

POSTSECONDARY EDUCATION

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POSTSECONDARY EDUCATION GENERAL STATEMENT

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

This section presents data which relate to all postsecondary education in California. Its purpose is to provide historical information and comparative statistics to supplement individual agency and segmental budget analyses. Information on postsecondary education organization, functions, enrollments, expenditures, sources of support, and student charges follows.

Organization

California's system of public postsecondary education is the largest in the nation and currently consists of 135 campuses serving over one million students. This system is separated into three distinct public segments—the University of California, the California State University and Colleges and the California Community Colleges.

In addition to the public system, the California Postsecondary Education Commission reports there are approximately 265 independent colleges and universities serving 185,000 students, 1,500 private vocational and technical schools serving an unknown number of students, over 400 adult education institutions sponsored by high school and unified school districts serving an estimated enrollment of 1.7 million students and 64 state supported regional occupational centers and programs serving over 50,000 adults.

To provide guidelines for the orderly development of the three major public segments, the *Master Plan for Higher Education in California 1960-75* was developed and its recommendations were largely incorporated into the Donahoe Higher Education Act of 1960. The purpose of the act was to define the function and responsibilities of each segment and to establish an economical and coordinated approach to the needs of higher education. A coordinating agency was established to assist in meeting the objectives of the act.

POSTSECONDARY EDUCATION—Continued**Functions**

California Postsecondary Education Commission (CPEC). CPEC is responsible for planning, coordinating and advising functions.

The University of California (UC). The UC system consists of nine campuses, including a separate medical facility at San Francisco, and numerous special research facilities located throughout the state. Medical schools are presently located at the San Francisco, Los Angeles, San Diego, Davis and Irvine campuses. Hastings College of Law in San Francisco, although affiliated with the University, operates under a separate statutory board of directors. To govern the University of California, the State Constitution grants full power of organization and governance to a 23-member Board of Regents, serving 12-year terms. The Regents have substantial freedom from legislative or executive control.

In addition to the function of instruction, which is basic to all three segments of public higher education, the University of California is designated as the primary state-supported agency for research. Instruction is provided to both undergraduate and graduate students in the liberal arts and sciences and in the professions, including teaching. The university has exclusive jurisdiction over graduate instruction in the professions of law, medicine, dentistry and veterinary medicine. It has sole authority for awarding the doctorate degree with the exception that in selected fields, joint doctoral degrees may be awarded with the California State University and Colleges.

The California State University and Colleges (CSUC). This system, comprised of 19 campuses, is governed by a statutory 23-member board of trustees. A student trustee and a trustee representing alumni serve two year terms and the remaining 21 members serve eight year terms. Although the Board of Trustees does not have the constitutional autonomy of the UC regents, the Donahoe Act of 1960 provided for centralization of policy and administrative functions which are carried out by the Chancellor's office.

The primary function of CSUC is to provide instruction to both undergraduate and graduate students in the liberal arts and sciences, in applied fields and in various professions including teaching. The granting of bachelor's and master's degrees is authorized but doctorate degrees may not be granted except under the joint doctoral program noted above in the UC statement. Faculty research is authorized only to the extent that it is consistent with the instruction function.

The California Community Colleges (CCC). A 15-member Board of Governors was created by statute in 1967 to provide leadership and direction to the 70 community college districts (with 105 campuses) that comprise the system. Unlike UC and CSUC, community colleges are administered by local boards and derive the majority of their funds from local property taxes.

Instruction in public community colleges is limited to lower division levels (freshman and sophomore) of undergraduate study in the liberal arts and sciences and in occupational or technical subjects. The granting

of the associate in arts or the associate in science degree is authorized. Community services courses are also offered at no state cost.

The California Maritime Academy (CMA). Established at Vallejo in 1929, the academy provides a program for men and women who seek to become licensed officers in the United States Merchant Marine.

Independent Universities and Colleges. Private, accredited four-year and graduate institutions constitute a major resource and play an integral part in California's total higher education effort. There are approximately 70 such institutions, 58 of which collectively form the Association of Independent California Colleges and Universities (AICCU). Governance, functions and admissions differ widely among private institutions.

Admissions

The UC Regents have the power to establish their own admission standards. Historically, it has been assumed that the standards used were in conformity with guidelines established in the original Master Plan which called on the University to limit admissions to the top one-eighth of California's high school graduates and to qualified students from other institutions. Nonresident students must be in the upper one-sixteenth of their state's high school graduates. For admission to advance standing, California transfer students who were not eligible for admission as freshmen are required to have a grade point average of 2.0 (C).

Original Master Plan guidelines provided for a two percent waiver of admission standards for selected students with academic promise. This flexibility was subsequently increased to 4 percent and more recently to 6 percent to accommodate disadvantaged students and other nontraditional admissions criteria.

In conformity with recommendations of the original Master Plan, CSUC admission standards are intended to limit entrance to the top one-third of California's high school graduates and to qualified transfer students from other institutions. As with UC, the CSUC system requires transfer students to have a grade-point average of 2.0 (C). Students who qualify for acceptance at a campus without enrollment openings are redirected to another campus that has openings.

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

Enrollment

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

Table 1 contains reported enrollment data for the three segments. Uni-

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versity statistics show FTE by level of student enrollment, state university and college FTE is provided on the basis of level of instruction, and community college statistics are based on ADA.

Table 1
Enrollment in California Public Postsecondary Education

<i>Segments</i>	<i>Actual 1976-77</i>	<i>Revised 1977-78</i>	<i>Projected 1978-79</i>
University of California FTE			
Undergraduates.....	84,996	84,227	85,077
Graduates.....	34,373	34,438	35,337
Totals.....	119,369	118,665	120,414
California State University and Colleges FTE			
Undergraduates.....	214,458	218,860	219,000
Graduates.....	16,793	17,120	17,670
Totals.....	231,251	235,980	236,670
Community Colleges			
ADA.....	721,884	748,400	773,200
Grand Totals.....	<u>1,072,504</u>	<u>1,103,045</u>	<u>1,130,284</u>

Table 2 combines the totals of public enrollment shown in Table 1 with statistics reported for independent colleges and universities in order to portray total higher education enrollment in California.

Table 2
Total Enrollment in California Public and Private Higher Education

	<i>Actual 1976-77</i>	<i>Estimated 1977-78</i>	<i>Projected 1978-79</i>
Public.....	1,072,504	1,103,045	1,130,284
Private ^a	169,000	169,000	171,000
Totals.....	1,241,504	1,272,045	1,301,284

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

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

Expenditures

Proposed General Fund and total budgeted expenditures for public higher education in 1978-79 are shown in Table 3. The General Fund support budget represents an increase of approximately \$134 million, or 6.7 percent, over the current year's estimated level.

Table 3
Proposed 1978-79 Budget Summary for Postsecondary Education
(thousands)

<i>Activity</i>	<i>Support</i>		<i>Capital Outlay</i>		<i>Totals</i>	
	<i>All Funds</i>	<i>General Fund^a</i>	<i>All Funds</i>	<i>General Fund</i>	<i>All Funds</i>	<i>General Fund</i>
California Postsecondary Education Commission	\$3,291	\$1,643	-	-	\$3,291	\$1,643
University of California	1,490,405 ^c	782,197	56,200	-	2,328,802	782,197
Hastings	5,272	4,375	11,360	-	16,632	4,375
California State University and Colleges	988,204	698,096	15,440	-	1,003,644	698,096
California Maritime Academy	3,946	2,346	768	-	4,714	2,346
Community Colleges ^b	568,775	566,718	30,678	-	599,453	566,718
Student Aid Commission	89,099	79,417	-	-	89,099	79,417
Totals	<u>\$3,148,992</u>	<u>\$2,134,792</u>	<u>\$114,446</u>	<u>-</u>	<u>\$4,045,635</u>	<u>\$2,134,792</u>
General Fund expenditures as a percent of total expenditures		67.8%				52.8%

^a Does not include salary increase funds.

^b Excludes local support funds and local capital outlay funds.

^c Does not include atomic energy labs.

POSTSECONDARY EDUCATION—Continued

Table 4
Expenditures for Postsecondary Education
Current Expense by Source of Funds 1976-77
(Thousands)

<i>Activity</i>	<i>State Support</i>	<i>Local Support</i>	<i>Federal Support</i>	<i>Student Fees</i>	<i>Other ^a</i>	<i>Total Expenditures</i>	<i>Percent</i>
University of California	\$696,910	—	\$883,882	\$118,566	\$493,500	\$2,192,858	50.8%
California State University and Colleges	604,883	—	72,214	85,478	117,050	879,625	20.4
California Community Colleges....	464,460	\$539,000	90,000	18,500	41,047 ^c	1,153,007	26.7
Other agencies ^b	80,291	—	10,171	2,250	531	93,243	2.1
Totals	\$1,846,544	\$539,000	\$1,056,267	\$224,794	\$598,128	\$4,318,733	100.0%
Percent of Total Expenditures.....	42.8%	12.5%	24.6%	5.2%	13.9%	100.0%	

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

^b Includes Hastings College of Law, California Maritime Academy, California Postsecondary Education Commission, Student Aid Commission and the Board of Governors of the Community Colleges (including EOPS).

^c Primarily county support.

Sources of Support

A summary of funding sources for higher education in California for the last completed fiscal year, 1976-77, is shown in Table 4. Capital outlay expenditures are not included.

Approximately \$4.3 billion was expended for higher education support in 1976-77. Of this amount \$1.8 billion (42.8 percent) was state support.

Student Charges

Tuition and fees are the two types of student charges utilized by California's system of higher education to gather additional revenue. According to the Master Plan for Higher Education, "tuition is defined generally as student charges for teaching expense, whereas fees are charged to students, either collectively or individually, for services not directly related to instruction, such as health, special clinical services, job placement, housing and recreation." Although there has been a traditional policy as enunciated in the Master Plan that tuition should not be charged to resident students, there has been an equally traditional policy to charge "fees" to resident students. All three segments impose a tuition on students who are not legal residents of California, including foreign students.

The California Maritime Academy is a traditional exception to the free tuition policy. Tuition income usually is expended for instructional services resulting in a direct offset to state funding requirements.

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

Table 5
Basic Academic-Year Student Charges 1977-78

	<i>UC</i>	<i>CSUC</i>	<i>CCC</i>	<i>CMA</i>
Tuition-nonresident/foreign	\$1,905	\$1,575	\$0-1,913	\$930
Tuition-educational fee:				
Undergraduate	300	-	-	405
Graduate	360	-	-	-
Registration fee	364 ^a	144	-	-
Application fee	20	20	-	-
Campus mandatory fee	27-94	0-50	-	50
Auxiliary service fees:				
Room and board	1,666 ^b	1,022-1,667	-	1,725
Parking	36-216 ^c	30	0-40	-
Health	-	6	1-10	75

^a Nine campus weighted average (ranges from \$348 to \$372).

^b Average rates for residence halls. Average rate for apartments is \$1,707.

^c \$216 at U.C.S.F. hospital.

Average Cost Per Student

There are numerous ways to develop average-cost-per-student data. A common method is to divide total expenditures by the number of students. Because this is a simple procedure, such figures are most often used in institutional budget presentations.

There are other, more complex, methods of calculating these average costs. Data can be computed using head-count students rather than FTE

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data results from differences in (1) methods of counting and classifying students, (2) accounting and budgeting systems, and (3) missions and programs of the segments.

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

The California Postsecondary Education Commission continued the student cost collection and reporting effort in 1974-75. However, because there is a temporary suspension of the formal report the commission is reviewing its methodology for collection and reporting comparable data and intends to redesign its analysis procedures.

CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

Item 321 from the General

Fund

Budget p. 834

Requested 1978-79	\$1,643,301
Estimated 1977-78.....	1,547,155
Actual 1976-77	1,320,988
Requested increase \$96,146 (6.2 percent)	
Total recommended reduction	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS*Analysis
page*

1. Policy Statement. Recommend review of the commission's policy against the administration of state-funded programs. 764

GENERAL PROGRAM STATEMENT

The California Postsecondary Education Commission (CPEC) was created by Chapter 1187, Statutes of 1973. The functions assigned to CPEC fall under the four general categories of clearinghouse for information, planning, evaluation, and coordination.

The commission is comprised of 23 members. No person who is regularly employed in any administrative, faculty or professional position by an institution of public or private postsecondary education may be appointed

to the CPEC.

Institutional input is provided by an advisory committee consisting of the chief executive officers of each of the public segments or their designees, the Superintendent of Public Instruction, the association or associations for private universities and colleges, the California Advisory Council on Vocational Education and Technical Training and the Council for Private Postsecondary Education Institutions.

ANALYSIS AND RECOMMENDATIONS

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

Table 1
CPEC Budget Summary

<i>Programs</i>	<i>Actual 1976-77</i>	<i>Estimated 1977-78</i>	<i>Proposed 1978-79</i>	<i>Change</i>	
				<i>Amount</i>	<i>Percent</i>
1. Information systems	\$345,659	\$342,011	\$387,118	\$45,107	13.2%
2. Coordination and review	214,434	277,859	288,148	10,289	3.7
3. Planning and special projects	244,440	305,580	277,708	-27,872	-9.1
4. Federal programs	581,351	941,885	1,693,945	752,060	79.8
5. Executive	256,778	293,494	301,396	7,902	2.7
6. Staff services	134,044	168,830	222,914	54,084	32.0
7. Commission activities	70,940	80,581	80,581	0	0
8. WICHE	28,000	39,000	39,000	0	0
TOTALS	\$1,875,646	\$2,449,240	\$3,290,810	\$841,570	34.4%
<i>Funding</i>					
<i>Reimbursements</i>	<i>\$5,478</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>General Fund</i>	<i>1,320,988</i>	<i>1,547,155</i>	<i>1,643,301</i>	<i>96,146</i>	<i>6.2%</i>
<i>Federal funds</i>	<i>549,180</i>	<i>902,085</i>	<i>1,647,509</i>	<i>745,424</i>	<i>82.6</i>
<i>Positions</i>	<i>49.7</i>	<i>54.5</i>	<i>57.1</i>	<i>2.6</i>	<i>4.8%</i>

As indicated in Table 1, the Governor's Budget proposes 2.6 new positions. In addition, the budget proposes continuation of a federally funded position which was administratively established during the current year. The new positions include (a) a clerk to assist the librarian, (b) an operations research specialist to accommodate workload which is currently funded by contract and (c) part-time student assistance.

