4,132,780 |

Fiscal Control of Auxiliary Enterprises

During the 1969 session the Legislature enacted Chapter 1288 (SB 19) to establish better fiscal controls on the college auxiliary organizations. The law now requires auxiliary organizations to be audited annually, and to report their financial condition to the trustees and the public. It makes each college president responsible for propriety of expenditures, integrity of financial reporting for auxiliary organizations and prohibits auxiliary organizations from accepting grants, gifts, etc., unless so conditioned that they may be used only for purposes

California State Colleges—Continued

consistent with trustees' policies. In addition, it requires development of policies, systems, and procedures for fiscal transactions and accounting.

Concerning student organizations, the law requires deposit of student body funds in trust accounts administered by the chief fiscal officer of each CSC campus and designates the method of withdrawal approval.

Research Foundations

Not to be confused with college auxiliary organizations are the research foundations. These foundations are nonprofit corporations established by the colleges for the purposes of administering federal and other nonstate funds without the administrative complications associated with operations conducted through state procedures. Specifically, the foundations have the authority to grant credit, incur losses, accumulate surpluses and perform similar functions available to corporations generally. The most important characteristic they have, however, is their ability to make transactions rapidly and with great flexibility.

Federal Overhead Funds

When a foundation receives a grant from the federal government, the conditions of the grant usually include a provision for the payment of certain costs which relate to its administration and generally amount to between 10 and 20 percent of the cost of a given project. These payments are known as "indirect cost reimbursements" or "federal overhead payments" and are usually in excess of actual administrative overhead costs inasmuch as the groups and individuals conducting the projects utilize state-supported facilities on a cost free basis. Surpluses generated when overhead payments exceed the project administrative costs are retained by the foundations to be used as seed money for future grants, to pay for the state colleges' Washington, D.C. office, to fund reserves and to fund miscellaneous projects. Included in the latter category have been expenditures for computers, building repairs, opportunity land purchases, public relations, institutes and various campus research projects.

We recommend a restoration of federal overhead fund reimbursement to the current year level for a General Fund savings of \$330,000. The 1970-71 budget proposes to reduce overhead reimbursements to the General Fund from \$379,732 in 1969-70 to \$40,223 in the budget year. We have maintained that the federal overhead payments are paid as reimbursements to the college to help compensate for the use of its facilities and services, most of which are supported by the General Fund. Because the funds are handled through the foundations, reimbursements to the General Fund are paid only when required, and the foundations have been able to develop surplus funds with which to carry on their own programs independently of legislative control. Thus indirectly the state provides support for the special foundation programs from overhead cost reimbursements retained by the foundations, yet it has no control over these activities.

California State Colleges—Continued

Of the \$722,336 in overhead funds received in 1964-65, only \$35,090 or 4.9 percent was returned to the state. In 1965-66, the funds increased to \$1,086,122 and the state's share to \$73,338. Consequently in the 1966 analysis we proposed that 50 percent of the surplus overhead funds that were retained by the foundations be reimbursed to the state for a reduction in General Fund support of \$350,000.

The trustees opposed this reduction with the result that the status quo was maintained for a one-year period, but the Senate Finance and Assembly Ways and Means Committees directed the Chancellor's Office and the Department of Finance to prepare a plan for the 50-percent reimbursement in future fiscal years. This plan was submitted, but, instead of requiring a 50-percent reimbursement, it noted the opposition of the trustees and the academic senate to any reinstatement of funds and then recommended a 25-25 plan.

The 25-25 Plan

Each foundation retains a minimum of \$25,000 from overhead funds, and 25 percent of the balance is reimbursed to the General Fund. The state's share amounted to \$423,120 in 1967-68, \$209,421 in 1968-69 and \$379,732 in 1969-70.

In 1967-68 the foundations received \$17.5 million in federal funds and a total of \$1,941,308 in overhead payments of which the state share was \$423,120 (21.8 percent). With the remaining funds the foundations paid their administrative costs and funded a variety of on-campus programs. The Chancellor's office maintains that this arrangement is bankrupting the foundations and some of them may have to close.

1968 Legislative Directive

The 1968 conference committee directed that "the Chancellor's office shall develop a program to charge all foundations, all governmental and nongovernmental cost fund operations as well as any public or private groups or organizations for the lease or rental of state owned property . . . The program is to be submitted . . . not later than July 1, 1969." It was intended that the General Fund would receive enough reimbursements under this fee system to offset its costs. Any surplus would be retained by the foundations.

The required report was prepared and submitted in July 1969. We have reviewed the report and have reached the conclusion that it does not comply with the legislative directive "to develop a program to charge . . . for the lease or rental of state owned property." Instead of a charge system, the report suggests a new indirect cost-sharing formula as follows:

| | <i>For Example</i> |
|--|------------------------|
| Total federal funds received ----- | \$xxx,xxx |
| Less: Total federal funds received—Off-campus projects ----- | xxx,xxx |
| Federal funds received for on-campus projects ----- | <u>\$xxx,xxx</u> |
| Total federal indirect cost reimbursement ----- | <u>\$ x,xxx</u> |

California State Colleges—Continued

| | <i>For Example</i> |
|--|------------------------|
| Deduct: | |
| Federal indirect cost reimbursement—Off-campus projects ----- | x,xxx |
| $\frac{1}{2}$ cost sharing ($xxx \times .50$) ----- | x,xxx |
| $\frac{1}{2}$ percent overruns and disallowances ($xxxxx \times \frac{1}{2}$ percent of total federal funds received) ----- | x,xxx |
| 7 percent administration (federal funds—On-campus projects— xxxxx $\times .07$) ----- | x,xxx |
| Remainder | \$ x,xxx |
| Distribution: | |
| 50 percent remainder to college (state) ----- | \$ x,xxx |
| 50 percent to auxiliary organization administering projects ----- | x,xxx |
| | \$ x,xxx |

The net effect of the new formula is that out of \$1,625,382 in indirect payments received in 1968-69 the state share would only be \$30,065 instead of the budgeted \$379,732. While the July 1969 report to the Legislature has not been endorsed, it is important to note that the proposed 1970-71 budget has abandoned the 25-25 plan and has implemented the new formula resulting in a \$40,223 reimbursement. It is argued that the action was necessary since the foundations are in a condition of financial hardship.

Restoration of 25-25 Plan Recommended

We recommend the reinstatement of the 25-25 plan for an increase in reimbursements and consequent General Fund savings of approximately \$330,000. We believe that the foundations have not adequately established their case as to financial hardship. We reviewed the 1967-68 expenditures in which the foundations were engaged and found that actual administrative expenses were \$1,326,322 (68 percent) of the actual overhead expenses received, leaving a surplus of \$614,986. This surplus was then used for a variety of expenditures, including land purchases, a multitude of small faculty grants, repairs, public relations and campus projects. However, when the state seeks its reimbursement under the 25-25 plan the foundations claim to face bankruptcy. We believe that there is a problem of reversed expenditure priorities, and the claims of bankruptcy are unrealistic. The administrative costs and the state reimbursement should be paid before the surplus expenditures are made in order for the foundations to maintain a balanced financial position.

With the restoration of the 25-25 formula we recommend that a new reimbursement allocation system be implemented. The current system of scheduling anticipated payments from overhead funds as reimbursements to the individual college budgets works as a penalty to those colleges which receive a decrease in overhead funds from year to year. A better system would be to establish an unallocated systemwide reimbursement when budgeting and then report only the actual funds received by the college in the past year.

CALIFORNIA MARITIME ACADEMY

Item 95 from the General Fund

Budget page 416

| | |
|--|-----------|
| Requested 1970-71 ----- | \$761,897 |
| Estimated 1969-70 ----- | 815,417 |
| Actual 1968-69 ----- | 699,845 |
| Requested decrease \$53,520 (—6.5 percent) | |
| Total recommended reduction ----- | None |

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS*Analysis
page*

We recommend that funds for the sea training program be authorized subject to an independent inspection of the training ship *Golden Bear* to determine if it meets the standards of safety and seaworthiness of merchant marine vessels. In addition, the ship should be brought up to standards prior to budget authorization. 507

Policy Option Concerning Federal Funding

The Board of Governors of the Maritime Academy should continue its efforts to increase federal funding. The federal government is a principal beneficiary of this program, yet its share of support continues to decrease. 508

GENERAL PROGRAM STATEMENT

The California Maritime Academy, located at Morrow Cove, Vallejo, provides a three-year training program for men who seek to become licensed officers in the United States Merchant Marine. It is one of six such institutions in the country that are supported jointly by the states and the federal government. The other institutions are at Kings Point and Ft. Schuyler, New York; Castine Bay, Maine; Buzzards Bay, Massachusetts; and Galveston, Texas.

The program consists of both a normal academic program and specialized programs in either deck officer or engineering officer training. The program is three year-round terms, two of which are devoted to shore-based instruction with three months' training at sea aboard the *Golden Bear*, a merchant-type ship loaned to the academy by the Federal Maritime Administration. Upon completion of the three-year program and successful passage of the United States Coast Guard license examination, the students are awarded the bachelor of science degree.

The academy is managed by a board of governors, which includes the Superintendent of Public Instruction and four others appointed by the Governor for four-year terms. The board (1) appoints a superintendent, who is the chief administrative officer of the academy, and (2) sets admission standards, which include an entrance examination.

ANALYSIS AND RECOMMENDATIONS

The request is for \$761,897, a decrease of \$53,520, and is composed of four elements as shown in Table 1.

We recommend approval.

California Maritime Academy—Continued

Table 1
Maritime Academy Program Elements

| <i>Elements</i> | <i>Actual 1968-69</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> | <i>Change</i> |
|-----------------------------------|---------------------------|------------------------------|-----------------------------|---------------|
| Classroom Instruction | \$277,747 | \$335,234 | \$303,900 | —\$31,334 |
| Sea Training | 279,223 | 312,967 | 319,445 | 6,478 |
| Residential | 183,830 | 200,025 | 202,111 | 2,086 |
| Administration and Services | 370,887 | 387,434 | 393,612 | 6,178 |
| Gross Total | \$1,111,687 | \$1,235,660 | \$1,219,068 | —\$16,592 |
| Reimbursements | —198,090 | —201,243 | —240,571 | —39,328 |
| Federal funds | —213,752 | —219,000 | —216,600 | —2,400 |
| Net General Fund | \$699,845 | \$815,417 | \$761,897 | —\$53,520 |
| Enrollment | 240 | 245 | 250 | 5 |
| General Fund Cost—per student.. | \$2,916 | \$3,328 | \$3,048 | —\$280 |

Classroom Instruction

| | | |
|-----------------------|--------------------------|-------------------------|
| <i>Actual 1968-69</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> |
| \$277,747 | \$335,234 | \$303,900 |

Instruction at the Maritime Academy is based on a trimester program wherein two trimesters are in classrooms at the institution and one is at sea. This program element covers the two trimesters at the institution. Enrollments at the institution have been at a level of approximately 250 students primarily due to limitations on housing and classroom facilities. There is no proposed change in the level of service for 1970-71.

Sea Training

| | | |
|-----------------------|--------------------------|-------------------------|
| <i>Actual 1968-69</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> |
| \$279,223 | \$312,967 | \$319,445 |

One trimester per year is spent at sea in order to gain on-line experience in ship operation. During the past two years the crew has traveled an average of 15,000 miles and has visited 13 ports throughout the world.

The training ship *Golden Bear* has been in service with the California Maritime Academy since 1946 as the major component of sea training. Due to deterioration of the vessel through aging, the superintendent and the board of governors are negotiating with the U.S. Maritime Administration for replacement of the *Golden Bear* with a newer and more adequate ship.

We recommend that funds for the sea training program be authorized subject to an independent inspection of the training ship Golden Bear to determine if it meets the standards of safety and seaworthiness of merchant marine vessels. In addition, the ship should be brought up to standards prior to budget authorization. It has come to our attention that the Maritime Academy's training ship *Golden Bear* may be in poor physical condition. Problems involving the loading of ballast, cracks, exterior damage and general safety features have been reported. We believe that it is reasonable to have these matters fully reviewed in order to insure proper standards of safety for the Academy's students and personnel who spend three months aboard at sea.

California Maritime Academy—Continued

We believe that an independent inspection by a qualified review team should be implemented to determine if the Golden Bear meets merchant marine standards. The findings of the inspection should be made public and all deficiencies rectified prior to funds being authorized for the sea training excursion in 1970-71.

Residential

| <i>Actual 1968-69</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> |
|-----------------------|--------------------------|-------------------------|
| \$183,830 | \$200,025 | \$202,111 |

The Maritime Academy is exclusively a residential program. The residential program element reflects the costs of feeding and maintaining residence facilities for the students.

Administration and Institutional Services

| <i>Actual 1968-69</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> |
|-----------------------|--------------------------|-------------------------|
| \$370,887 | \$387,484 | \$393,612 |

The administration and institutional services program element includes the costs of the administrative staff, the plant operation staff and the maintenance staff. There are no proposed increases in the level of service.

Policy Option

In past years we offered the option of reducing state support for the academy as an inducement to the federal government to increase its percentage of support to the level which had existed in 1959-60.

We believe that the program primarily benefits the federal government and the students because it is designed to produce licensed officers in the Merchant Marine. However, student and federal support have decreased over the past 10 years. The benefits to the students are significant. They are provided a high-cost, specialized instruction program with room, board and clothing for three years leading to a position as a licensed officer in the Merchant Marine. Action by the 1969 Legislature adjusted student fees from \$750 to \$900. The student's cost for this training of \$900 per year is offset by a federal government reimbursement of \$200 for a net student cost of \$700 per year.

Since this policy option was originally offered, the board of governors has contacted the member of Congress from Vallejo, who introduced a bill to increase federal support during the 1967 session. This bill failed to pass. Subsequently, the superintendent of the academy met with the five other academy superintendents and agreed to sponsor a joint bill containing the same increase in support for each of them. The content of this legislation calls for a flat grant of \$250,000 per year plus \$600 per student, replacing the 1969-70 level of \$75,000 per year plus \$600 per student.

We favor this action. However, we recommend that federal funding be based on a fixed percentage of the total program costs as opposed to a flat grant. The flat grant allows the federal government to escape sharing higher program costs resulting from increased staff and inflation as indicated in Table 2. By basing federal funding on a per-

California Maritime Academy—Continued

centage of the total program, the increases in cost are shared proportionately.

Table 2
Sources of Support California Maritime Academy
1960-61 to 1970-71

| Year | Total Support | General Fund | % | Federal Funds | % | Student and other fees | % |
|-----------------------|------------------|-----------------|------|------------------|------|------------------------------|------|
| 1960-61 ----- | \$749,570 | \$390,836 | 52.2 | \$204,124 | 27.2 | \$154,610 | 20.6 |
| 1961-62 ----- | 778,724 | 415,488 | 53.3 | 205,436 | 26.4 | 157,800 | 20.3 |
| 1962-63 ----- | 801,804 | 435,422 | 54.3 | 203,642 | 25.4 | 162,740 | 20.3 |
| 1963-64 ----- | 848,322 | 491,425 | 57.9 | 206,619 | 24.4 | 150,278 | 17.7 |
| 1964-65 ----- | 882,521 | 531,205 | 60.2 | 205,702 | 23.3 | 145,614 | 16.5 |
| 1965-66 ----- | 931,592 | 563,478 | 60.5 | 208,121 | 22.3 | 159,993 | 17.2 |
| 1966-67 ----- | 1,016,372 | 592,685 | 58.3 | 219,397 | 21.6 | 204,290 | 20.1 |
| 1967-68 ----- | 1,014,329 | 622,830 | 61.4 | 187,525 | 18.5 | 203,974 | 20.1 |
| 1968-69 ----- | 1,111,687 | 699,845 | 62.9 | 213,752 | 19.2 | 198,090 | 17.9 |
| 1969-70 (est.) ----- | 1,235,660 | 815,417 | 65.9 | 219,000 | 17.7 | 201,243 | 16.4 |
| 1970-71 (proposed) -- | 1,219,068 | 761,897 | 62.5 | 216,600 | 17.7 | 240,571 | 19.8 |

BOARD OF GOVERNORS OF COMMUNITY COLLEGES

Item 96 from the General Fund

Budget page 420

| | |
|--|-----------|
| Requested 1970-71 ----- | \$837,872 |
| Estimated 1969-70 ----- | 841,411 |
| Actual 1968-69 ----- | 592,246 |
| Requested decrease \$3,539 (0.4 percent) | |
| Increase to improve level of service \$156,959 | |
| Total recommended reduction ----- | \$22,897 |

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis
page

We recommend that the proposed continuing education position be deleted for a General Fund savings of \$22,897.