The Governor's Budget also reflects a General Fund increase of \$96,146 or 6.2 percent. Included in the commission's 1977-78 base, however, is \$40,000 received from special appropriations for specified studies. If these special study expenditures are excluded from the year-to-year comparisons, the resulting General Fund increase is \$136,146, or 8.8 percent. These funds would be allocated to the new positions described above, the purchase of word processing equipment currently being leased, increased printing costs due to new publications, and general inflation. We have reviewed the justifications and believe they are reasonable.

California Postsecondary Education Commission Activities

In carrying out its legislative mandate, CPEC engages in the following activities: reviewing requests for new postsecondary education programs and facilities; processing requests for information; monitoring legislation; administering federal grant programs; and publishing various studies and

CALIFORNIA POSTSECONDARY EDUCATION COMMISSION—Continued

reports. Included among the reports published in 1977 are an information digest on postsecondary education in California, a statewide Inventory of Academic and Occupational Programs, and reports on community college financial support, equal educational opportunity, and faculty salaries.

The commission is currently undertaking a number of additional projects. Among the reports which should be completed in 1978 are studies of the financial condition of independent colleges, community college districting in Orange County, librarians' salaries, prisoners' education, and the employment of women and ethnic minorities in the public postsecondary education segments.

Community College Finance Study

CPEC's study of financial support for the California Community Colleges was adopted by the commission in June 1977. A number of recommendations were offered in the report, including a proposal that the present statutory system of state support for the community colleges be changed to a budgetary system that will permit annual review by the Legislature.

The Board of Governors of the Community Colleges, acknowledging the need for comprehensive reform legislation, has directed the Chancellor's office to undertake a study of community college finance. It is anticipated that this study will begin in 1978-79, and that the board will introduce legislation in the 1979 legislative session to revise the current system of finance.

Increase in Federal Funds

The commission allocates federal funds for projects such as community service programs, expansion of continuing education, and resource sharing (Title I), and the purchase of undergraduate instructional equipment (Title VI-A).

As noted in Table 1, it is anticipated that CPEC's allotment of federal funds will increase by \$745,424, or 82.6 percent, in 1978-79. This increase is due to a significant expansion of funds allocated under Title I of the Higher Education Act. Most of these expenditures will be devoted to community service programs.

Examples of individual projects which have been funded in the past include a program at De Anza College to help women returning to school after lengthy absences, an in-service training program at California State University at Los Angeles for teachers of Black History, an intersegmental television series on contemporary issues in California such as energy and pollution, and an educational and rehabilitation program conducted by Hartnell College for inmates of Soledad Prison.

Inconsistent Policy on Program Administration

We recommend that the commission review the justification for its policy against the administration of state-funded programs and report to the Joint Legislative Budget Committee by December 1, 1978.

Legislation does not define CPEC's role regarding the administration of state-funded programs. In a policy statement, however, the commission

has adopted the position that it should not be assigned responsibility for administering any state-funded programs or allocating grants provided by the state. On this basis, the commission has opposed bills which attempt to assign such responsibility to it. This position is based on the assumption that administrative responsibilities would compromise the independence of CPEC's role as a program evaluator.

However, the commission appears to be the only appropriate agency to administer projects or programs which cross segmental lines. In its largest program, CPEC administers federal grants funded under the provisions of the Higher Education Act of 1965. These projects are evaluated by an independent organization or individual selected by CPEC. With this precedent, it would appear that a similar policy can be extended to state-funded programs.

The commission should review all aspects of its policy statement on the administration of state-funded programs. We believe that intersegmental programs can be administered by CPEC and be evaluated independently. The current policy hinders the development of such programs and is inconsistent with the commission's policy on federal projects.

UNIVERSITY OF CALIFORNIA

Items 322-332 from the General
Fund; Item 333 from the State
Transportation Fund; Item
334 from the California Water
Fund; Item 335 from the
COFPHE Fund.

Budget p. 838

Requested 1978-79	\$784,820,162 ^a
Estimated 1977-78.....	740,133,256
Actual 1976-77	686,851,589
Requested increase \$44,686,906 (6.0 percent)	
Total recommended reduction	\$6,117,552

^a Items 414-416 providing for salary increases are discussed elsewhere in the Analysis. These funds are not included in the totals.

1978-79 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount	Analysis page
322	Support	General	\$771,745,179	768
323	Institute of Appropriate Technol- ogy	General	208,000	795
324	State Data Program	General	122,000	798
325	Undergraduate Teaching Excel- lence	General	1,410,000	777
326	Fresno-San Joaquin Medical Edu- cation Program	General	79,000	785
327	Berkeley-San Francisco Medical Education Program	General	760,510	785
328	Riverside-UCLA Biomedical Pro- gram	General	636,713	785

UNIVERSITY OF CALIFORNIA—Continued

329	Teaching Hospital Loan	General	4,000,000	807
330	Aquaculture	General	424,000	792
331	Drew Postgraduate Medical School	General	2,105,160	797
332	California College of Podiatric Medicine	General	706,000	798
	TOTAL—GENERAL FUND		\$782,196,562	
333	Institute of Transportation Studies	State Transportation Fund	523,600	793
334	Mosquito Control Research	California Water Fund	100,000	793
335	Equipment Replacement	COPPHE Fund	2,000,000	781
	TOTAL—ALL FUNDS		\$784,820,162	

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

Analysis
page

1. *Graduate Enrollment. Reduce Item 322 by \$902,704.* Recommend budgeted graduate enrollment be reduced in accord with current trends. 772
2. *Subject A Information.* Recommend UC provide information to California high schools concerning the English proficiency of former students. 776
3. *T.A. Training. Reduce Item 322 by \$300,000.* Recommend teaching assistants' training be supported from within existing campus resources. 778
4. *High Cost Student Disciplines. Augment new item by \$500,000.* Recommend additional resources be provided for workload increases resulting from changes in student academic preferences, subject to certain conditions. 780
5. *Instructional Equipment Replacement. Reduce Item 335 (COPPHE Fund) by \$2 million and increase Item 322 (General Fund) by \$2 million.* Recommend instructional equipment replacement be supported entirely by the General Fund. 781
6. *Clinical Faculty Salaries.* Recommend UC report annually to CPEC on (1) clinical faculty salaries and (2) the number of exceptions to the regular compensation plans. 787
7. *Billing and Overhead.* Recommend UC phase in uniform hospital billing and overhead procedures by 1980-81 and report to the Joint Legislative Budget Committee by March 1, 1979 as to the implementation details. 788
8. *Research Reports.* Recommend annual reports on Mosquito Research and Institute of Transportation Studies be eliminated and Aquaculture Research be transferred from separate budget item to general support. 793
9. *Organized Research Support. Reduce Item 322 by \$1.5 million.* Recommend no increases in General Fund support for organized research pending completion of ongoing UC study of research support needs. 794
10. *Library Acquisition. Reduce Item 322 by \$1,210,240.* Rec- 801

ommend the volume acquisition increase be reduced from 86,000 to 46,000.

11. *Transportation of Library Materials. Augment Item 322 by \$413,000.* Recommend the state assume the cost of the transportation of library materials between UC campuses. 803
12. *General Counsel's Office. Reduce Item 322 by \$184,000.* Recommend legal costs of non-state supportable activities not be covered by the General Fund. 811
13. *Systemwide Capital Outlay Staffing. Reduce Item 322 by \$330,000.* Recommend General Fund support be reduced to reflect UC elimination of 12 FTE Capital Outlay positions. 813
14. *Operation and Maintenance of Plant.* Recommend UC survey how all current space on the campuses is supported and report to the Joint Legislative Budget Committee by October 1, 1978. 815
15. *SB 170. Reduce Item 322 by \$306,000.* Recommend General Fund support for implementation of SB 170 be reduced by \$306,000. 819
16. *Unemployment Insurance. Reduce Item 322 by \$940,000.* Recommend General Fund support be reduced by \$940,000 because of revised estimate of need. 820
17. *Davis Utilities. Reduce Item 322 by \$1,089,608.* Recommend Davis electricity rates continue to be based on obtaining power from the U.S. Bureau of Reclamation. 823
18. *Nonresident Tuition. Increase Reimbursements to Item 322 by \$268,000.* Recommend the estimated nonresident tuition revenue be increased to more accurately reflect recent past experience. 823

**Summary of Recommended Fiscal Changes
to the 1978-79 Budget**

Activity	Program Changes		Funding Impact	
	Reductions	Augmentations	General Fund	Reimbursements
Graduate Enrollment	-\$902,704		-\$902,704	
TA Training	-300,000		-300,000	
High Cost Discipline Shift		+\$500,000	+500,000	
Organized Research Increase	-1,500,000		-1,500,000	
Library Volume Acquisitions.....	-1,210,240		-1,210,240	
Transportation of Library Materials		+413,000	+413,000	
General Counsel's Office	-184,000		-184,000	
Systemwide Capital Outlay Staffing	-330,000		-330,000	
SB 170 (Privacy legislation)	-306,000		-306,000	
Unemployment Insurance	-940,000		-940,000	
Non-resident tuition			-268,000	+\$268,000
UC Davis Utilities	-1,089,608		-1,089,608	
Total.....	-\$6,762,552	+\$913,000	-\$6,117,552	+\$268,000

UNIVERSITY OF CALIFORNIA—Continued**GENERAL PROGRAM STATEMENT**

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

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

Administrative Structure

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

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

Admissions

The Board of Regents has the authority to establish its own admission standards (which it has delegated to the academic senate) subject to the guidelines established in the Master Plan of 1960. These guidelines are intended to limit admission of first time freshmen to the top one-eighth (12½ percent) of California's high school graduates. Nonresident freshmen applicants must be in the upper one-sixteenth of their state's high school graduates to be admitted. The university is permitted to waive the admission standards for up to 6 percent of the incoming freshman enrollment.

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

TABLE 1
UNIVERSITY OF CALIFORNIA
Proposed UC Budget for 1978-79

	<i>Personnel</i>			<i>Expenditures</i>			
	<i>1977-78</i>	<i>1978-79</i>	<i>Change</i>	<i>Estimated 1977-78</i>	<i>Proposed 1978-79</i>	<i>Change Amount</i>	<i>Percent</i>
I. Instruction							
A. General Campuses	12,306.28	12,404.28	98.00	\$297,491,119	\$298,965,777	\$1,474,658	0.5 %
B. Health Sciences	4,410.14	4,547.77	137.63	130,381,545	133,666,862	3,285,317	2.5
C. Summer Sessions	353.88	353.88	—	5,277,814	5,540,747	262,933	5.0
D. University Extension	1,336.64	1,336.64	—	33,060,988	34,424,378	1,363,390	4.1
II. Research	2,565.71	2,565.71	—	68,910,602	70,476,942	1,566,340	2.3
III. Public Service	1,198.20	1,198.20	—	31,518,662	31,773,468	254,806	0.8
IV. Academic Support							
A. Libraries.....	2,209.47	2,209.47	—	52,112,602	56,243,828	4,131,226	7.9
B. Organized Activities—Other	2,081.80	2,088.80	7.00	49,741,255	50,080,198	338,943	0.7
C. Teaching Hospitals & Clinics	16,413.13	16,607.13	194.00	347,843,487	382,337,487	34,494,000	9.9
V. Student Services							
A. Activities	2,690.63	2,690.63	—	58,076,856	58,610,721	533,865	9.2
B. Financial Aid	—	—	—	31,273,232	31,658,323	385,091	1.2
VI. Institutional Support							
A. General Administration & Services	5,959.01	5,959.01	—	92,087,588	93,227,117	1,139,529	1.2
B. Operation & Maintenance of Plant	3,175.48	3,212.58	37.10	81,477,544	82,264,118	786,574	0.9
VII. Independent Operations (Auxiliary Enterprises)	1,660.16	1,660.16	—	75,065,690	77,042,292	1,976,602	2.6
VIII. Special Regents' Programs	—	—	—	17,929,495	24,044,035	6,114,540	34.1
IX. Unallocated Adjustments							
A. Provisions for Allocation	—	20.00	20.00	30,531,619	25,854,420	-4,677,199	-15.3
B. Fixed Costs & Economic Factors	—	—	—	—	34,195,000	34,195,000	—
Totals Support Budget (continuing operations).....	56,360.53	56,854.26	493.73	\$1,402,780,098	\$1,490,405,713	\$87,625,615	6.2 %
Sponsored Research Activities....	—	—	—	413,705,000	440,006,000	26,301,000	6.4
Major ERDA—							
Supported Laboratories	—	—	—	564,052,000	564,052,000	—	—
GRAND TOTAL.....	56,360.53	56,854.26	493.73	\$2,380,537,098	\$2,494,463,713	\$113,926,615	4.8%

UNIVERSITY OF CALIFORNIA—Continued

1978-79 Budget Overview

Table 1 shows the UC budget for the 1977-78 and 1978-79 fiscal years. For 1978-79 the total UC support budget is \$1,490,405,713, which is an increase of \$87,625,615 or 6.2 percent over 1977-78. State appropriations increase \$44,673,306, university general funds increase by \$773,317 and other university revenue sources increase \$42,178,992. These revenues are shown in Table 2.

The state General Fund increase of \$44,673,306 is detailed in Table 3.

TABLE 2
University of California
Revenues—Total Support Budget

	<i>Estimated 1977-78</i>	<i>Proposed 1978-79</i>	<i>Change</i>	
			<i>Amount</i>	<i>Percent</i>
General Funds:				
State Appropriation	\$737,523,256	\$782,196,562	\$44,673,306	6.0%
University General Funds:				
Nonresident Tuition	12,965,574	13,736,343	770,768	5.9
Other Student Fees	3,611,558	3,661,453	49,895	1.4
Other Current Funds	1,358,090	1,730,690	372,600	27.4
Funds Used as Income:				
Federal Overhead	24,244,666	24,325,496	80,830	0.3
Prior Year Balances	3,237,838	2,679,009	-558,829	-17.2
Other	858,273	916,326	58,053	6.8
Total General Funds	783,799,256	829,245,879	45,446,623	5.8
Restricted Funds:				
State Appropriations:				
Transportation Research	510,000	523,600	13,600	2.7
Mosquito Research	100,000	100,000	—	—
Equipment	2,000,000	2,000,000	—	—
Federal Appropriations	8,922,339	8,922,339	—	—
United States Grants	4,049,440	4,049,440	—	—
University Sources:				
Student Fees	115,146,198	118,799,603	3,653,405	3.2
Sales & Services	23,347,769	23,440,834	93,065	0.4
Teaching Hospitals	312,446,568	345,786,568	33,340,000	10.7
Organized Activities	20,941,200	21,540,784	599,584	2.8
Endowments	14,404,584	14,478,315	73,731	0.5
Auxiliary Enterprises	74,074,751	76,049,006	1,974,255	2.6
Other	11,199,027	11,438,317	239,290	2.1
Prior Year Balances	6,466,982	6,466,982	—	—
Special Regents' Programs	25,371,984	27,564,046	2,192,062	8.6
Total Restricted Funds	618,980,842	661,159,834	42,178,992	6.8
Total Revenue	\$1,402,780,098	\$1,490,405,713	\$87,625,615	6.2%

TABLE 3
General Fund Support
Summary of Changes from 1977-78 Budget

I. Program Changes

A. To maintain existing budget	—	\$34,195,000
a. Price increases	\$17,696,000	—
b. Merit increases and promotions	12,105,000	—

c. Malpractice Insurance	-445,000	—
d. Unemployment insurance	940,000	—
e. State Compensation Insurance	450,000	—
f. General risk/liability insurance	707,000	—
g. SB 1238—Depooling	801,000	—
h. Social Security base and rate	680,000	—
i. Social Security coordination	800,000	—
j. AB 457—Employee Benefits	261,000	—
k. General Fund annuitants	200,000	—
B. Workload and other changes to existing programs	—	11,251,623
a. General Campus instruction	1,471,616	—
b. Health Sciences instruction	3,285,070	—
c. Organized Research	1,500,000	—
d. Public Service	159,160	—
e. Libraries	4,131,000	—
f. Academic Support	-268,400	—
g. Teaching Hospitals	480,000	—
h. Medicare/Medi-Cal reimbursement shortfalls	674,000	—
i. Institutional Support	932,000	—
j. Operation and Maintenance of Plant	780,977	—
k. EOP	376,500	—
l. Health Sciences clinical scales	-550,000	—
m. Upward mobility	604,700	—
n. Budgetary savings target	-1,141,000	—
o. Other Savings	-1,184,000	—
Subtotal Program Changes		45,446,623
II. Funding Changes and offsets to State appropriations		
a. Nonresident tuition	770,768	—
b. Misc. Student fees	49,895	—
c. Overhead receipts	80,830	—
d. Prior year balances	-558,829	—
Other	430,653	—
Subtotal Funding Changes		-773,317
Total Change		<u>\$44,673,306</u>

ANALYSIS AND RECOMMENDATIONS

Budget Presentation

The university budget is separated into nine program classifications. The first three, Instruction, Research, and Public Service, encompass the primary higher education functions. The next four, Academic Support, Student Services, Institutional Support, and Independent Operations, provide supporting services to the three primary functions. The remaining two program classifications, Special Regents Programs and Unallocated Adjustments include special resource allocations and budget reporting procedures which affect all of the other seven programs.

I. INSTRUCTION

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

UNIVERSITY OF CALIFORNIA—Continued

1. ENROLLMENT

General campus and health science enrollments are the primary indicators of workload. As Table 4 indicates, the 1978-79 Governor's Budget assumes that general campus enrollments will not increase over the *budgeted* level for 1977-78. However, reaching the budgeted 1978-79 general campus enrollment target will require an actual increase of 1,347 FTE students because actual enrollment in 1977-78 is now expected to be 107,027, rather than the budgeted level of 108,374. Health science enrollment is expected to increase by 402 FTE students or 3.2 percent.

TABLE 4
University of California
Average of Fall, Winter, and Spring Quarter
Full-Time Equivalent Students

	1976-77 Actual	1977-78		Governor's Budget Change		
		Budgeted	Revised ^{a)}	1978-79 Proposed	from 77-78 Budgeted	Percent Change
General Campuses:						
Undergraduate.....	84,243	83,862	83,377	84,334	472	0.6%
Graduate	23,996	24,512	23,650	24,040	-472	-1.9
Subtotals	108,239	108,374	107,027	108,374	—	—
Health Sciences:						
Undergraduates	753	850	850	743	-107	-12.6
Graduates	10,377	10,788	10,788	11,297	509	4.5
Subtotals	11,130	11,638	11,638	12,040	402	3.2
Totals:						
Undergraduates	84,996	84,712	84,227	85,077	365	0.4
Graduates	34,373	35,300	34,438	35,337	37	0.1
University Totals	119,369	120,012	118,665	120,414	402	0.3%

^{a)} Revision based upon an assessment of the impact of Fall 1977 enrollment experience.

A. General Campus Graduate Enrollment

We recommend no budgeted increase in 1978-79 general campus graduate enrollments for a General Fund savings of \$902,704.

As Table 5 indicates, graduate enrollments declined in 1976-77 and are projected to decline further in 1977-78. However, an increase in graduate enrollments has been budgeted for 1978-79.

Our analysis of the available data indicates that graduate enrollments are unlikely to increase in 1978-79 without an active attempt by UC to increase them. However, we believe that any activity designed to increase graduate enrollments would not be sound public policy.

UC argues that graduate enrollments will be less than budgeted in 1977-78 primarily because Berkeley and UCLA consciously planned to reduce graduate enrollments and were too successful. The data in Table 5, however, show that this is only part of the reason. While the remaining six UC general campuses either wanted to increase graduate enrollment

Table 5
UC General Campus Graduate (FTE) Enrollment

	1975-76		1976-77		1977-78		1978-79	
	<i>actual</i>	<i>(budgeted) ^a</i>	<i>actual</i>	<i>increase over budgeted</i>	<i>(budgeted) ^a</i>	<i>revised estimate</i>	<i>increase over budgeted</i>	<i>Governor's Budget</i>
Berkeley	8,006	(7,926)	7,855	-71	(7,813)	7,601	-212	(7,620)
Davis	2,764	(2,842)	2,858	+16	(2,842)	2,873	+31	(2,869)
Irvine	1,176	(1,188)	1,193	+5	(1,218)	1,217	-1	(1,266)
Los Angeles	7,724	(7,687)	7,505	-182	(7,642)	7,356	-286	(7,529)
Riverside	1,241	(1,247)	1,239	-8	(1,259)	1,246	-13	(1,260)
San Diego	1,145	(1,278)	1,179	-99	(1,389)	1,234	-155	(1,265)
Santa Barbara	1,933	(1,950)	1,849	-101	(1,950)	1,784	-166	(1,862)
Santa Cruz	322	(369)	318	-51	(399)	339	-60	(369)
TOTAL	24,371	(24,487)	23,996	-491	(24,512)	23,650	-862	(24,040)
		-375			-346			

^a Revised March 4, 1976.

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(four campuses) or hold it constant (two campuses), all but one also showed a decline (Davis increased by 31 students). Combined, these six campuses had a reduction of 364 FTE or 4.1 percent. In contrast, the decline on the Berkeley and UCLA campuses, where a reduction was planned, was only 3.2 percent (498 FTE). The total decline is estimated to be 862 FTE.

A similar result occurred in 1976-77. Only the Davis and Irvine campuses made their revised graduate enrollment estimates for 1976-77. Total graduate enrollment for that year was 491 or 2 percent below the revised budgeted level.

A more likely explanation for the decline in graduate enrollments is that students are finally becoming aware of the declining market for PhDs. UC could alter admission policies or perhaps make other adjustments to reverse the enrollment trend. However, the best policy is not to force graduate enrollments either up or down, but, rather, let students make the enrollment decisions. Therefore, we recommend that the number of budgeted graduate students not be increased in 1978-79 over the estimated level for 1977-78 of 23,650 FTE. This would lower the 1978-79 budgeted graduate FTE by 390 (24,040 - 23,650) and produce a General Fund reduction of \$902,704.

Admittedly, a reduction of 390 FTE is fairly small and projected enrollments are subject to error. However, since graduate enrollments have been less than anticipated in each of the last two years, there is more justification for projecting a continuation of current enrollments (or even a reduction) than there is for projecting an increase.

2. GENERAL CAMPUS INSTRUCTION

Included under this subprogram is the cost of faculty (other than 1978-79 pay increases), teaching assistants and related instructional support for the eight general campus programs.

Table 6 presents the general campus instruction budget by program element. The 1978-79 budgeted General Fund increase of \$1,472,000 results from:

- (1) \$108,000 for 10 additional teaching assistants,
- (2) \$999,000 to support a new Teaching Associate Program (88 positions),
- (3) \$300,000 for expanded teaching assistant training programs,
- (4) \$65,000 to support the operating costs of the Ventura Learning Center,
- (5) \$500,000 to improve instructional computer resources, and
- (6) a reduction of \$500,000 to eliminate special support for enrollment shifts to higher-cost disciplines.

(In addition, \$2 million in COFPHE Funds which we discuss elsewhere, were provided to increase support for the replacement of instructional equipment.)

Only the \$108,000 for additional teaching assistants is workload related. The remaining funds are either for new programs or the enrichment of

Table 6
Instruction—General Campus
Summary of Expenditures and Personnel
(in thousands)

	<i>1977-78 Budget</i>			<i>1978-79 Governor's Budget</i>			<i>1978-79 Increase</i>		
	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>
PROGRAM ELEMENTS:									
Faculty	\$148,393	—	\$148,393	\$148,393	—	\$148,393	—	—	—
TAs	19,458	—	19,458	19,566	—	19,566	108	—	108
Teaching Associates	—	—	—	999	—	999	999	—	999
Instructional Support	82,526	1,882	84,408	82,891	1,885	84,776	365	3	368
Other	—	1,180	1,180	—	1,180	1,180	—	—	—
Equipment Replacement Program ^a	4,425	2,000	6,425	4,425	2,000	6,425	—	—	—
Employee Benefits	37,627	—	37,627	37,627	—	37,627	—	—	—
PROGRAM TOTAL	\$292,429	\$5,062	\$297,491	\$293,901	\$5,065	\$298,966	\$1,472	\$3	\$1,475
PERSONNEL REQUIREMENTS									
(FTE)									
Academic			8,355			8,453			98
Faculty			(6,199)			(6,199)			—
TAs			(1,805)			(1,815)			(10)
Teaching Associates			—			(88)			(88)
Other Academic			(351)			(351)			—
Staff			3,951			3,951			—
Total			12,306			12,404			98

^a Includes funds allocated to the health sciences.

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existing programs.

No additional faculty positions are included because there is no net increase in FTE enrollment. The 472 FTE increase in undergraduate enrollments is offset by an equivalent decrease in budgeted graduate enrollment. (Faculty FTE are budgeted at a ratio of 1 position per 17.48 FTE students.)

A. English Proficiency

UC offers new freshmen three ways to demonstrate English proficiency:

- (1) A score of 600 or better on the College Entrance Examination Board (CEEB) English Composition Achievement Test.
- (2) A score of 3, 4 or 5 on the CEEB Advanced Placement English Test.
- (3) A passing score on the Diagnostic Essay Examination Administered by each campus.

Students who cannot meet one of the above three criteria are required to take special instruction designed to bring their English skills up to an acceptable level. The well publicized decline in English proficiency among entering college freshman is also apparent at UC. As Table 7 indicates, 47 percent of new UC freshman were required to take Subject A, the general title for the remedial instruction required by most campuses in 1976-77.

Table 7
Percentage of UC New Freshmen
Required to Take Subject A

1973-74	41%
1974-75	42
1975-76	43
1976-77	47

The format of the special instruction varies by campus. For 1977-78, six campuses offer one or more credit courses which fulfill the requirement. Only the Los Angeles and Santa Barbara campuses do not provide unit credit for courses which fulfill the Subject A requirement. (Beginning in 1978-79, the Santa Barbara campus intends to offer a credit course).

Measuring Progress

We recommend that UC annually notify each appropriate California high school and its governing school board of (1) the number of graduates that enrolled in the University in the previous year and the number that were required to take Subject A, and (2) the comparable numbers for all California high school graduates who enrolled in the University. Summaries of the above information should be provided to the State Department of Education, the Department of Finance and the Joint Legislative Budget Committee.