GENERAL PROGRAM STATEMENT

The Board of Governors of the Community Colleges was created by Chapter 1549, Statutes of 1967, to provide leadership and direction in the continuing development of community colleges as an integral and effective element in the structure of public higher education in the state. The functions of this board are specifically designed to preserve local autonomy and control in the relationship between the new board and the governing boards of the local community colleges and the duties each is to perform. The board is composed of 15 members who were appointed by the Governor for the first time on January 15, 1968.

ANALYSIS AND RECOMMENDATIONS

The California community colleges are established to provide transfer courses for students planning to continue their education at four-year institutions, to provide vocational training and to provide general education. There are currently 92 community colleges in California

Board of Governors of Community Colleges—Continued

governed by 68 separate boards of trustees. In the fall of 1968, these institutions enrolled a total of 665,490 full-time and part-time students as shown in Table 1.

Table 1
Community College Enrollment, Fall 1968

| <i>Student Classification</i> | <i>Full Time</i> | <i>Part Time</i> | <i>Grand Total</i> |
|-------------------------------|------------------|------------------|--------------------|
| Freshmen ----- | 169,099 | 233,456 | 402,555 |
| Sophomores ----- | 62,393 | 71,046 | 133,439 |
| Other graded ----- | 2,219 | 29,933 | 32,152 |
| Ungraded ----- | 4,683 | 92,661 | 97,344 |
| Total ----- | 238,394 | 427,096 | 665,490 |

The community college program budget is composed of five programs as shown in Table 2.

Table 2
1970-71 Community College Programs

| <i>Programs</i> | <i>Actual 1968-69</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> | <i>Change</i> |
|--|---------------------------|------------------------------|-----------------------------|---------------|
| I Fiscal Affairs ----- | - | \$345,939 | \$383,061 | \$37,122 |
| II Vocational Education ----- | \$412,025 | 505,955 | 580,444 | 74,489 |
| III Extended Opportunity Program ----- | - | 3,004,279 | 4,500,000 | 1,495,721 |
| IV Academic and Student Affairs ----- | 57,000 | 112,596 | 189,321 | 76,725 |
| V Administration ----- | 391,543 | 307,744 | 328,912 | 21,168 |
| Totals ----- | \$860,568 | \$4,276,513 | \$5,981,738 | \$1,705,225 |
| <i>Funding</i> | | | | |
| General Fund ----- | \$592,246 | \$3,845,690 | \$5,337,872 | \$1,492,182 |
| Reimbursements ----- | 268,322 | 430,823 | 643,866 | 213,043 |

I. FISCAL AFFAIRS PROGRAM

| | <i>Actual 1968-69</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> | <i>Change</i> |
|--------------------|---------------------------|------------------------------|-----------------------------|---------------|
| Expenditures ----- | - | \$345,939 | \$383,061 | \$37,122 |
| Man-years ----- | - | 18.5 | 19.2 | .7 |

The fiscal affairs program is designed to provide leadership to community college districts in capital outlay planning, district organization and fiscal planning. The program is composed of four elements as shown in Table 3.

Table 3
Elements of the Fiscal Affairs Program

| <i>Elements</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> |
|--|------------------------------|-----------------------------|
| A. District Organization ----- | \$20,756 | \$22,983 |
| B. Facilities Planning ----- | 107,241 | 118,749 |
| C. District Financing ----- | 103,782 | 114,918 |
| D. Construction Project Approval ----- | 114,160 | 126,411 |
| Totals ----- | \$345,939 | \$383,061 |

A. District Organization Program Element

| | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> | <i>Change</i> |
|--------------------|--------------------------|-------------------------|---------------|
| Expenditures ----- | \$20,756 | \$22,983 | \$2,227 |
| Man-years ----- | 1.4 | 1.4 | - |

Board of Governors of Community Colleges—Continued

The district organization program element aids counties in preparing district organization plans. The objective of this element is to include all territory of California into a community college district by 1972. Under current law the expense of educating students from nondistrict territory is derived from a tax levied by each county upon the nondistrict territory. Since the tax is levied on a per-student basis, the tax is usually quite low on the nondistrict territory. This low tax rate has the effect of creating resistance in nondistrict areas toward organizing into a district, since districts generally have higher tax rates for this purpose.

In 1967-68 the total assessed valuation of the state was \$45,507,047,-571. Of this total \$42,472,982,184, or 93.3 percent, was in districts maintaining a community college; the remaining \$3,034,065,387 was not. In the same year there was a total of 308,183 in average daily attendance in community colleges, excluding the average daily attendance of adults, of which 285,778 (92.7 percent) were residents of districts maintaining a community college, 14,475 (4.7 percent) were residents in territory not a part of a district maintaining a community college, and 7,930 (2.6 percent) were nonresident students.

In the following 13 counties, one or more high school or unified districts are in a district maintaining a community college, but not all of the territory under the jurisdiction of the county superintendent of schools is in a district which maintains a community college.

- | | | |
|----------------|--------------|-------------------|
| 1. Alameda | 6. Merced | 10. San Mateo |
| 2. El Dorado | 7. Orange | 11. Santa Barbara |
| 3. Lassen | 8. Riverside | 12. Tulare |
| 4. Los Angeles | 9. San Diego | 13. Yolo |
| 5. Mendocino | | |

In the following 11 counties, there are no high school or unified districts under the jurisdiction of the county superintendent of schools in a district which maintains a community college.

- | | | |
|--------------|-------------|------------|
| 1. Alpine | 5. Glenn | 9. Modoc |
| 2. Amador | 6. Inyo | 10. Mono |
| 3. Calaveras | 7. Lake | 11. Sierra |
| 4. Del Norte | 8. Mariposa | |

It is primarily in these counties that the workload for this element is involved.

B. Facilities Planning Program Element

| | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> | <i>Change</i> |
|--------------------|--------------------------|-------------------------|---------------|
| Expenditures ----- | \$107,241 | \$118,749 | \$11,508 |
| Man-years ----- | 5.5 | 5.9 | 0.4 |

The facilities planning program element has the basic duty of establishing 10-year construction master plans for the 68 community college districts and updating them annually. This element is also involved in implementing space utilization standards. The 1970-71 budget proposes to trade two existing positions of low duty priority for two additional positions of higher priority. Thus, one associate architect and one con-

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struction analyst position will be abolished in order to allow two fiscal positions.

One position is to be responsible for approving community college district schedules of payments under the Junior College Construction Act of 1967. Increment payments under each schedule will be certified to the financial services section chief and be forwarded to the State Controller for payment. One proposed professional position will be responsible for research, statistical analysis and generating fiscal data for the Chancellor, Board of Governors, the Legislature, and other state agencies. *We recommend approval.*

C. District Financing Program Element

| | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> | <i>Change</i> |
|--------------------|--------------------------|-------------------------|---------------|
| Expenditures ----- | \$103,782 | \$114,918 | \$11,136 |
| Man-years ----- | 5 | 5.3 | 0.3 |

The district financing program element administers the allocation of state apportionments to the 68 community college districts. State and local expenditures for current operations expenses is shown in Table 4.

Table 4
Community College Expenses by State and Local Government

| <i>Fiscal Year</i> | <i>Total Expenditures</i> | <i>Local Expenditures</i> | <i>State Expenditures</i> | <i>State Percentage</i> |
|----------------------|---------------------------|---------------------------|---------------------------|-------------------------|
| 1967-68 ----- | \$294,726,252 | \$202,880,252 | \$91,846,000 | 31.1% |
| 1968-69 (est.) ----- | 351,150,000 | 245,684,610 | 105,465,390 | 30 |
| 1969-70 (est.) ----- | 400,000,000 | 280,000,000 | 120,000,000 | 30 |
| 1970-71 (est.) ----- | 428,000,000 | 299,600,000 | 128,400,000 | 30 |

An extensive discussion of the general issue of community college finance and its related problems is found on page 351 of this analysis.

We recommend that future budgets allocate the analyst position located in the facilities planning element to this element. There are no proposed increases in this function in the Governor's Budget although we have been notified that one of the proposed analysts discussed previously will be assigned to this program element. We believe that future budget presentations should include the position under this section.

D. Construction Project Approval Program Element

| | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> | <i>Change</i> |
|--------------------|--------------------------|-------------------------|---------------|
| Expenditures ----- | \$114,160 | \$126,411 | \$12,251 |
| Man-years ----- | 6.6 | 6.6 | -- |

This program element investigates, studies and gathers information in preparing architectural and construction standards for size, type and cost of projects, methods of construction and optimum efficiency and use of space in relation to program needs.

The Board of Governors is required to review, evaluate and approve preliminary plan proposals, outline specifications, outline budgets and other data needed to determine detail cost estimates and scope of projects submitted for continuing 10-year construction plans for each California Community College district. *We recommend approval.*

Board of Governors of Community Colleges—Continued

II. VOCATIONAL EDUCATION PROGRAM

| | <i>Actual</i> 1968-69 | <i>Estimated</i> 1969-70 | <i>Proposed</i> 1970-71 | <i>Change</i> |
|--------------------|--------------------------|-----------------------------|----------------------------|---------------|
| Expenditures ----- | \$412,025 | \$505,955 | \$580,444 | \$74,489 |
| Man-years ----- | 24.4 | 26.9 | 28.9 | 2.3 |

The vocational education program proposes to expend \$580,444 in 1970-71, \$498,256 of which is derived from federal funds. The primary activity of this program is to administer the allocation of federal funds and recommend applications for funding. In addition this program is involved in training institutes and the dissemination of information among the various community college deans.

The budget for 1970-71 proposes a reduction of an existing police training supervisor and the addition of two fiscal analyst positions. The Chancellor's office plans to utilize these positions in program evaluation and data compilation and analysis. *We recommend approval.*

III. EXTENDED OPPORTUNITY PROGRAM

| | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> | <i>Change</i> |
|--------------------|--------------------------|-------------------------|---------------|
| Expenditures ----- | \$3,004,279 | \$4,500,000 | \$1,495,721 |
| Man-years ----- | 7 | 8.1 | 1.1 |

The extended opportunity program is designed to provide services necessary (a) to facilitate language, educational and social development of students, thus raising their potential for succeeding in college, and (b) to aid students with socioeconomic handicaps to enroll and take part in college educational opportunities.

This program was initially funded by the 1969 Budget Conference Committee. The program design was thereafter established by Chapter 1479, Statutes of 1969. It requires special community college programs to identify students affected by language, social, and economic handicaps, to establish and develop services, techniques, and activities directed to recruiting and retaining such students in community colleges, and stimulating their interest in intellectual, educational and vocational attainment.

The statute established a 13-member advisory committee to the Board of Governors of the Community Colleges. The committee will advise on policy, and review and report annually to the Board of Governors on the progress of this program.

The Board of Governors is responsible for program rules and regulations. The local district boards may establish, with the approval of the state board, programs and services which may include:

- a. Tutorial services
- b. The establishment of remedial courses
- c. The establishment of a program of multicultural studies
- d. Counseling services
- e. Recruitment services
- f. Loans or grants to meet living costs or a portion thereof
- g. Loans or grants to meet the cost of student fees
- h. Loans or grants to meet cost of transportation between home and college

Board of Governors of Community Colleges—Continued

- i. Scholarships
- j. Work-experience programs
- k. Job placement programs

The local boards make application to the state board for the apportionment of funds appropriated for this program. Such funds are paid by the Controller to the county treasurer or jurisdiction in accordance with a schedule established by the state board and approved by the Department of Finance.

The total statewide program for educational opportunity in California is discussed on page 522 of this analysis. We believe that community colleges have a major role to play in his program. We believe that there is a need for the segments to be involved in a plan wherein it is recognized that additional numbers of academically ineligible disadvantaged students should receive initial college instruction and college orientation in community colleges, and then move into the four-year institutions when qualified. This approach follows the guidelines of separation of function established in the Master Plan for Higher Education and the concept of institutional cooperation on mutually similar programs.

IV. ACADEMIC AND STUDENT AFFAIRS PROGRAM

| | <i>Actual</i> 1968-69 | <i>Estimated</i> 1969-70 | <i>Proposed</i> 1970-71 | <i>Change</i> |
|--------------------|--------------------------|-----------------------------|----------------------------|---------------|
| Expenditures ----- | \$57,000 | \$112,596 | \$189,321 | \$76,725 |
| Man-years ----- | 4 | 6 | 10.4 | 4.4 |

The academic and student affairs program is primarily concerned with the academic activities of community colleges and is composed of three elements as shown in Table 5.

Table 5
Elements of the Academic and Student Affairs Program

| <i>Program elements</i> | <i>Actual</i> 1968-69 | <i>Estimated</i> 1969-70 | <i>Proposed</i> 1970-71 |
|---|--------------------------|-----------------------------|----------------------------|
| A. Accreditation and Academic Master Planning | \$14,250 | \$22,519 | \$49,223 |
| B. Admissions and Articulation ----- | 14,250 | 45,038 | 70,049 |
| C. Continuing Education ----- | 28,500 | 45,039 | 70,049 |
| Totals ----- | \$57,000 | \$112,596 | \$189,321 |

A. Accreditation and Academic Master Planning

| | <i>Actual</i> 1968-69 | <i>Estimated</i> 1969-70 | <i>Proposed</i> 1970-71 |
|--------------------|-----------------------|--------------------------|-------------------------|
| Expenditures ----- | \$14,250 | \$22,519 | \$49,223 |
| Man-years ----- | 1 | 1.2 | 2.8 |

This program element is concerned with community college's long-range vocational education plans and statements of programs and services. Review and coordination of academic plans with vocational plans is designed to insure that changing student needs are appropriately met and that unnecessary duplication is avoided.

One professional position is proposed to work under supervision of the dean for academic programs in the areas of accreditation, academic

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master planning, the establishment of academic policies and standards, and improvement of curriculum in community colleges.

Currently only one position is devoted to this activity. The planning of programs among community colleges and between these colleges and the four-year colleges is an important aspect of the orderly growth in higher education. *We recommend approval.*

B. Admissions and Articulation

| | <i>Actual 1968-69</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> |
|--------------------|-----------------------|--------------------------|-------------------------|
| Expenditures ----- | \$14,250 | \$45,038 | \$70,049 |
| Man-years ----- | 1 | 2.4 | 3.8 |

The admissions and articulation program element is designed to plan and implement policies which aid the flow of students through the community colleges and into four-year institutions of higher education.

Performance of Community College Transfers

A major indicator of the success of the admissions and articulation activity of community colleges is the performance of transfers after they enter the four-year institutions. Table 6 presents the data from the University of California's 3,000 fall 1968 community college transfers. The differentiation between eligible and ineligible refers to the student's eligibility to enter the University directly from high school.

Table 6
Scholarship Record of Fall 1968 Community College Entrants
University of California

| <i>Campus</i> | <i>Transferred grade point average achieved in community college</i> | | <i>Grade point average achieved after transfer to University</i> | | <i>Mean differential</i> | |
|---------------------|--|-------------------|--|-------------------|--------------------------|-------------------|
| | <i>eligible</i> | <i>ineligible</i> | <i>eligible</i> | <i>ineligible</i> | <i>eligible</i> | <i>ineligible</i> |
| Berkeley ----- | 3.07 | 2.95 | 2.65 | 2.57 | -0.42 | -0.38 |
| Davis ----- | 2.99 | 2.80 | 2.59 | 2.42 | -0.40 | -0.38 |
| Irvine ----- | 3.04 | 2.88 | 2.63 | 2.41 | -0.41 | -0.47 |
| Los Angeles ----- | 2.99 | 2.82 | 2.58 | 2.53 | -0.41 | -0.29 |
| Riverside ----- | 3.10 | 2.95 | 2.70 | 2.48 | -0.15 | -0.47 |
| San Diego ----- | 3.09 | 2.95 | 2.56 | 2.42 | -0.53 | -0.53 |
| Santa Barbara ----- | 2.99 | 2.85 | 2.62 | 2.49 | -0.37 | -0.36 |
| Total ----- | 3.02 | 2.87 | 2.62 | 2.51 | -0.40 | -0.36 |
| Santa Cruz ----- | 3.03 | 3.02 | -- | -- | -- | -- |

These data show about a four-tenths decrease in grade point averages when comparing the University average of the student to the average achieved in the community college. Of greater interest is the fact that the performance at the University between eligible and ineligible transfer students is nearly identical, varying only by one-tenth of a grade point. Since the total number of students in each group (approximately 1,500) was equal, it appears that there is evidence to conclude that the community colleges are significantly upgrading those ineligible students who continue their higher education into the University.