A number of steps have been taken to improve the basic English skills of incoming UC freshman. Beginning Fall Quarter, 1980 4 years of high school English will be required for admission. Currently, only 3 years of English are required. The Bay Area Writing Project is being expanded.

This project, now in its fourth year, offers intensive workshops for outstanding high school English teachers. These teachers, in turn, hold workshops for other teachers. Within the core curriculum, California high schools are putting increased emphasis on basic reading and writing skills (in part, this is the result of the proficiency standards mandated by Chapter 856, Statutes of 1976). In addition, UC is working with CSUC and the State Department of Education to see if other approaches can be planned.

As these examples indicate, educators are concerned about the problem. It is too early to say whether these measures will suffice to raise the basic English skills of college-bound high school graduates. For this reason it is important that the high schools be given some objective means to evaluate their progress.

One approach which we recommend is that UC annually notify each appropriate California high school and its governing school board of the number of graduates who enrolled in the University in the previous year and the number who were required to take Subject A. This information will make it possible for each high school to plot its progress from year to year.

We also recommend that UC provide the high schools and school boards with the number of all California high school graduates who enrolled in the University and the number who were required to take Subject A. This information will permit each high school to compare its annual progress with that of the rest of the state. Finally, we recommend that summaries of the above information be provided to the State Department of Education, the Department of Finance and the Joint Legislative Budget Committee.

B. Faculty Time Use Study

In the 1977-78 Analysis, we published UC data which indicated that the amount of time UC faculty were spending in classroom instruction had been declining in recent years. A UC faculty committee was formed to review the accuracy of the data. It determined that there were substantial variations in the quality of the data from campus to campus and that no valid conclusion could be drawn from the data.

The Legislature agreed not to take action based on this faculty survey data if UC would agree to conduct a comprehensive annual survey of faculty workload. (The discarded data had been collected each year since 1972 in response to a similar state request.) UC agreed and contracted with a private survey research firm, the Institute for Research in Social Behavior, to conduct the survey. A detailed questionnaire was developed and mailed to a random sample of 20 percent of all faculty members. According to the Institute, the faculty were cooperative and the response rate was over 80 percent. The information from the survey has not yet been analyzed, but will be available for legislative review during hearings on the 1978-79 budget.

C. Undergraduate Teaching Excellence Program (Item 325)

The Governor's Budget continues a special appropriation to support a universitywide program begun in 1973-74 for the improvement of undergraduate education. Since 1973-74 the General Fund support has supple-

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mented ongoing instructional improvement projects financed from Regents' funds. For 1978-79, the Governor's Budget has included a special \$300,000 augmentation to improve undergraduate education by expanding teaching assistant (TA) training programs. The various funding sources and programs are summarized in Table 8.

Table 8
Instructional Improvement Program Funding

	1974-75	1975-76	1976-77	1977-78	Proposed 1978-79
General Fund:					
Undergraduate					
Teaching excellence.....	\$1,000,000	\$999,999	\$1,000,000	\$1,290,000	\$1,410,000
TA training program	—	—	—	—	300,000
Regents' Funds:					
Innovative projects in University instruction.....	400,000	400,000	—	—	—
Regents' Undergraduate Instructional improvement grants.....	300,000	300,000	—	—	—
Instructional improvement program.....	—	—	1,000,000	1,000,000	1,000,000
Educational Fee Funds:					
Regents' TA training fund..	150,000	150,000	—	—	—
Multi-campus projects	150,000	150,000	—	—	—
TOTAL	<u>\$2,000,000</u>	<u>\$1,999,999</u>	<u>\$2,000,000</u>	<u>\$2,290,000</u>	<u>\$2,710,000</u>

Teaching Assistants Training Programs

We recommend that the \$300,000 General Fund augmentation (Item 322) for TA training be deleted.

The quality of instruction provided by teaching assistants (TAs) is crucial to the educational process within UC. During the first two years of college most UC students have more direct contact with TAs than with regular faculty. For this reason the Legislature adopted the recommendation in the *1977-78 Analysis* that UC report on the nature and extent of current TA training programs and plans for implementing such programs systemwide.

The report submitted by UC recognizes the need for TA training and indicates that the campuses are increasing their expenditures for this purpose. However, neither the report nor the Governor's Budget makes clear how TA training should be funded and whether such training will be mandatory.

The 1978-79 Governor's Budget provides a \$300,000 General Fund augmentation for TA training, at UC's request. While we believe that TA training is a crucial element in the quality of undergraduate instruction and, as such, should have high priority, we also believe that it can be supported from within existing campus budgets. Consequently, we recommend against the \$300,000 augmentation.

UC acknowledges that "a few departments on every campus have well established TA training programs, notably the large language, math and

English departments where TAs carry heavy responsibilities for introductory courses". The existence of these programs clearly indicates that if a commitment to TA training is present, training programs can successfully compete for existing funds. What is needed is not additional dollars, but an educational effort to convince other departments that their need for TA training is no less great.

UC is attempting to promote greater departmental interest in TA training through a variety of incentives including "seed grants" funded from the Instructional Improvement Fund. This is a sound approach. It is hoped that, once established, these programs will prove their worth and become part of regularly funded departmental programs. The reported increase in total UC support for these programs indicates that this approach can be successful.

Inevitably, there will be some resistance to TA training programs. Thus, we believe that the UC guidelines should establish a future date for mandatory training of all TAs either prior to or concurrent with their first teaching assignment. Unfortunately the UC guidelines fall considerably short of what is needed. They state that the goal "should be" to insure that all TAs are trained in basic skills and properly supervised and that they are "committed to moving towards this objective over the next two years".

More ambitious guidelines are necessary. Positive encouragement is the preferred tactic, but unless mandatory training is adopted as UC policy, universal TA training will not occur. The sooner all UC departments recognize that some form of training for all TAs is inevitable, the sooner it will become a reality.

D. Teaching Associate Program

The 1978-79 Governor's budget provides \$998,976 to fund a new Teaching Associate Program (88 FTE positions) in response to requests of the UC student organizations. The program, as envisioned by the student groups, would promote innovation in undergraduate education by permitting "advanced graduate students, under the supervision of faculty members, to plan, propose, and offer small, chiefly lower-division seminars which are unique in content and/or approach to teaching". According to the students, it would also have the collateral effect of permitting highly motivated graduate students with prior teaching experience to gain valuable experience in the planning and teaching of a course of their own design.

Although UC requested and received budget support for a Teaching Associate program, the student organizations have expressed concern about the absence of a clearly developed UC policy statement for the use of the new positions. Consequently, UC academic staff and representatives of the students have been attempting to develop a comprehensive statement concerning their use. Until we have such a statement, and an explanation of how this augmentation will affect the current workload of faculty and teaching assistants, we have no basis on which to evaluate this program. This information should be available prior to the legislative budget hearings.

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E. Workload Increases Casued by Changing Student Preferences

In 1977, UC reported that the percentage of students in relatively high cost disciplines was increasing. Included in this category are such disciplines as the physical and natural sciences, mathematics, computer sciences, agricultural science and engineering. To illustrate the trend, UC indicated that between 1971-72 and 1977-78, enrollments in laboratory disciplines increased by 25% while non-laboratory disciplines increased by only 5%. According to UC, these disciplines are more expensive because they employ more expensive modes of instruction such as laboratories, small sections, internships and field studies.

In response to UC's request for additional funds to meet the higher costs associated with this shift in student preferences, the 1977-78 Governor's Budget provided a \$500,000 augmentation. Our analysis of the proposal indicated that the augmentation was not related to any specific workload standard. Thus, there was no basis for evaluating the continuing need for this augmentation. The shift toward higher cost disciplines could reverse itself, eliminating the rationale for the augmentation, yet there was no reliable institutional method for notifying the Department of Finance or the Legislature that this was happening. UC did not contest our analysis, but it maintained that the \$500,000 represented no more than 25 percent of the true need and the time to develop a precise methodology for budgeting for disciplines shifts is after the total need is recognized and funded. We disagreed. Good budgeting policy requires that a procedure be developed to adjust the level of funds to the estimated need. This requires (1) a base year from which to measure the shifts and (2) a formula which adjusts the level of support as changes in the mix of students by discipline occur.

The Legislature approved the \$500,000 augmentation, but agreed with the need for a budgeting methodology. Consequently, supplemental language was adopted which stated that the \$500,000 was a one-time appropriation until:

"The University, in conjunction with the Legislative Analyst and Department of Finance: (a) select a base year and describe the level of support and services provided per student by academic discipline, (b) develop a precise methodology which would determine the appropriate annual increase or decrease in General Fund support resulting from variations in the mix of students by academic discipline.

UC Forfeits Discipline Shift Augmentation

We recommend that a new \$500,000 Budget Act item be created to meet the increased cost of the shift of students to more expensive disciplines. This item should contain language stipulating that these funds are to be released to UC only after notification by the Department of Finance and the Joint Legislative Budget Committee that an appropriate budgeting method for their use has been established.

UC has made no attempt to work with either the Department of Finance or the Legislative Analyst to develop a method which would permit

continuation of this augmentation. Consequently, the Department of Finance eliminated the \$500,000 from the 1978-79 budget. It is our understanding that the level of detailed data required was perceived as a threat to the autonomy of the University and therefore UC decided to forego continued support.

Because an augmentation may still be justified, we propose that a separate Budget Act item of \$500,000 be created for the purpose of partially meeting the continuing costs of the discipline shift. This item should contain language stipulating that these funds may be released only after notification by Department of Finance and the Joint Legislative Budget Committee that (a) the need for additional funds has been clearly demonstrated and (b) an appropriate budgeting method for their use has been established.

F. Instructional Computing Augmentation

General Fund support for instructional computing was augmented by \$3.7 million in 1976-77. This was an increase of 280 percent and brought total state support for this purpose to \$5.3 million annually.

The 1977-78 Governor's Budget proposed an additional augmentation of \$300,000 for instructional computing. We recommended against this augmentation for two reasons. First, no objective standards to determine need had been developed. Second, we were not certain that existing funds were being used as effectively as possible (See 1977-78 Analysis, page 804). We recommended that a thorough review be made of the adequacy and utilization of existing support before any further increases were considered.

We proposed that a panel of computer experts, from UC and other universities, conduct this review. Because a panel had already been convened to review all computer activities within the University, (discussed under Instructional Support), we recommended that this review be added to its charge. The Legislature agreed and deleted the \$300,000 from the 1977-78 Governor's Budget.

For 1978-79 the Governor's Budget has provided a \$500,000 augmentation for instructional computing. Because we have not yet received the panel's report which is due in early 1978, we are withholding our recommendation on this increase.

G. COFPHE Fund Augmentation for Instructional Equipment Replacement (Item 335)

We recommend that the source of support for the \$2,000,000 instructional equipment augmentation be changed from COFPHE funds (Item 335) to the General Fund (Item 322). Delete Item 335; augment Item 322.

The 1978-79 Governor's Budget contains General Fund support of \$5.4 million for the Instructional Equipment Replacement Program. Also included is a \$2 million augmentation from COFPHE funds for this program. Thus, the total Instructional Equipment Replacement program has a budget of \$7.4 million.

We recommend that the entire \$7.4 million be provided from the General Fund. The COFPHE fund, which receives its revenue from the sale of California tidelands oil, was established to support educational Capital

Table 9
Instruction—Health Sciences
Summary of Expenditures and Personnel
(in Thousands)

	<i>1977-78 Budget</i>			<i>1978-79 Governor's Budget</i>			<i>1978-79 Increase</i>		
	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>
PROGRAM ELEMENTS									
Faculty	\$50,805	\$17,594	\$68,399	\$52,130	\$17,594	\$69,724	\$1,325	—	\$1,444
Instructional Support	43,648	3,822	47,470	45,092	3,822	48,914	1,444	—	516
Employee Benefits	12,719	1,793	14,512	13,235	1,793	15,028	516	—	516
Program Total	\$107,172	\$23,209	\$130,381	\$110,457	\$23,209	\$133,666	\$3,285	—	\$3,285
PERSONNEL REQUIREMENT									
(FTE)									
Academic									
Faculty			1,883			1,951			68
Other Academic			110			112			2
Staff			2,417			2,485			68
Total			4,410			4,548			138

Outlay projects. Instructional equipment replacement has always been considered an operating, not a capital, expenditure and should not be supported through the COFPHE fund. This is an important concern because the COFPHE fund revenue is very low.

If the Governor's Budget were approved as submitted the COFPHE fund would have a balance of \$13 million. By contrast, in 1976-77 the comparable balance was approximately \$76 million. In fact, the State Lands Commission now estimates that by 1980-81 no additional revenue will be flowing into the COFPHE Fund. Given this projection for COFPHE Funds and the rather large General Fund surplus, we recommend that the \$2 million COFPHE fund augmentation for the Instructional Equipment Replacement program be eliminated and replaced with \$2 million from the General Fund.

3. HEALTH SCIENCE INSTRUCTION

Included under this subprogram is the cost of faculty, teaching assistants and related instructional support for the five health science centers. The budgeted General Fund increase of \$3.3 million is for workload related to enrollment growth of 402 FTE students. These funds provide 68.23 FTE faculty and the related support.

Table 9 presents the health science instruction budget by program element.

Student/Faculty Ratios

The proposed budget increase is based on maintaining the current year level of state support for the anticipated 1978-79 enrollments. Consequently, the number of additional faculty was determined by applying university approved student/faculty ratios for each health science school to the planned total enrollment.

These approved ratios are shown in Table 10.