The 1970-71 budget proposes one associate dean to work with representatives of high schools, state colleges, the University of California,

Board of Governors of Community Colleges—Continued

and the private segment of higher education, as well as community colleges, to insure that access to higher education is being maintained and even improved when it can be demonstrated that certain groups are not being served. *We recommend approval.*

C. Continuing Education

| | <i>Actual</i> 1968-69 | <i>Estimated</i> 1969-70 | <i>Proposed</i> 1970-71 | <i>Change</i> |
|-------------------|--------------------------|-----------------------------|----------------------------|---------------|
| Expenditure ----- | \$28,500 | \$45,039 | \$70,049 | \$25,010 |
| Man-years ----- | 2 | 2.4 | 3.8 | 1.4 |

We recommend that the proposed continuing education position be deleted for a General Fund savings of \$22,897. The 1970-71 budget proposes to establish an associate dean of continuing education position at a cost of \$22,897 to bring the total cost of this element to \$70,049. Continuing education programs in community colleges are special courses generally presented in evenings. As a rule they are service courses such as sewing or photography and are not awarded academic credit. The budget maintains that there is a need for a full-time position at the associate dean level "in order to accomplish the necessary leadership and development job. Cooperation with other segments of education offering continuing education is needed, as new program directions are developed. Within the segment, informational and/or educational programs for staff in the college will be mounted as needed, to insure that community colleges are meeting needs of adults for further education statewide."

We believe that the proposed position is of a low priority and that the justification is much too vague. While it may be reasonable to expect that there is a need for some statewide coordination of this program, we do not believe that continued augmentations over the current \$45,039 level should be made.

V. ADMINISTRATION

| | <i>Actual</i> 1968-69 | <i>Estimated</i> 1969-70 | <i>Proposed</i> 1970-71 | <i>Change</i> |
|-------------------|--------------------------|-----------------------------|----------------------------|---------------|
| Expenditure ----- | \$391,543 | \$307,744 | \$328,912 | \$21,168 |
| Man-years ----- | 19.9 | 19.6 | 20.1 | 0.5 |

This function provides the general administrative services for the Board of Governors. It includes the Chancellor's immediate staff, legal services, accounting and personnel. *We recommend approval.*

STATE SCHOLARSHIP AND LOAN COMMISSION

Items 97 and 98 from the General Fund and the State

Guaranteed Loan Reserve Fund

Budget page 430

| | |
|---|--------------|
| Requested 1970-71 ----- | \$14,898,219 |
| Estimated 1969-70 ----- | 12,698,402 |
| Actual 1968-69 ----- | 8,505,004 |
| Requested increase \$2,199,817 (17.3 percent) | |
| Total recommended reduction ----- | None |

GENERAL PROGRAM STATEMENT

California provides statewide student financial assistance programs through the State Scholarship and Loan Commission which was created in 1955 to administer the State Scholarship Program. Additional responsibilities were added in 1965 and 1966 with the initiation of the Graduate Fellowship Program and the Guaranteed Loan Program. The College Opportunity Grant Program to assist disadvantaged students was started in 1969. The commission consists of nine members appointed by the Governor to represent public and private institutions of higher education as well as the general public. The staff is headed by an executive director with a budgeted level of 49.3 man-years of personnel services.

For continuing operation of the commission \$16,698,000 is budgeted in 1970-71. This represents an increase of \$2,992,742, or 21.8 percent, over the amount authorized in 1969-70. The programs and funds are summarized in Table 1.

Table 1
Summary of Program Expenditures and Funding Sources

| <i>Expenditures</i> | <i>Actual 1968-69</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> | <i>Increase</i> |
|---|---------------------------|------------------------------|-----------------------------|-----------------|
| Scholarship Program ----- | \$7,730,975 | \$11,652,785 | \$13,854,434 | \$2,201,649 |
| Graduate Fellowship Program -- | 669,473 | 911,913 | 991,707 | 79,794 |
| College Opportunity Grant Program ¹ ----- | -- | 1,006,856 | 1,799,781 | 792,925 |
| Guaranteed Loan Program ---- | 44,321 | 66,387 | 52,078 | —14,309 |
| Administration ----- | 60,235 | 67,317 | -- ² | —67,317 |
| Program Totals ----- | \$8,505,004 | \$13,705,258 | \$16,698,000 | \$2,992,742 |
| <i>Funding</i> | | | | |
| State General Fund ----- | \$8,438,057 | \$13,611,474 | \$16,645,922 | \$3,034,448 |
| State Guaranteed Loan Reserve Fund ----- | 66,947 | 93,784 | 52,078 | —41,706 |
| Fund Totals ----- | \$8,505,004 | \$13,705,258 | \$16,698,000 | \$2,992,742 |

¹ Funds for this program are allocated from a special appropriation (Item 99) for the Higher Education Opportunity Programs and are not included in support appropriations to this agency.

² Administrative costs of \$95,975 in 1970-71 have been distributed to the programs.

ANALYSIS AND RECOMMENDATIONS

This is the second year that the Scholarship Commission budget has been presented in program budget structure. In last year's analysis we

State Scholarship and Loan Commission—Continued

noted the commission's budget lacked the meaningful output data necessary to relate the level of expenditures requested to performance. In the 1970-71 budget, again no output has been provided. The budget includes some historical data on participation in the State Scholarship Program, but for the fellowship program the budget does not even identify the number of participants in 1968-69 and 1969-70. It is interesting to note that the numbers of participants in the fellowship program were always included in the traditional budget presentation. We think this is a serious weakness in the commission's program budget and suggest this be corrected in next year's presentation. It is also suggested that a greater attempt be made to provide output data, such as the relationship of scholarships and fellowships to enrollments in private institutions, numbers and types of students aided and whether they successfully reached their goals, and estimated state dollars saved by diverting students.

Although our analysis is organized to conform to the program budget, our review of the budget has been made mostly from the fiscal information in the traditional budget.

STATE SCHOLARSHIP PROGRAM

We recommend approval. This program was established in 1955 when the Scholarship Commission was created. The objectives of the program as stated in the Governor's Budget are as follows:

1. Save state funds by assisting in the diversion of students from public to independent colleges.
2. Assist California's independent colleges by increasing the number of students able to attend college, thus contributing to expansion of independent college enrollment.
3. Encourage and assist able and financially needy students to attend any California college.

To meet these objectives the commission is authorized to grant new scholarship awards each year equal to 2 percent of the high school graduates of the previous year. Scholarships at independent colleges range from \$300 to \$2,000 per year in \$100 intervals, but never greater than tuition and fees. Average awards are usually less than the average tuition because the amount of an individual's stipend is determined on the basis of an estimate of each student's financial need. Scholarships for students attending the University of California in 1970-71 are set at \$300 and for those attending the state colleges at approximately \$130 depending upon the level of fees set by the colleges.

These scholarships are granted to academically able students who are in need of financial assistance to meet the tuition and fee costs at the colleges they will attend. Once the initial award is granted, a student may apply for annual renewal of his award if he maintains academic eligibility and continues to meet the financial need standards.

Scholarship Awards

Scholarship awards for 1970-71 are estimated to total 16,265 including 6,232 new scholarships and 10,023 renewals of existing awards and

State Scholarship and Loan Commission—Continued

community college transfers. Total funds budgeted for these scholarships is \$13,465,250 which is an increase of \$2,139,275 or 18.9 percent over the amount budgeted for this purpose in 1969-70. The average award is expected to increase by \$2 from \$825 to \$827. The large increase in budgeted funds results from the increased number of renewal scholarships over the prior year. The historical growth of the program is shown in Table 2.

Table 2

State Scholarship Award Funds—1964-65 through 1970-71

| | <i>Number of awards</i> | <i>Average award amount</i> | <i>Total award expenditures</i> |
|-------------------------|-----------------------------|---------------------------------|-------------------------------------|
| 1964-65 actual ----- | 5,120 | \$691 | \$3,538,807 |
| 1965-66 actual ----- | 5,120 | 701 | 3,588,952 |
| 1966-67 actual ----- | 6,042 | 728 | 4,397,437 |
| 1967-68 actual ----- | 6,902 | 704 | 4,860,042 |
| 1968-69 actual ----- | 10,467 | 715 | 7,486,358 |
| 1969-70 estimated ----- | 13,541 | 825 | 11,325,975 |
| 1970-71 proposed ----- | 16,265 | 827 | 13,465,250 |

The increase in the number of awards from 13,541 in 1969-70 to 16,265 in 1970-71 is a reflection of the expansion authorized in 1968-69 when the new awards were doubled from 1 to 2 percent of the prior year's high school graduates. The full effect of this expansion will not be reached until 1971-72 when the level of the renewals will have fully reacted to the change.

In last year's analysis we pointed to the consistent trend toward overbudgeting of scholarships. We noted that for the five year period from 1963-64 to 1967-68 actual award costs averaged \$51 or 7.5 percent less than budgeted. In 1968-69 this trend is continued as the average award was \$715 or \$20 less than budgeted. We suggested the reason for this overbudgeting is that the commission estimates did not consider the increasing proportion of scholarships to public institutions as opposed to private institutions. Because the average cost of awards for students at public institutions is considerably less than those at private institutions, this changing proportion should reduce the average cost. Table 3 shows the historical trend towards a greater number of students attending public institutions.

Table 3

Number and Percentage of Total Awards at Public and Independent Institutions 1963 through 1969

| | <i>Public Institutions</i> | | <i>Independent Institutions</i> | |
|------------|----------------------------|----------------|---------------------------------|----------------|
| | <i>Number</i> | <i>Percent</i> | <i>Number</i> | <i>Percent</i> |
| 1963 ----- | 1,572 | 35.0 | 2,908 | 65.0 |
| 1964 ----- | 1,848 | 36.1 | 3,252 | 63.9 |
| 1965 ----- | 1,935 | 37.7 | 3,185 | 62.3 |
| 1966 ----- | 2,389 | 39.6 | 3,653 | 60.4 |
| 1967 ----- | 2,977 | 43.2 | 3,925 | 56.8 |
| 1968 ----- | 5,095 | 48.7 | 5,372 | 51.3 |
| 1969 ----- | 6,714 | 49.7 | 6,800 | 50.3 |

Although this factor has not been included in the 1970-71 estimate for scholarships, the relatively small increase of \$2 in the average

State Scholarship and Loan Commission—Continued

cost reflects other offsetting adjustments that have been made to the estimate to correct the tendency to overbudget.

One might conclude from the information in Table 3 that the primary benefit of the scholarship program is shifting from private to public institutions. This is true only when viewing numbers of students. In 1969-70 it is estimated that 85 percent of the scholarship funds will be awarded to students attending independent colleges and this percentage has been relatively stable for several years.

Administrative Costs

In addition to the scholarship costs, the program budget includes \$389,184 for administrative costs. This represents 2.9 percent of the scholarship costs and is an increase of \$62,374 or 19.1 percent over the amount shown for 1969-70. Part of this increase results from the distribution of administrative costs in 1970-71 that were not distributed to the programs in 1969-70. Workload increases included three clerical positions plus temporary help based on established yardsticks.

GRADUATE FELLOWSHIP PROGRAM

We recommend approval. Financial assistance to graduate students was started in 1965 with the establishment of the Graduate Fellowship Program. The primary objective of the program is to increase the supply of college and University faculty, and priority is given to those fields where there is a critical shortage of teachers. An additional objective similar to the scholarship program is to assist in the diversion of students from public to independent colleges thereby saving state funds and assisting independent colleges to expand enrollment.

Objective Inconsistent with Regents' Action

A question could be raised as to the validity of the stated objective to increase the supply of college teachers. The budget refers to the "existing and predicted shortage of faculty" but this does not appear to be consistent with the University decision to limit graduate enrollments in 1970-71. At a recent regents meeting the president of the University noted that there was increasing evidence that the supply of Ph.D's was beginning to exceed demand. As a matter of state policy, we think the objectives of the Graduate Fellowship Program should be coordinated with those of the University.

Proposed Budget

The proposed budget in 1970-71 for the Graduate Fellowship Program is \$991,707, which is 5.9 percent of commission expenditures. The budget increase of \$79,794, or 8.8 percent, is composed of \$70,000 for fellowship awards and \$9,794 for related administrative costs.

Fellowship Costs

A total of 950 awards is estimated in 1970-71 at a cost of \$950,000 or \$1,000 per award.

The number of awards authorized each year, including renewals, is equal to 2 percent of the total number of baccalaureate degrees awarded the previous year by California institutions. The amount of the award is

State Scholarship and Loan Commission—Continued

limited to the full cost of tuition and fees at the institution he attends. Experience has shown the 2 percent maximum is currently higher than actual need. In 1969-70 the number of fellowships represent 1.46 percent of baccalaureate degrees. For this reason the projected 1970-71 new awards are based on a 1.5 percent level. The number and average costs of fellowships along with the total expenditure are shown in Table 4.

Table 4**Graduate Fellowship Award Funds, 1967-68 through 1970-71**

| | <i>Number of fellowships</i> | <i>Average award amount</i> | <i>Total award expenditures</i> |
|---------------------------|----------------------------------|---------------------------------|-------------------------------------|
| 1967-68 ----- | 282 | \$793 | \$223,629 |
| 1968-69 ----- | 785 | 829 | 651,231 |
| 1969-70 (estimated) ----- | 797 | 1,104 | 880,000 |
| 1970-71 (proposed) ----- | 950 | 1,000 | 950,000 |

The 1969-70 estimated average award is \$104 greater than the amount projected for 1970-71. The 1969-70 estimates is based on September 1969 participation data which reflects the maximum potential expenditures for the 797 fellowships. Experience has shown that the average award will be considerably below the September data and this factor has been included in the 1970-71 estimate. Substantial savings in the 1969-70 appropriation in excess of \$100,000 will probably result and this will revert to the General Fund.

COLLEGE OPPORTUNITY GRANT PROGRAM

The College Opportunity Grant program, authorized by Chapter 1410, Statutes of 1968, provides financial assistance to disadvantaged students attending institutions of higher education.

The program was initiated in the summer of 1969 with the approval of 1,000 grants which is the maximum authorized by law. In 1970-71 an additional 1,000 grants are proposed for new students and it is anticipated that 875 of the 1969-70 grants will be renewed for a total of 1,875 grants. Funds budgeted for these grants amount to \$1,675,000 with an additional \$124,781 required for administration.

The appropriation for this program is included in Item 99 as a portion of a special appropriation for a Higher Education Opportunity Program which combines similar appropriations to other state agencies into one program. Our discussion of the College Opportunity Grant program can be found on page 522 of our analysis.

GUARANTEED LOAN PROGRAM

We recommend approval. This program was authorized in 1966 to provide central state administration of this federal loan program. The program is designed to provide low interest loans to college students.

The first loan was made in November 1966 and since that time the commission has guaranteed 18,061 loans totaling \$15,158,000 for California students. All federal funds were encumbered in 1967 and since that time the commission has been unable to guarantee additional loans. The present function of the program is to provide necessary administration for the outstanding loans.

State Scholarship and Loan Commission—Continued

The budget request for this program is \$52,078, representing a decrease of \$14,309 or 21.5 percent over 1969-70. The reduction results from a reallocation to other programs of expenses that were erroneously charged to the program in past years.

Funding is from a special appropriation of \$52,078 in Item 98 from the State Guaranteed Loan Reserve Fund. This represents interest earnings generated by federal funds deposited in the special fund as a reserve to guarantee payments on defaulted loans.