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

Schools of Medicine:	
M.D. curriculum	3.5:1
Interns and residents	
Campus and county hospitals	7:1
Other affiliated hospitals	10:1
Allied health programs	20:1
Graduate academic	8:1
Schools of Dentistry:	
D.D.S. curriculum	4:1
Graduate professional	4:1
Interns and residents	
Campus and county hospitals	7:1
Other affiliated hospitals	10:1
Dental hygienists	8:1
Graduate academic	8:1

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Schools of Nursing:	
B.S. curriculum	7.5:1
Graduate academic	8:1
Schools of Public Health:	
Graduate academic	9.6:1
School of Veterinary Medicine:	
D.V.M. curriculum	5.4:1
Interns and residents	7:1
Graduate academic	8:1
School of Pharmacy:	
Pharm. D. Curriculum	11:1
Graduate academic	8:1
School of Optometry:	
O.D. curriculum and graduate academic	12.5:1 overall
School of Human Biology:	
Graduate academic	8:1

The overall student/faculty ratios budgeted for each school are shown in Table 11.

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

Program	1975-76 Budget	1976-77 Budget	1977-78 Budget	1978-79
				Governor's Budget
Medicine	5.65:1	5.70:1	5.78:1	5.76:1
Dentistry	4.59:1	4.60:1	4.73:1	4.74:1
Nursing	7.76:1	7.75:1	7.77:1	7.78:1
Optometry	12.50:1	12.50:1	12.68:1	12.67:1
Pharmacy	10.37:1	10.30:1	10.30:1	10.27:1
Public Health	9.60:1	9.60:1	9.60:1	9.60:1
Veterinary Medicine	5.95:1	5.97:1	5.98:1	5.97:1
Overall	6.07:1	6.11:1	6.18:1	6.17:1

Table 12 gives the allocation of proposed increases by campus and program.

Table 12
FTE Faculty Medical and Health Sciences

	1975-76 Budget	1976-77 Budget	1977-78 Budget	1978-79 Governor's Budget	
				Total	Increase
Berkeley					
Health & Medical Sciences	6.86 ¹	6.86 ¹	6.86 ¹	13.74	6.88
Optometry	20.56	21.04	22.00	23.28	1.28
Public Health	40.10	40.10	40.10	41.14	1.04
Total Berkeley	67.52	68.00	68.96	78.16	9.20

Davis					
Medicine	189.03	205.02	213.72	215.15	1.43
Veterinary Medicine	91.52	91.95	92.57	100.46	7.89
Total Davis	280.55	296.97	306.29	315.16	9.32
Irvine					
Medicine	151.22	155.47	162.17	167.31	5.14
Los Angeles					
Dentistry	98.06	100.74	100.74	99.70	-1.04
Medicine	395.58 ²	398.47 ²	407.17 ²	418.54 ²	11.37
Nursing	33.33	35.58	36.46	38.96	2.50
Public Health	46.88	49.49	51.05	52.09	1.04
Total Los Angeles	573.85	583.28	595.42	609.29	13.87
Riverside					
Medicine	1.00	4.00	9.00	11.71	2.71
San Diego					
Medicine	152.51	166.01	180.36	190.37	10.01
San Francisco					
Dentistry	104.15	104.15	104.15	109.48	5.33
Medicine	312.27	324.82	331.28	341.70	10.42
Nursing	70.31	75.23	75.23	75.48	.25
Pharmacy	46.49	47.94	50.48	52.46	1.98
Total San Francisco	533.22	552.14	561.12	579.12	17.98
Total Health Sciences	1,759.87	1,825.87	1,883.34	1,951.57	68.23

¹ 6.86 FTE faculty related to the instruction of 12 M.D. students in each of the first two years of the combined San Francisco-Berkeley Medical Education Program were budgeted under the School of Medicine at San Francisco in 1975-76, 1976-77, and 1977-78. Beginning in 1978-79, these students and faculty positions will be reflected in the budget for Berkeley.

² Includes 19 Instruction and Research basic sciences faculty teaching dentistry.

A. New Medical Education Programs (Items 326-328)

The Budget Act of 1974 provided three new UC medical education programs with state support for the first time. They were: the Berkeley-San Francisco Joint Medical Education program, the Riverside-UCLA Biomedical Program, and the Fresno-San Joaquin Medical Education Program. In subsequent years these programs have continued to receive state support. The funding history of each program is summarized in Table 13.

Table 13
Annual General Fund Support

Program	Actual 1974-75	Actual 1975-76	Actual 1976-77	Estimated 1977-78	Proposed 1978-79
Berkeley-San Francisco program	\$267,000	\$267,000	\$323,000	\$351,000	\$760,510
Riverside-UCLA program	86,000	108,000 ^a	251,500	396,000	636,713
Fresno-San Joaquin programs	70,000	70,000	70,000	79,000	79,000

^a Funding was not included in the 1975-76 budget; it was provided by Chapter 863, Statutes of 1975.

The Legislature supported these programs after UC provided assurance that the following objectives would be emphasized:

- a. The training of family physicians and other primary care physicians.

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b. The training of medical students and residents with other health personnel to develop appropriate health care delivery models.

c. An emphasis upon research into methods of improving the delivery of primary health services.

d. The decentralization of the clinical training program into existing public and community hospitals and clinics in order to maximize the beneficial impact of the health care services provided pursuant to the teaching program.

e. Periodic evaluation of each program to determine the extent to which it is meeting the above objectives.

B. UC Residency Training Programs and the State Hospitals

The 1978-79 Governor's Budget proposes a General Fund augmentation of approximately \$47 million to increase the staffing at the eleven state hospitals serving the mentally disordered and the developmentally disabled. One way to help achieve this goal might be to increase the interactions between the state hospitals and the psychiatric departments of the five UC medical schools. There are two potential benefits: First, experience at other hospitals has shown that when an institution is affiliated with a UC medical school, it is much easier to recruit high quality house staff. This is an important consideration because historically the state hospitals have had difficulty filling authorized positions, especially psychiatrist positions. Second, standards of UC clinical faculty help insure that both patient care and the training of interns and residents is of a high quality.

Currently, the Psychiatry Departments of the UCSF, Davis and UCLA medical schools are providing some training at Napa, Stockton, Metropolitan and Camarillo State Hospitals. We recommend that representatives of UC and the Department of Health meet to discuss the following:

- (1) the need for residency programs in the state hospitals;
- (2) whether the number of UC affiliated medical residents trained in the four hospitals should be increased. This involves patient care considerations and the impact on total psychiatrists trained in California;
- (3) whether UC residency training programs should be initiated in some or all of the state hospitals where programs do not currently exist;
- (4) who should have final responsibility over the training of medical residents in state hospitals where UC provides training;
- (5) the potential cost implications of each of the alternatives.

These questions are complex and will require some study. However, we recommend that UC and the Department of Health report the results of preliminary discussions to the legislative fiscal subcommittees considering the 1978-79 budget by March 15, 1978.

C. Medical Compensation Plans

Clinical faculty are practicing physicians who teach in UC medical education programs. All full-time clinical faculty belong to a "medical compensation plan" through which they receive a share of the patient fees generated at the UC hospital or clinic where they are employed. Consequently, their state salary represents only a portion (generally less than $\frac{1}{2}$) of their total income earned.

Problems with Existing Medical Compensation Plans

In recent years, there has been criticism of UC's medical compensation plans; not so much because of the high total salaries which they allow clinical faculty (it is recognized that high salaries are essential if high quality faculty are to be recruited and retained), but because the plans have evolved into a complex, jerrybuilt system which defies rational analysis. Each medical school has its own plan and most have more than one. Further, in an attempt to recruit and maintain top quality faculty, most of the plans have permitted enough exceptions to warrant questioning whether they are "plans" at all. Additional problems exist because standard procedures for patient billing and overhead computations do not exist.

Report on Clinical Faculty Salaries

We recommend that UC report to CPEC annually on (1) its full-time clinical faculty salaries and those of its comparison institutions and (2) the number of compensation plan exceptions in effect at each campus.

For the past year UC has been attempting to develop a medical compensation plan which does not suffer from the flaws discussed above while retaining what UC terms "... flexibility in meeting the challenges of recruitment, incentive and efficiency." The policy finally adopted by the Regents in November 1977, permits two types of plans or a combination of the two (although all members of a particular department must belong to the same plan). The two plans are called (1) negotiated and (2) income limitation. Negotiated plans limit the amount of additional compensation faculty may receive to a multiple of the base salary paid by the state. Thus, the added compensation of assistant professors could not exceed 2.5 times their base salary. Associate and full professors would be limited to 2.3 and 2.1 times their base salaries, respectively. These represent the maximum amounts of added compensation. Actual compensation would depend on a variety of factors, including total funds available and the resource needs of the department.

The income limitation plan permits clinical faculty to retain a decreasing proportion of their patient fee revenue. Initially, they may keep approximately 95 percent of all patient revenues until it equals 1.1 times their state-paid salary. After a number of intermediate percentages, faculty are permitted to retain only 25 percent of all additional patient fee revenues in excess of 3.5 times their state-paid salary.

In developing these plans consideration was given to the clinical faculty salaries in a number of comparison institutions. According to UC, these institutions have agreed to provide UC annually with these data. We recommend these data and the equivalent for UC be provided annually to the California Postsecondary Education Commission (CPEC) for review and comment. The comparison data should be provided on a confidential basis, as are the regular academic salary data already collected by CPEC.

While it is true that much of the income earned by clinical faculty is not paid by the state, clinical faculty are state employees and their income is earned in state-operated facilities. Therefore, the state should be kept apprised of (1) the total salaries earned by clinical faculty, and (2)

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whether UC clinical faculty salaries, considered in their entirety, are competitive.

Although the policy approved by the regents stipulates that all members of a department shall have the same compensation arrangement, exceptions are permitted if approved by the president. This flexibility is necessary, but the exceptions should be few or the compensation plans will have little rationale. For this reason, we recommend that UC annually notify CPEC of the number of exceptions in existence for each campus. This information, without names or details, would provide an external check on the integrity of the plan.

D. Billing and Overhead Procedures Need Improvement

We recommend that UC phase-in by 1980-81, uniform procedures for billing patient fees and computing and collecting overhead costs.

Further, we recommend that UC submit a progress report by March 1, 1979 to the legislative fiscal subcommittees detailing how this recommendation is being implemented.

There are no standard UC policies for billing patient fees and collecting overhead. At least four different billing procedures are currently practiced. On some campuses, the University provides the billing service. However, billing is also done by individual departments, by outside contractors, and by the physicians themselves. Within some medical schools, a combination of these procedures is practiced.

Without standard University accounting and reporting procedures, UC cannot hope to monitor, much less control, the collection of patient revenues for services received in its hospitals. Unfortunately, the policy changes recently adopted by the Regents do not require all UC campuses to adopt a University billing system. Instead the regents' policy states that "existing individual or group billing systems may continue to be employed or may, with the approval of the Chancellor, be changed to University billing systems at any time." We believe this is insufficient. Standard, university-wide procedures are necessary and a specific date for their implementation should be established.

Overhead costs, like billing, are not handled consistently from school to school. A 1976 UC report provided data on departmental overhead costs as a percentage of patient revenue. Differences between types of departments were to be expected. But significant differences existed between UC schools for the same department. Obstetrics-Gynecology, the only department on which we have data for all five medical schools, illustrates the variations. The overhead figures were: 16 percent at San Diego, 29 percent at Irvine, 36 percent at Los Angeles, 45 percent at San Francisco, and 46 percent at Davis. We can find no rational explanations for variations of this magnitude. Unfortunately, the lack of uniform accounting and reporting procedures makes it impossible for UC to analyze why the variations exist. There is a clear need for standard overhead accounting procedures which permit routine, full-cost reimbursement to the state for the services and facilities provided to clinical faculty.

Changes in billing and overhead procedures will take time to develop

and implement. Therefore, we recommend that UC be directed to phase-in over the next two years uniform procedures for the billing of patient fees and the computation and collection of overhead costs. We also recommend that UC submit a report by March 1, 1979, to the legislative fiscal committees detailing how this recommendation is being implemented.

E. Malpractice Insurance

Although the cost of malpractice insurance for UC's five teaching hospitals and associated clinics has increased dramatically in recent years, the cost is still low relative to the insurance costs of other health-care providers. This is primarily a result of two factors: the relative actuarial stability of UC's health care activities and the magnitude of the health care provided. The combination of these two factors permits UC to negotiate directly with insurance providers for policies covering health science faculty, clinical staff, other licensed staff, and regularly matriculated medical, dental, pharmacy, optometry, veterinary medical, and nursing students.

UC is currently insured for medical malpractice liability through the California Hospital Association (CHA). The estimated General Fund malpractice insurance cost for 1978-79 is \$9.9 million, which is a 20 percent increase over the revised estimate for 1977-78.

It should be recognized, however, that the \$9.9 million state cost is only 53 percent of the total \$18.7 million malpractice insurance cost. This percentage is based on a 1971 study conducted by UC and the Department of Finance. This study indicated that approximately 53 percent of the malpractice risk was associated with the clinical instruction of students, interns and residents and other faculty duties. The remaining 47 percent was associated with regular hospital clinic services. This latter portion is considered a cost of hospital care. Therefore, it is recouped through hospital charges collected from patients and third party providers, such as Blue Cross and Blue Shield.

Table 14 shows the trend in General Fund malpractice insurance cost for recent years.

Table 14
Malpractice Insurance Cost
(millions)

<i>Year</i>	<i>General Fund Component</i>	<i>Hospital Component</i>	<i>Total</i>
1975-76.....	\$5.7	\$5.1	\$10.8
1976-77.....	8.9	7.9	16.8
1977-78 (est.).....	8.2	7.3	15.5
1978-79 (proposed).....	9.9	8.8	18.7

UC Self-Insurance Considered

Because of the dramatic increases in malpractice insurance costs, UC periodically reviews whether self-insurance or partial self-insurance would be more economical than a purchased policy. The Legislature is also interested in this possibility. The 1977-78 supplemental report requested UC to report by March 1, 1978, "as to whether self-insurance offers a viable, cost-effective alternative to the high and increasing cost of Univer-

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sity malpractice insurance." The report was timed to coincide with the budget hearings.

F. Use of Outpatients in the Teaching Program

One of the benefits accruing to UC clinical faculty is that state funds and patient fees pay the full cost of malpractice insurance. It is impossible to calculate the actual savings to any single faculty member because UC carries a group policy. But given the high malpractice rates paid by colleagues in private practice, the savings to clinical faculty are quite substantial.

A large portion (53 percent) of malpractice insurance has been paid by the state under the assumption that the medical risks incurred by clinical faculty are a direct by-product of their teaching duties. However, last year the Legislature was informed that in some instances clinical faculty do not permit their outpatients to be utilized in the teaching program. As a consequence, the Legislature adopted supplemental language requesting UC to eliminate this practice.

According to UC, policies relating to the use of outpatients in the teaching program are under review and a report will be made to the legislative fiscal subcommittees. Pending the UC report, we make no recommendation. However, if the report does not indicate that in the future all outpatients will be a part of the teaching program, we will recommend that faculty who exclude any of their patients from the teaching program be required to purchase their own malpractice insurance individually.

4. SUMMER SESSION INSTRUCTION

Summer sessions are operated on all of the university campuses and offer regular degree credit courses to all qualified applicants. The program was initiated in response to the master plan for higher education, which recommended that every public higher education institution able to offer academic programs in the summer months do so to make full use of the state's higher education physical facilities. No General Fund support, however, is provided. Student fees and extramural funds pay the incremental costs associated with the summer programs.

In 1977 the actual headcount enrollment was 25,226, a .3 percent increase over enrollment in 1976.

5. EXTENSION INSTRUCTION

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

Extension programs are open to everyone and are offered throughout the state. They have proven to be very popular. In 1978-79, an estimated 352,786 people will enroll in one or more extension offerings, an increase of 10,761 over the 1977-78 budgeted level.

Table 15
Program II
RESEARCH
Summary of Expenditures and Personnel
(in thousands)

	<i>1977-78 Budget</i>			<i>1978-79 Governor's Budget</i>			<i>1978-79 Increase</i>		
	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>
PROGRAM ELEMENTS									
1. Organized Research Units and Research Support									
General Campuses.....	\$11,908	\$1,614	\$13,522	\$13,028	\$1,649	\$14,677	\$1,120	\$35	\$1,155
Health Sciences	1,941	2,431	4,372	1,941	2,462	4,403	—	31	31
2. Agricultural Sciences	31,637	3,386	35,023	31,887	3,386	35,273	250	—	250
3. Marine Sciences	4,180	—	4,180	4,290	—	4,290	110	—	110
4. Individual Faculty Grants and Travel.....	3,064	205	3,269	3,064	205	3,269	—	—	—
5. Employee Benefits	7,735	809	8,544	7,755	809	8,564	20	—	20
PROGRAM TOTALS	\$60,465	\$8,445	\$68,910	\$61,965	\$8,511	\$70,476^a	\$1,500	\$66	\$1,566
PERSONNEL REQUIREMENTS (FTE)									
Academic			882			882			
Staff			1,684			1,684			
Total			2,566			2,566			

^a Does not include approximately \$440 million in other general research funds.

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II. RESEARCH

The 1960 Master Plan for Higher Education designated UC as the "primary State-supported agency for research". Table 15 lists the major research activities supported by the state and the budget for each. Although direct state support for research is budgeted at 62 million in 1978-79, the largest portion of the research budget (\$440 million) is received from the federal government, private individuals, and foundations. These funds are not included in the support budget.

Approximately half the General Fund support is spent on research in the agricultural sciences. The next highest expenditure is for the Organized Research Units (ORUs) with the remaining funds used for research in Marine Sciences, faculty research grants and travel to professional meetings.

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

1. AQUACULTURE RESEARCH (ITEM 330)

This special appropriation is for research on the food production potential from aquatic species. State support was initiated in 1973-74 with a \$334,000 General Fund appropriation.

Program operations are centered in the Institute of Ecology, an organized research unit at Davis. Funds are transferred to a number of departments to support various research projects. The responsibility for administering the Bodega Bay laboratory, where marine aquaculture efforts are focused, is delegated to the Berkeley campus.

The sources of support for aquaculture research are summarized in Table 16. We recommend approval of these funds. However, we recommend that General Fund support be transferred to Item 322 (see next recommendation).

Table 16
Aquaculture Research Funding

<i>Fund</i>	<i>1976-77 Actual</i>	<i>1977-78 Estimated</i>	<i>1978-79 Proposed</i>
General Fund	\$373,372	\$451,000 ^a	\$424,000
Federal ^b	198,000	206,000	321,000
TOTAL	\$571,372	\$657,000	\$745,000

^a Includes one-time remodeling expenses at the Bodega Bay laboratory.

^b This is an estimate, as a variety of activities in several disciplines can be related in part to aquaculture research.

2. INSTITUTE OF TRANSPORTATION STUDIES (ITEM 333)

The Institute of Transportation Studies was established by the Regents in 1947 in response to a legislative request. It was chartered to provide instruction and research related to the design, construction, operation and maintenance of highways, airports and related public transportation facilities.

In 1971, the Legislature recommended that the scope and responsibilities of the institute be expanded to enable it to cooperate in research and training with the State Business and Transportation Agency and other agencies with public transportation responsibilities.

The sources of support for the institute are summarized in Table 17. We recommend approval.

Table 17
Institute of Transportation Studies Research

<i>Fund</i>	<i>1976-77 Actual</i>	<i>1977-78 Estimated</i>	<i>1978-79 Proposed</i>
General Fund	\$82,173	\$85,765	\$86,000
State Transportation Fund	475,409	510,000	523,600
Federal	706,610	485,000	485,000
Other	44,005	49,778	56,000
TOTAL	\$1,308,197	\$1,130,543	\$1,150,600

3. MOSQUITO CONTROL RESEARCH (ITEM 334)

The Budget Bill continues a special appropriation of \$100,000 from the California Water Fund for Research in mosquito control. This special appropriation was initiated in 1966-67 to supplement anticipated funding from other sources. All General Fund support (\$394,000 in 1978-79) for the program is within the University's main lump-sum support appropriation.

Table 18 summarizes the funding for the program. We recommend approval.

Table 18
Mosquito Research

<i>Fund</i>	<i>1976-77 Actual</i>	<i>1977-78 Estimated</i>	<i>1978-79 Proposed</i>
General Fund	\$353,000	\$375,000	\$394,000
Water Fund	100,000	100,000	100,000
Federal	478,000	523,000	530,000
Other	519,300	584,500	584,500
TOTAL	\$1,450,300	\$1,582,500	\$1,608,500

Separate Reports No Longer Needed

We recommend elimination of the annual reports on Mosquito Research and the Institute of Transportation Studies required by 1973-74 supplemental language report.

Further, we recommend that separate Budget Act identification of Aquaculture Research (Item 330) be eliminated and the \$424,000 General Fund appropriation be transferred to General Support (Item 322).

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A. Reports

Supplemental Language in the Budget Act of 1973 requires UC to submit annual reports on Mosquito Research and the Institute of Transportation Studies. These reports were requested because of legislative interest in these subjects at that time. However, we are not aware of a continuing need for these reports and, consequently, we recommend that they be eliminated.

The preparation of these reports requires considerable time and effort and without a specific need for an annual update, this labor would be better spent on direct research activities. Elimination of the reports would be consistent with the established state policy of providing UC with a lump-sum for organized research activities (\$62 million in 1978-79). With-in this total UC is permitted to determine the appropriate distribution of funds among competing research activities.

Information of the type contained in these reports would continue to be collected periodically by UC. With many projects competing for limited research dollars, UC uses such information to insure that each project is of high quality.

B. Aquaculture

For these same reasons the state need not continue separate Budget Act identification of aquaculture research funds. Therefore, we recommend that Item 330 be eliminated and the \$424,000 for aquaculture research be transferred to Item 322 (support). Separate Budget Act items for the Institute of Transportation Studies and Mosquito Research must be continued because they are supported from different funds. The Institute of Transportation Studies is supported from the State Transportation Fund. Mosquito Research is supported from the California Water Fund.

4. GENERAL RESEARCH (ITEM 322)**A. Research Augmentation Not Justified**

We recommend that the \$1.5 million research augmentation (Item 322) be denied pending completion of the UC study of research support needs, and review of the study by the Department of Finance and the Legislative Analyst.

The Regents requested an increase for state-supported research totaling \$1.2 million to be allocated to:

1) Management of the Environment and Natural Resources	\$300,000
2) Energy	250,000
3) Predictive Techniques related to Climatology and Seismology	275,000
4) Humanities and Aging	345,000
	\$1,170,000

The Governor's Budget provides a \$1.5 million augmentation consisting of up to \$1 million for research in the above subjects plus no less than \$500,000 specifically for "space" research. This is \$330,000 more than the

Regents requested.

We recommend that the entire \$1.5 million augmentation for research be eliminated. The Regents' budget states that a UC study is underway to review how well the objectives of the Research budget are being met and whether the research budget can be better managed. According to UC, "the goal of this study is to develop a management plan for:

- 1) continually reviewing the research program,
- 2) reallocating the existing research budget to meet the highest priority research needs, and
- 3) determining incremental research support requirements for the University System."

We support UC's effort to reevaluate its research budget. Augmenting the program before this study is completed and evaluated would be premature. The time to determine whether current support is adequate is after the development of a management plan, not before.

Changing Philosophy Toward Budgeting for Research

If after completion of this study UC again requests an augmentation for specific research areas, we recommend that no new funds be provided until the Department of Finance and the Legislative Analyst's have reviewed how all existing funds are allocated.

Earmarking increases in the research budget for specific subjects such as "space research" represents a major change in the way research is budgeted. In past years the state has provided UC with a constant lump sum of money (adjusted upwards each year for inflation) and permitted UC to allocate the funds by campus and research subject. The underlying assumption has been that if the Research program could be supported within a fixed amount of resources the state would permit the UC faculty to determine research priorities. If in the future UC requests augmentations for specific research subjects, it will have to provide a zero-based review of the research base demonstrating that these specific subjects cannot be funded by reallocating within the base. The Department of Finance and Legislative Analyst's office would review the existing allocation of funds as they would for any department requesting a program augmentation.

Finally, it should be noted that we have not been provided justification of the need for "no less than \$500,000" on space research.

5. INSTITUTE OF APPROPRIATE TECHNOLOGY (ITEM 323)

For 1977-78 the Legislature provided UC with a \$190,000 augmentation to establish a new Institute of Appropriate Technology. The goal of this Institute is to promote the development of technologies "which are less harmful to people and the environment than our present technologies, which reduce dependence on nonrenewable resources, which are economically sound and which offer small-scale, practical alternatives to our current level of resource consumption." The Institute is awarding small research grants for projects which meet these criteria. Individuals, both inside and outside of the university, are eligible to receive these grants.

TABLE 19
Program III
PUBLIC SERVICE
Summary of Expenditures and Personnel
(in thousands)

	<i>1977-78 Budget</i>			<i>1978-79 Governor's Budget</i>			<i>1978-79 Increase</i>		
	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>
PROGRAM ELEMENTS									
1. Campus Public Service.....	\$117	\$5,841	\$5,958	\$117	\$5,937	\$6,326	—	\$96	\$96
2. Cooperative Extension	16,298	6,611	22,909	16,298	6,611	22,909	—	—	—
3. Drew Medical School	1,986	—	1,986	2,105	—	2,105	\$119	—	119
4. California College of Podiatry Program	666	—	666	706	—	706	40	—	40
PROGRAM TOTAL	\$19,067	\$12,452	\$31,519	\$19,226	\$12,548	\$31,774	\$159	\$96	\$255
PROGRAM REQUIREMENTS (FTE)									
Academic.....			502			502			
Staff.....			696			696			
TOTAL			1,198			1,198			

The effectiveness of this new institute in meeting the above goals is yet to be determined. To insure that the information necessary to evaluate the institute is available, the Budget Bill requires that a detailed report be submitted to the Joint Legislative Budget Committee and the Department of Finance by February 1, 1978.

The 1978-79 Governor's Budget provides \$208,000 for the Institute. The increase of \$18,000 is for price increases only.

III. PUBLIC SERVICE

The Public Service Program includes four subprograms: campus public service, cooperative extension, the Drew Postgraduate Medical School and the California College of Podiatric Medicine. The budgets for each of these subprograms are provided in Table 19.

1. CAMPUS PUBLIC SERVICE

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

2. COOPERATIVE (AGRICULTURE) EXTENSION

Cooperative Extension applies the technology derived from agriculture research to solve specific, often local, problems. It is a cooperative endeavor between the University, county boards of supervisors and the U.S. Department of Agriculture. Operating from three University campuses and 56 county offices in rural and urban areas, it provides problem solving instruction and practical demonstrations.

3. CHARLES R. DREW POSTGRADUATE MEDICAL SCHOOL (ITEM 331)

The 1978-79 Budget Bill continues state support for a special program of clinical health sciences education, research and public service operated in conjunction with the Drew Postgraduate Medical School.

The Charles R. Drew Postgraduate School, founded in 1966, is a private nonprofit corporation which conducts educational and research programs in south central Los Angeles in collaboration with the Martin Luther King, Jr. County Hospital located in Watts. In addition to the state appropriation, programs are funded through county appropriations to the hospital, and federal and private grants.