Inventory of Student Financial Aid

The 1969 Legislature augmented the commission's budget by \$6,300 to provide for an inventory of student financial assistance. In our analysis of the 1969-70 budget we recommended this augmentation and proposed the commission establish procedures so that this type of inventory can be accomplished on a continuing or periodic basis. We noted that the reason for our recommendation was the growing interest in the development of new student financial assistance programs and that these new programs should be based on knowledge of the level and scope of existing programs. There recently have been proposals pending before the Regents to increase tuition or fees and these have stimulated additional interest in student aid.

The commission is progressing in the survey and questionnaires have been sent to all institutions. It is anticipated that the results of this survey will be available in a few months.

Higher Educational Opportunity Programs**Item 99 from the General Fund****Budget page 436**

| | |
|---|-------------|
| Requested 1970-71 | \$9,130,364 |
| Estimated 1969-70 | 6,356,856 |
| Requested increase \$2,773,508 (44 percent) | |
| Total recommended reduction | None |

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS*Analysis
page*

We recommend special legislative review of the State College Educational Opportunity Program (EOP) in order to ascertain the proper funding level within the existing program design. 525

GENERAL PROGRAM STATEMENT

All Educational Opportunity Programs (EOP) which receive General Fund support are shown in a single budget act item in 1970-71. In previous years these activities were budgeted and analyzed separately which afforded a less coordinated review. Table 1 summarizes the proposed allocation of EOP funds.

Higher Educational Opportunity Programs—Continued

Table 1

Allocation of Educational Opportunity Funds

| <i>Institution</i> | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> | <i>Change</i> |
|--|------------------------------|-----------------------------|---------------|
| Coordinating Council for Higher Education ----- | — | \$45,000 | \$45,000 |
| State Colleges ----- | \$2,350,000 | 2,785,583 | 435,583 |
| Community Colleges ----- | 3,000,000 | 4,500,000 | 1,500,000 |
| Scholarship and Loan Commission ----- | 1,006,856 | 1,799,781 | 792,925 |
| Totals ----- | \$6,356,856 ¹ | \$9,130,364 | \$2,773,508 |

¹ Expended in separate budget items.

Legislative Review and Approval of the Special Admittee Policy

The Legislature first reviewed the special disadvantaged admissions policy in the 1968 Regular Session and passed Assembly Concurrent Resolution No. 65 (Resolution Chapter No. 157), Assembly Bill No. 765 (Chapter 1410) and Senate Bill No. 125 (vetoed). Resolution Chapter No. 157 expresses legislative intent that an additional 2-percent-exception rule should be applied in the public institutions of higher learning "provided that the students so admitted participate in a program established to assist them at a state college or University campus." To aid these special admissions SB 125 would have appropriated \$500,000 from the General Fund to be shared equally by the University and the state colleges for the initiation and development of on-campus educational opportunity programs. This legislation was vetoed on the rationale that it duplicated AB 765 which created the "College Opportunity Grant Program" of 1,000 grants to be funded in the 1969-70 budget to provide financial assistance for undergraduate study by disadvantaged students who may not be eligible for state scholarships awarded by conventional selection procedures but who evidence potential for successful college study. This was designed as a pilot demonstration program to assist disadvantaged students by using experimental methods and subjective judgments as well as conventional selection methods. California public community colleges are designated as the primary institutions for the additional opportunities for higher education provided by the opportunity grant program which is administered by the State Scholarship and Loan Commission.

During the 1969 legislative session attention was focused on funding the various EOP programs. The Budget Act of 1969, Chapter 355, was the first legislative document to include funding for Educational Opportunity Programs. In the Budget Act, \$2,350,000 was appropriated in Item 116.5 for the California State Colleges' EOP program (\$1.1 million of this money was for program costs and the remainder for grants to students), the University received \$1 million for its Educational Opportunity Program and Item 335.5 provided \$3 million to be allocated to the Community Colleges for their EOP programs. These three Budget Act items totaled \$6,350,000 which was in addition to the original Governor's Budget EOP program of \$1 million for scholarship and loan grants. From this total the Governor vetoed the \$1 million intended for the University.

Higher Educational Opportunity Programs—Continued

ANALYSIS AND RECOMMENDATIONS

State College EOP

The California State College Education Opportunity Program was established in Senate Bill No. 1072 (Harmer), Chapter 1336 Statutes of 1969. This program consists of grants to students up to a \$700 maximum grant per academic year to be administered by the Trustees of the State Colleges. The amount shall be sufficient to cover the cost of the student's tuition, books and room and board as determined by the trustees along with other financial aid resources.

The students must be residents who are nominated by high schools, the Veterans Administration and state agencies authorized by the trustees. The trustees set standards and select from the list of nominations. Each college must receive program approval and may receive program funds for directors, counselors and advisers from the trustees. Academic progress records of each student receiving a grant must be kept by the trustees.

The Scholarship and Loan Commission's regular state competitive scholarship program funds cannot be used for Educational Opportunity Program grants authorized by SB 1072. All funds appropriated in Item 116.5 of the 1969 Budget Act were to be expended pursuant to this act.

A status report on the state college EOP program is required annually on November 1 by the Budget Act language. Similar reports are not required of the University or Community Colleges. On November 13, 1969 the first state college report was sent to the Legislature summarizing the administrative action taken to implement the Budget Act and SB 1072.

The 1969-70 allocation of the 3,150 enrollments and related General Fund support is shown in Table 2.

Table 2
1969-70 State College EOP Enrollment and Budget Allocations

| <i>State colleges</i> | <i>EOP Enroll- ment</i> | <i>Personal services</i> | <i>Operating expense and equipment</i> | <i>Student grants</i> | <i>Total cost</i> | <i>Cost per enrollee</i> |
|---------------------------|---------------------------------|------------------------------|--|---------------------------|-------------------|----------------------------------|
| Long Beach ----- | 240 | \$70,473 | \$5,500 | \$93,000 | \$168,973 | \$704 |
| San Diego ----- | 335 | 88,744 | 8,140 | 125,000 | 221,884 | 662 |
| San Jose ----- | 450 | 99,131 | 6,198 | 163,000 | 268,329 | 596 |
| San Fernando Valley ----- | 385 | 97,164 | 5,964 | 144,000 | 247,128 | 641 |
| Los Angeles ----- | 420 | 80,322 | 5,000 | 150,000 | 235,322 | 560 |
| San Francisco ----- | 275 | 77,090 | 9,722 | 106,000 | 192,812 | 701 |
| Sacramento ----- | 145 | 52,216 | 6,300 | 58,000 | 116,516 | 803 |
| Fresno ----- | 150 | 52,216 | 6,700 | 60,000 | 118,916 | 792 |
| San Luis Obispo ----- | 70 | 27,432 | 3,366 | 30,000 | 60,798 | 868 |
| Fullerton ----- | 150 | 53,002 | 5,300 | 60,000 | 118,302 | 789 |
| Chico ----- | 90 | 40,339 | 4,500 | 39,000 | 83,839 | 931 |
| Hayward ----- | 145 | 52,847 | 6,070 | 58,000 | 116,917 | 806 |
| Pomona ----- | 75 | 26,168 | 2,900 | 30,000 | 59,068 | 787 |
| Humboldt ----- | 20 | 17,437 | 3,243 | 9,000 | 29,680 | 1,484 |
| Sonoma ----- | 40 | 29,950 | 3,000 | 16,000 | 48,950 | 1,223 |
| San Bernardino ----- | 35 | 23,567 | 2,486 | 15,000 | 41,053 | 1,172 |

Higher Educational Opportunity Programs—Continued

Table 2—Continued

1969-70 State College EOP Enrollment and Budget Allocations

| <i>State colleges</i> | <i>EOP Enroll- ment</i> | <i>Personal services</i> | <i>Operating expense and equipment</i> | <i>Student grants</i> | <i>Total cost</i> | <i>Cost per enrollee</i> |
|---------------------------|---------------------------------|------------------------------|--|---------------------------|-------------------|----------------------------------|
| Stanislaus ----- | 35 | 22,563 | 2,641 | 15,000 | 40,204 | 1,148 |
| Dominguez Hills ----- | 90 | 39,156 | 11,340 | 39,000 | 89,496 | 994 |
| Unallocated ----- | | | | | 40,000 | N/A |
| Chancellor's Office ----- | N/A | 31,113 | 20,700 | N/A | 51,813 | N/A |
| Totals ----- | 3,150 | \$980,930 | \$119,070 | \$1,250,000 | \$2,350,000 | \$746 |

These data show that the state college EOP program costs range from a minimum of \$560 per enrollee at Los Angeles to a maximum of \$1,484 at Humboldt with a systemwide average of \$746 per enrollee. The higher costs per enrollee occur at the smaller colleges primarily due to diseconomies of scale which occur when low enrollments are prorated into a minimum program cost of approximately \$40,000. Performance data has not been reported on the rationale that "since EOP students as defined in the Budget Act are those new freshmen and undergraduates, this first report must omit information on academic progress." A report on EOP student performance was promised for November 1, 1970.