Currently, the UCLA medical school has an "affiliation agreement" with Drew. In brief, this agreement provides that some UCLA medical students, interns and residents receive a portion of their clinical training at Drew and a number of Drew faculty have nonsalaried faculty appointments at UCLA.

Drew is negotiating with UC for (1) greater program autonomy over the instruction offered at Drew and (2) a staged increase in the number of 3rd and 4th year medical students to be trained at Drew. These changes are not expected to have any major impact on state costs in 1978-79, but

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they could have major fiscal consequences in the future. (There is a possibility that some "planning" funds for an expanded Drew program might be requested if UCLA and Drew conclude their discussions prior to June 30, 1978).

Budgeted state support for 1978-79 is \$2,105,160. This is an increase of \$119,160 or 6 percent over the level provided for 1977-78. The additional funds are for price increases and merit salary adjustments; no program expansion is included.

4. CALIFORNIA COLLEGE OF PODIATRY MEDICINE (ITEM 332)

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

Budgeted state support for 1978-79 is \$706,000. This is an increase of \$40,000 or 6 percent over the amount provided for 1977-78. The additional funds are for price increase and merit salary adjustments; no program expansion is included. We recommend approval.

5. STATE DATA PROGRAM (ITEM 324)

The state data program began in 1968. Organized in the Institute for Governmental Studies on the Berkeley campus, the program collects, coordinates and disseminates data of use to scholars, students, researchers and policy planners who are concerned with the problems of state and local government.

Budgeted state support for 1978-79 is \$122,000. This is an increase of \$9,000 or 8 percent over the level provided for 1977-78. The additional funds are for price increase and merit salary adjustments. No program expansion is included. We recommend approval.

IV. ACADEMIC SUPPORT

The academic support program includes: (1) libraries, (2) organized activities—other and (3) teaching hospitals as shown in Table 20.

1. LIBRARIES

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

Budgeted state support for libraries is presented in Table 21. The General Fund increase of \$4.1 million is to provide (1) an increase in the book acquisition rate of 86,000 volumes (\$2.7 million) and (2) support for a library automation plan (\$1.4 million). These increases were requested by UC after completion of a 10-year library development plan which is discussed below.

Table 20
PROGRAM IV
Academic Support
(in thousands)

PROGRAM	1977-78			1978-79			Change		
	General Funds	Restricted Funds	Total	General Funds	Restricted Funds	Total	General Funds	Restricted Funds	Total
1. Libraries.....	\$51,122	\$991	\$52,113	\$55,253	\$991	\$56,244	\$4,131	—	\$4,131
2. Organized Activities.....	28,241	21,500	49,741	27,973	22,107	50,080	-268	\$607	339
3. Teaching Hospitals.....	34,077	313,767	347,844	35,231	347,107	382,338	1,154	33,340	34,494
TOTALS.....	\$113,440	\$336,258	\$449,698	\$118,457	\$370,205	\$488,662	\$5,017	\$33,947	\$38,964
PERSONNEL									
Libraries.....			2,209			2,209			—
Organized Activities.....			2,082			2,089			7
Teaching Hospitals.....			16,413			16,607			194
TOTAL.....			20,704			20,905			201

Table 21
ACADEMIC SUPPORT
Libraries
Summary of Expenditures and Personnel
(in thousands)

	<i>1977-78 Budget</i>			<i>1978-79 Governor's Budget</i>			<i>1978-79 Increase</i>		
	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>
PROGRAM ELEMENTS									
1. Books and Binding	\$13,383	\$257	\$13,640	\$15,751	\$257	\$16,008	\$2,684	—	\$2,684
2. Acquisition-Processing	19,988	367	20,355	20,304	367	20,671	—	—	—
3. Reference-Circulation	17,032	367	17,399	17,032	367	17,399	—	—	—
4. Automation	718	—	718	2,165	—	2,165	1,447	—	1,447
PROGRAM TOTAL	\$51,121	\$991	\$52,112	\$55,252	\$991	\$56,243	\$4,131	—	\$4,131
PERSONNEL REQUIREMENTS (FTE)									
Academic			590			590			
Staff			1,619			1,619			

A. Library Development Plan

After two years of effort UC has produced a comprehensive 10 year library development plan. Although it calls for major increases in state support, much of the requested funds are justified. In particular, the plan explicitly recognizes that the library collections of all nine campuses must be thought of as a single university-wide resource. In fact, much of the plan is devoted to a practical outline of how the resources of each campus library will be made available to users at any UC location.

The operating costs of the development plan fall into three categories: acquisitions, automation, and transportation of materials. For acquisitions, UC is requesting that the annual book acquisition rate be increased 86,000 volumes a year; from the current level of 523,000 to 609,000. The annual cost of this increase in 1978-79 prices is \$2.7 million.

The automation request has three distinct components: (1) the union catalog, (2) the technical processing systems and (3) the circulation systems. The union catalog, the most expensive portion of the automation plan, refers to the process of building up the data base of machine readable records for books held in the libraries of all nine campuses. Technical processing systems refer to the computer equipment necessary to maintain the data base of library holdings. Circulation systems refer to the small campus computers which check books in and out, maintain circulation records, print overdue notices, etc. Over the 10 year life of the library plan, automation activities are projected to cost approximately \$12 million (\$1.4 million in 1978-79).

Transportation of materials, the third component of the Library Development Plan, is estimated to cost approximately \$440,000 annually. Most of this expense is for the distribution of library materials between campuses, although a portion of the funds are for photocopying.

The 1978-79 Governor's Budget fully funds the UC request for acquisitions (\$2.7 million) and automation (\$1.4 million). However, State support was not provided for the transportation of materials (\$413,000).

Table 22
UC 10 Year
Library Development Plan. (in millions)
(1976 dollars)

<i>Element</i>	<i>Proposed 1978-79</i>	<i>Ten Year Total</i>
a) acquisition.....	\$2.7	\$27.0
b) automation.....	1.4	11.5
c) transportation of materials.....	.4	4.0
Total.....	\$4.5	\$42.5

Library Acquisitions Request

We recommend that the UC library volume acquisition increase be reduced from 86,000 volumes to 46,000 volumes for a General Fund savings of \$1,210,240 (Item 322)

The University has requested an increase in acquisitions based on a recently developed "programmatic" model of needs. This model relates the need for library volumes not only to the number of students, but also

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to the diversity of academic programs offered by a campus. This represents a new approach to volume acquisition, and has not yet been tested. Consequently, the model's author indicates that the acquisition numbers derived through its use should be considered approximations only.

The model stipulates that an appropriate base level of acquisitions should range from 35,000 to 50,000 volumes per library. UC chose to adopt a base level of 40,000 volumes per library. However, a sound rationale exists for adopting the low end of the range.

The model was implemented as if UC were a collection of totally independent libraries. UC has made no adjustment for the fact that its library will be a complex of nine interrelated libraries with significant sharing of resources. This omission is of particular concern given that UC has proposed a 10-year expenditure of over \$15 million (automation plus transportation) to insure access by each campus to the resources of the entire University collection.

For this reason, we believe that the lower limit of 35,000 volumes should be more than adequate for a well-integrated nine library complex. Therefore, we recommend that the base acquisition rate on the eight general campuses be reduced from 40,000 to 35,000 volumes for a General Fund savings of \$1,210,240.

Potential Staff Reductions from Library Automation

The UC Library Development Plan states that the automation of many library functions should permit reductions in staff. In fact, UC is requiring each campus to fund a portion of the automation costs through internal savings. Presumably, at least a portion of the internal savings will be generated by staff reductions.

UC acknowledges, however, that staff savings from automation are not automatic. The plan quotes a study of library automation which concludes that whether or not staff decreases occur "will depend, for the most part, on the aggressive pursuit of this objective by administrators in individual libraries."

We recommend that UC be given an added incentive to seek staff reductions made possible by automation. If UC can propose absolute reductions in the current level of staff, we propose that the identified savings be kept in the library program to increase the volume acquisition rate. Thus if total staff was reduced by 2 percent, the library would be able to purchase 40,000 additional volumes. While the need for additional volumes beyond what we have recommended has not been established, we believe that, within a given level of program support, UC should be permitted to decide the proper mix of volumes acquired and staff needed.

We can illustrate the type of trade-off this proposal would permit UC to make. Table 23 shows the mix of staff—professional, clerical and student—used by five of the campus libraries in 1975-76. This table indicates that there are substantial variations in the mix of staff between campuses. This mix of staff has a significant impact on the average cost per FTE staff member. UCLA has the lowest average salary because of its reliance on students for 34 percent of its staffing needs. Berkeley, on the other hand,

Table 23
UC Library Staffing Patterns
1975-76

Campus ^a	FTE Staff							Average 1977-78 Salary	Projected 1977-78 campus savings with application of UCLA staffing pattern
	Professional		Clerical		Student		Total		
	Number	Percent	Number	Percent	Number	Percent			
Berkeley.....	163	30%	289	53%	89	17%	541	\$16,588	\$807,000
Davis.....	59	21	160	55	69	24	288	15,248	37,000
Los Angeles (UCLA).....	145	25	244	41	197	34	586	15,093	—
San Diego.....	53	23	133	59	42	18	228	15,801	161,000
Santa Barbara.....	56	21	144	53	69	26	269	15,134	9,000
Total.....									\$1,014,000

^a The Riverside, Santa Cruz, San Francisco and Irvine campuses do not belong to the Association of Research Libraries from which the following data was obtained.

Average 1977-78 Salaries

<i>Professional</i>	<i>Clerical</i>	<i>Student</i>
\$24,864	\$14,434	\$8,702

Source: ARL Statistics, 1976-77

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has the highest average cost primarily because of its heavy reliance on professional staff.

The final column shows the potential savings available on the other four campuses if the UCLA staffing pattern were adopted. Assuming the UCLA library is functioning properly, other campus libraries might want to give consideration to the UCLA approach.

Transportation of Materials Among UC Libraries

We recommend a General Fund augmentation of \$413,000 (Item 322) for state assumption of the cost of transporting library materials between UC campuses.

As mentioned above, the 1978-79 budget provides support for the acquisition and automation components of the library development plan, but not for the transportation of materials component. It is our understanding that state support for this component was omitted because the administration believes Regents' funds should continue to be used for this purpose. In contrast, we believe it is the responsibility of the state to support all activities integral to the educational process. Non-state funds are generally used to further enrich state supported programs or support programs which the state views as non-essential.

The transportation of library materials is a crucial element of the library development plan proposed by UC. In fact, a major purpose of the automation component is to enable users on each campus to locate needed materials housed on other campuses. It would make little sense for the state to enable users to identify needed materials at other locations while not assuring that funds are available to transport them where they are needed. For this reason we recommend a General Fund augmentation of \$413,000 for this purpose.

2. ORGANIZED ACTIVITIES—OTHER

This subprogram includes partially self-supporting activities organized and operated primarily as necessary adjuncts to the work of various departments. General Fund support is primarily used in seven areas: (1) art, music, and drama, (2) the elementary school, (3) vivariums which provide maintenance and care of animals necessary for teaching and research in the biological and health sciences, (4) the dental clinic subsidy, (5) support for two neuropsychiatric institutes which provide mental health care and training and (6) clinical teaching support for the veterinary medical teaching facility at Davis.

As indicated in Table 24, budgeted state support for these activities will decline by \$268,000 in 1978-79.

Table 24
ACADEMIC SUPPORT
Organized Activities—Other
Summary of Expenditures and Personnel
(in Thousands)

	<i>1977-78 Budget</i>			<i>1978-79 Governor's Budget</i>			<i>1978-79 Increase</i>		
	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>
PROGRAM ELEMENTS									
A. Other Academic Support—General									
Campuses									
Museums and Galleries	\$1,155	\$293	\$1,448	\$1,155	\$293	\$1,448	\$-	\$-	\$-
Intercollegiate Athletics	-	798	798	-	798	798	-	-	-
Ancillary Support—General Cam-									
puses									
Demonstration Schools	684	397	1,081	684	397	1,081	-	-	-
Vivaria and Other	388	974	1,362	388	1,006	1,394	-	32	32
Employee Benefits	272	131	403	272	131	403	-	-	-
B. Ancillary Support—Health Sciences									
Dental Clinics	1,817	2,095	3,912	1,991	2,288	4,279	174	193	367
Neuropsychiatric Institutes	18,510	5,858	24,368	18,128	6,180	24,308	-382	322	-60
Optometry Clinic	-	500	500	-	500	500	-	-	-
Veterinary Medicine Teaching Fa-									
cility	1,400	1,241	2,641	1,340	1,301	2,641	-60	60	-
Vivaria and Other	659	9,213	9,872	659	9,213	9,872	-	-	-
Employee Benefits	3,356	-	3,356	3,356	-	3,356	-	-	-
PROGRAM TOTAL	\$28,241	\$21,500	\$49,741	\$27,973	\$22,107	\$50,080	\$-268	\$607	\$339
PERSONNEL REQUIREMENTS									
(FTE)									
Academic			262			262			
Staff			1,820			1,827			7

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A. Employee Affirmative Action (Upward Mobility)

Since 1974-75 UC has received \$250,000 from the General Fund annually for employee affirmative action activities. These state funds have been supplemented each year with approximately \$1 million in Regents' funds. For 1977-78 UC requested an augmentation of \$604,700 to expand faculty, management, and staff development programs. The Legislature provided the additional funds conditioned on UC maintaining its current \$1 million contribution. The Governor, however, vetoed the augmentation from the final 1977-78 budget.

The 1978-79 Governor's Budget includes the \$604,700 augmentation deleted from the budget last year, with the understanding that UC continue to contribute \$1 million in Regent's funds. According to UC, these development funds would be used for release time to help support women and minorities "who have not had sufficient opportunities to conduct research, and thereby, round out their qualifications for positive consideration to indefinite tenure and promotion".