Budget Proposes an Unspecified State College EOP Program

The 1970-71 budget proposes a state college educational opportunity allocation of \$2,785,583 to handle approximately 2,520 continuing EOP students and an undetermined number of new EOP enrollees. It is explained in the budget that "a substantial portion of the financial support for EOP students is provided by the federal government and, to some degree, by private funds. In addition, it is not clear the extent to which continuing students will require financial aid and tutoring services. These matters are under study at each state college. Therefore, the number of new first-year students that can be accommodated in 1970-71 is not known at this time. The total new enrollees will depend upon the amount available from federal and private sources and the extent to which continuing students require support."

We recommend special legislative review of the State College Educational Opportunity Program (EOP) in order to ascertain the proper funding level within the existing program design. The policies established in the 1969 Budget Act discussed previously were clear as to the level of the program and the administrative policies to be utilized. The proposed budget offers a contrast to this in that it is vague, particularly in relation to the number of new enrollees. The budgeted amount of \$2,785,583 utilized within the 1969 Budget Act policies appears to cause either (1) a reduction in the level of student assistance or (2) a reduction in the number of new enrollees. Under either results, the budget differs with existing policy.

In determining administrative costs we believe that the budget should be based only on the level of new enrollees. This is the group with the major orientation and tutoring problems. Second year stu-

Higher Educational Opportunity Programs—Continued

dents should be well established academically in accordance with the program criteria that EOP students have the potential to succeed in regular college programs once they have been initially assisted. Using the 1969 base of 3,150 students and applying the systemwide enrollment growth factor of 9 percent, the 1970 EOP new enrollment base would be 3,434 students, an increase of 284.

In principle we believe that the justified needs of both new and continuing students should be provided for and so recommend. However, the amounts budgeted last year need verification as to whether they reflect actual requirements. Since these facts have not yet been developed, we withhold a final recommendation on this item pending development of the information which will support a specific figure.

Community College EOP

| | <i>Estimated 1969-70</i> | <i>Proposed 1970-71</i> | <i>Change</i> |
|-------------------|------------------------------|-----------------------------|---------------|
| Expenditure ----- | \$3,000,000 | \$4,500,000 | \$1,500,000 |
| Man-years ----- | 7 | 8.1 | 1.1 |

Senate Bill No. 164 (Alquist), Chapter 1579, implements the Community College Educational Opportunity Program funded in Item 335.5 of the 1969 Budget Act. It requires special community college programs which identify students affected by language, social, and economic handicaps, to establish and develop services, techniques, and activities directed to recruiting and retaining such students in community colleges, and to stimulating their interest in intellectual, educational and vocational attainment.

The bill established a 13-member advisory committee to the Board of Governors of the Community Colleges. The committee will advise on policy and review annually and report to the Board of Governors on the progress of this program.

The Board of Governors is responsible for program rules and regulations. The local boards may establish, with the approval of the state board, programs and services which may include:

- a. Tutorial services
- b. The establishment of remedial courses
- c. The establishment of a program of multicultural studies
- d. Counseling services
- e. Recruitment services
- f. Loans or grants to meet living costs or a portion thereof
- g. Loans or grants to meet the cost of student fees
- h. Loans or grants to meet cost of transportation between home and college
- i. Scholarships
- j. Work experience programs
- k. Job placement programs

The local boards must make application to the state board for the apportionment of funds appropriated for this program. Such funds will be paid by the Controller to the county treasurer of jurisdiction in accordance with a schedule established by the state board and ap-

Higher Educational Opportunity Programs—Continued

proved by the Department of Finance. Future funding will be requested in the Board of Governor's budget and up to \$130,000 of the funds appropriated for this program in 1969-70 could be used by the Board of Governors to administer this program and for the purpose of participating in a study related to identifying the characteristics of the withdrawing student and the continuing student.

Planning by Coordinating Council for Higher Education

The EOP budget proposes to allocate \$45,000 to the Coordinating Council for Higher Education in order for it to develop the orderly growth of the programs. We recommend approval. It has been our position as stated in last year's analysis that it is of major importance to recognize that EOP is a program common to all segments of public higher education in California. We believe that there is a need for the segments to be involved in a plan wherein it is recognized that additional numbers of academically ineligible disadvantaged students should receive initial college instruction and college orientation in community colleges and then move into the four-year institutions when qualified. This approach follows the guidelines of separation of function established in the Master Plan and the concept of institutional cooperation on mutually similar programs. To date we are not aware of any formal joint segmental plans along these lines.

Thus, there should be a plan wherein the community colleges are the primary higher education intake units for students in these programs with staff assistance in some cases coming from neighboring state colleges and University campuses. We believe that if each segment continues to operate independently, there will not only be program and administrative duplications but each segment will face, independently, additional pressures to increase exceptions and to increase programs. This situation cannot be responded to rationally unless an overall plan exists.

Scholarship and Loan Commission

The 1970-71 budget includes an allocation of \$1,799,781 to the State Scholarship and Loan Commission for grants and administrative costs of the College Opportunity Grant Program.

This program was authorized by Chapter 1410, Statutes of 1968. The program is designed as a pilot demonstration to assist students who are disadvantaged by using experimental methods and subjective judgments as well as conventional selection methods. The objective is to develop financial assistance programs that will increase access to higher education for disadvantaged students. A yearly report to the Legislature on progress made under this program is required.

Under the statutes 1,000 grants are authorized to cover living expenses, transportation, supplies and books, up to a maximum of \$1,100 each. An additional amount is authorized for tuition and fees.

Legislative intent specifies that primary emphasis be directed to the public community college level. Commission interpretation of this "primary emphasis" has been to determine that 80 percent of the new grants would be directed to students at the community colleges. These

Higher Educational Opportunity Programs—Continued

grants are renewable so this limitation does not apply to those community college participants who transfer to four-year institutions.

In 1969, 1,000 grants were awarded to students in the first year of operation of this program. In 1970-71 it is expected that 875 of these will be renewed and 1,000 new awards will be granted for a total of 1,875. The average grant for new awards is estimated at \$800 and for renewals at \$1,000. The higher rate for renewal candidates results from the assumption that 328 of the renewal students will be transferring to four-year institutions with higher fee requirements.

The total amount budgeted for awards in 1970-71 is \$1,675,000. Administrative costs are \$124,781 or 7.4 percent of the grant costs. The budget added one clerical position plus temporary help for increased workload.

Because this program has been in existence for only one year, there is not sufficient historical data available to evaluate performance.

STATE CONTROLLER

Item 100 from the General Fund

Budget page 437

| | |
|--|-------------|
| Requested 1970-71 | \$5,684,419 |
| Estimated 1969-70 | 6,019,168 |
| Actual 1968-69 | 5,514,660 |
| Requested decrease \$334,749 (5.6 percent) | |
| Total recommended reduction | None |

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

We recommend:

1. The existing inheritance tax appraiser system be abolished and, as a substitute, legislation be enacted to administer inheritance taxes on a self-assessment basis. 533
2. The Controller's Office make a test study of optical scanning equipment to ascertain the possible benefits and savings in its data processing operations. 533
3. Exploration of the merits of transferring social welfare audits to the Controller's Office. 531

GENERAL PROGRAM STATEMENT

The State Controller is an elected state fiscal officer who heads a 585-man agency, composed of seven divisions, with the following program responsibilities:

I. Fiscal Control, which includes acting as the state's chief accounting officer, making apportionments and auditing subventions to local governments, compiling state financial reports, administering the Uniform State Payroll System, and the unclaimed property laws. Approximately 56 percent of the agency's staff is allocated to this program.

II. Tax Administration, which includes the enforcement of the inheritance and gift taxes, the refund of gasoline taxes to nonhighway