UC argues that because there are so few women and minority faculty, the demands placed on them make it difficult to spend sufficient time on their research. In particular, they tend to carry a higher than normal workload in both student counseling and committee assignments. The counseling workload is high because they are viewed as role-models by women and minority students. The committee assignment load is high because of the pressure to insure that all segments of the academic community are represented in the governance process. We have received no data documenting the amount of additional workload.

3. TEACHING HOSPITALS

Included within this subprogram is funding for the teaching hospitals and clinics for which the University has major operational responsibilities. The hospitals include the Los Angeles Center for Health Sciences, the San Francisco campus hospital, the San Diego County University Hospital, the Sacramento Medical Center, and the Orange County Medical Center.

In addition to their role in the university's clinical instruction program, the university teaching hospitals serve as a community resource for highly specialized (tertiary) care through major research efforts. The teaching hospitals also engage in cooperative educational programs with local community and state colleges by providing the clinical setting for students in allied health science areas.

Budgeted state support for the teaching hospitals is shown in Table 25. Direct General Fund support represents approximately 10% of hospital revenue. The remaining funds are received through patient fees and third party providers which include state and federal Medicare/MediCal programs.

Table 25
Academic Support
Teaching Hospitals

<i>Fund</i>	<i>Estimated 1977-78</i>	<i>Budgeted 1978-79</i>	<i>Change</i>	
			<i>Amount</i>	<i>Percent</i>
General Funds ^a	\$34,076,596	\$35,230,596	\$1,154,000	3.4%
Restricted Funds	313,066,891	347,106,891	33,340,000	10.6
TOTAL	\$347,843,487	\$382,337,487	\$34,494,000	9.9%

^a Includes appropriations of \$3,326,000 in 1977-78 and \$4 million in 1978-79 for estimated Medicare/Medi-Cal inpatient reimbursement shortfalls.

A. Clinical Teaching Support (CTS)

UC teaching hospitals are intended to be self-supporting through patient fees. A state subsidy, however, called Clinical Teaching Support (CTS) is provided for UC-owned hospitals and clinics. The traditional justification for CTS funds has been that they permit UC to accept patients who are useful to the teaching program, but unable to pay the cost of hospitalization either themselves or thru 3rd party sponsors. In fact, CTS funds serve at least in part as an offset to the reimbursement limitations of the Medicare/Medi-Cal programs.

The proposed distribution of CTS funds for 1977-78 is provided in Table 26. The General Fund increase of \$480,000 is for:

- (1) \$200,000 for workload increases at UCSD associated with the growth of clinical students,
- (2) \$200,000 associated with an agreement negotiated between UC, the state and Sacramento county over operation, control and ownership of the county hospital by the University, and
- (3) \$80,000 associated with expansion of the Irvine clinic #3 located in Anaheim.

Table 26
Clinical Teaching Support Allocations *
1976-77 through 1978-79
(in thousands)

	<i>1976-77 Actual</i>	<i>1977-78 Budgeted</i>	<i>1978-79 Proposed</i>	<i>Change</i>
University Hospitals:				
Irvine Medical Center & Clinics	\$4,607	\$5,009	\$5,089	\$80
Los Angeles	7,492	7,840	7,840	-
Sacramento Medical Center	5,061	5,250	5,450	200
San Diego	4,348	5,026	5,226	200
San Francisco	7,196	7,625	7,625	-
Total	\$28,704	\$30,750	\$31,230	\$480

* Does not include State funds provided for Medicare/Medi-Cal Inpatient Reimbursement shortfalls through Budget Act control sections.

B. Medicare/Medi-Cal Underfunding (Item 329)

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

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allowed. In part this reimbursement gap results from educational costs and the unique range of care these hospitals offer.

The University has appealed the application of these reimbursement limitations to teaching hospitals. To help finance the teaching hospitals until the appeals process has been completed (to date none of the UC appeals has been decided), the 1976-77 Budget Act (Section 28.11) authorized UC to request a loan of up to \$5 million to be repaid with the proceeds from successful appeals. The actual loan, appropriated through Chapter 214, Statutes of 1977, (SB 335) was for \$4.1 million. Only \$3.2 million of this amount was actually expended with the remainder reverting to the General Fund. Section 28.92 of the Budget Act of 1977 authorized UC to request a similar loan for the current year.

The 1978-79 Governor's Budget includes a separate Budget Act item which authorizes the Director of Finance to loan UC up to \$4 million, if necessary, to cover hospital operating costs. This loan would require 30 days prior written notification to the Joint Legislative Budget Committee. The authorized loan amount has been reduced from \$5 to \$4 million on the basis of actual experience which is summarized in Table 27. We recommend approval.

Table 27
Teaching Hospital Loan (Item 329)
(in millions)

	<i>Maximum authorized loan</i>	<i>Actual loan</i>
1976-77.....	\$5.0 (Section 28.11)	\$3.2
1977-78.....	\$5.0 (Section 28.92)	3.3 ^a
1978-79.....	4.0 (Item 329)	

^a Revised estimate for Governor's Budget (December 1977)

V. STUDENT SERVICES

The Student Services program includes student services and student financial aid.

1. STUDENT SERVICES

This subprogram includes a number of services which are usually classified into two groups according to the source of support. Services directly related to the functioning of the instructional program are financed by the General Fund. These include admission, student registration, class scheduling, grade recording, and student statistical information. The services that are related to the maintenance of the student's well-being are financed largely from student registration fees. These include medical care, housing, employment placement, counseling, cultural, recreational and athletic activities.

As shown in Table 28, no increase in General Fund support is budgeted for 1978-79.

2. STUDENT FINANCIAL AID

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

Table 28
STUDENT SERVICES
Summary of Expenditures and Personnel
(in thousands)

	<i>1977-78</i>			<i>1978-79 Governor's Budget</i>			<i>1978-79 Increase</i>		
	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>
PROGRAM ELEMENTS									
Cultural and Recreational Activities	\$327	\$8,924	\$9,251	\$327	\$9,108	\$9,435	—	\$184	\$184
Supplementary Educational Services	96	1,755	1,851	96	1,800	1,896	—	45	45
Counseling and Career Guidance	2,224	11,399	13,623	2,224	11,492	13,716	—	93	93
Financial Aid Administration	777	5,122	5,899	777	5,122	5,899	—	—	—
Student Admissions and Records	7,967	958	8,925	7,967	963	8,930	—	5	5
Student Health Services	—	14,395	14,395	—	14,552	14,552	—	157	157
Employee Benefits	2,010	2,123	4,133	2,010	2,172	4,182	—	49	49
PROGRAM TOTAL	\$13,401	\$44,676	\$58,077	\$13,401	\$45,209	\$58,610	—	\$533	\$533
PERSONNEL REQUIREMENTS (FTE)									
Academic			5			5			
Staff			2,686			2,686			

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The university-supported programs are financed entirely from the Educational Fee. Prior to 1977-78, funding was provided from two sources: the Educational Fee and Regents Opportunity Funds.

Table 29 shows budgeted student financial aid for 1978-79. This amount, however, is only a small portion of the total. UC estimates that total student financial aid, including state and federal grants and loans which are received directly by students, will exceed \$110 million in 1978-79.

Table 29
Financial Aid
(in thousands)

<i>Fund</i>	<i>Actual 1975-76</i>	<i>Actual 1976-77</i>	<i>Estimated 1977-78</i>	<i>Proposed 1978-79</i>	<i>1978-79 Increase</i>
General Funds.....	\$29	\$471	\$898	\$1,275	377
Restricted Funds.....	31,507	20,210	30,375	30,383	8
TOTALS	\$31,536	\$40,681	\$31,273	\$31,658	\$385

A. Student Affirmative Action Program

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

The program was initiated in 1975-76 and the first class of students enrolled in 1976-77. Program expenditures in 1975-76 were \$408,000, all from UC funds. Since that time program expenditures have been shared between the University (45 percent) and the state (55 percent).

For 1978-79 UC proposed a program budget of 4.2 million and requested the state to assume support for the entire program. The Governor's budget, while in agreement with the level of expenditure, has continued state support at 55 percent.

Table 30 displays the budget for 1978-79 by program element as requested by UC and as submitted by the Governor.

Table 30
Student Affirmative Action Program

<i>Activity</i>	<i>1976-77</i>	<i>1977-78</i>	<i>UC Request 1978-79</i>	<i>Governor's Budget 1978-79</i>
1. Early Outreach	\$462,000	\$805,000	\$1,010,000	\$1,010,000
2. High School and Community College Outreach.....	292,000	312,000	762,000	762,000
3. Financial Aid-Administration Grants.....	440,000	1,581,000	1,332,000	1,332,000
4. Support Services.....	550,000	781,000	991,000	991,000
5. Coordination	69,000	69,000	75,000	75,000
TOTAL.....	\$1,813,000	\$3,548,000	\$4,170,000	\$4,170,000
Support				
UC	\$715,000	\$1,631,300	—	\$1,876,800
State	1,098,000	1,916,700	\$4,170,000	2,293,200

TABLE 31
INSTITUTIONAL SUPPORT
General Administration & Services
Summary of Expenditures and Personnel
(in thousands)

	<i>1977-78 Budget</i>			<i>1978-79 Governor's Budget</i>			<i>1978-79 Increase</i>		
	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>
PROGRAM ELEMENTS									
Executive Management	\$22,157	\$1,581	\$23,738	\$22,157	\$1,595	\$23,752	—	\$14	\$14
Fiscal Operations	11,178	3,439	14,617	11,197	3,448	14,645	\$19	9	28
General Administrative Service	16,223	7,005	23,228	16,958	7,137	24,095	735	132	867
Logistical Services	13,318	1,349	14,667	13,318	1,383	14,701	—	34	34
Community Relations	4,181	1,119	5,300	4,359	1,129	5,488	178	10	188
Employee Benefits	10,415	123	10,538	16,415	131	10,546	—	8	8
PROGRAM TOTAL	\$77,472	\$14,616	\$92,088	\$78,404	\$14,823	\$93,227	\$932	\$207	\$1,139
PERSONNEL REQUIREMENTS (FTE)									
Academic			5			5			
Staff			5,935			5,935			

UNIVERSITY OF CALIFORNIA—Continued**VI. INSTITUTIONAL SUPPORT**

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

1. GENERAL ADMINISTRATION AND SERVICES

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

Also included are a wide variety of supporting activities such as management, computing, police, accounting, payroll, personnel, materials management, publications and federal program administration, as well as self-supporting services such as telephones, storehouses, garages and equipment pools.

As Table 31 on the previous page indicates, the budgeted general fund increase for 1978-79 is \$932,000 and has three components:

- (1) \$735,000 for costs related to SB 170 (Privacy of Records)
- (2) \$19,000 for costs related to AB 328 (Uniform Allowances)
- (3) \$178,000 for increased costs of police services.

A. Regent's Staff

The University has approximately 60 full-time equivalent (FTE) personnel in 1977-78 who are responsible directly to the Regents. All other UC staff are organized in a hierarchical pattern with final authority residing with the President of the University, who in turn is responsible to the Regents.

The Regents' staff is organized into three separate offices: General Counsel, Treasurer, and Secretary. Until 1977-78, each of these offices was totally supported by the General Fund. However, last year the Legislature adopted our recommendation that General Fund support for the Treasurer and Secretary be reduced to 75 percent of the total cost of each of these offices. We pointed out that approximately 25 percent of their workload was not related to essential state activities and thus should be supported by more appropriate sources of UC support.

General Counsel's Office

We recommend that state support for the UC General Counsel's office be reduced by 25 percent for a General Fund savings of \$184,000 (Item 322).

According to UC By-laws, the duties of the General Counsel are to " . . . prepare or approve all deeds, contracts, agreements, mortgages, deeds of trust, releases, reconveyances, and other documents relating to the business of the Corporation . . . and have general charge of all legal matters pertaining to the Corporation and the University." Between 1974-75 and 1976-77, the General Counsel's office has grown from 28 positions (15 attorneys) to 37 positions (19 attorneys). The increasing volume of litigation affecting the University is cited by UC as the primary reason for this growth.

At the time we recommended reduced state support for the Treasurer and Secretary in our 1977-78 Analysis, we lacked sufficient data to determine if a similar reduction in state support for the General Counsel's office was warranted. In response to a request from our office, UC has now estimated that the time of approximately five of the 19 attorneys, and a proportionate amount of support time, are devoted "... to such non-State funded activities as contact and grant administration, hospitals, parking and other auxiliary enterprises." On the basis of this information, we are now prepared to recommend that state support be reduced proportionately.

Our rationale for this proposed reduction is similar to that already adopted by the Legislature in regard to the Treasurer and Secretary. If self-support activities are to be truly self-supporting they should be responsible for all direct costs which can be readily identified. Legal fees fall into this category. To illustrate, when a new parking structure is planned for a campus, the state does not pay the architects and engineers to design it, or the personnel required to construct or maintain it. Neither should the state pay the expense of planning, executing and marketing the bond issue to fund construction. All of these direct costs should be recouped through user charges as existing state policy requires. To correct this situation, we recommend that state support for the General Counsel's office be reduced by 25 percent for a General Fund savings of \$184,000.

B. Systemwide Capital Outlay Staffing

We recommend that state support for 12 systemwide capital outlay staff positions be eliminated for a General Fund savings of \$330,000.

Last year in the 1977-78 Analysis we recommended a very substantial reduction in state support for the systemwide administration's capital outlay staff, and elimination of state support for a "core" capital outlay staff on each campus. Reductions in systemwide staff were recommended for two reasons. First, many of the functions performed by systemwide staff duplicated campus functions. Second, although the volume of capital outlay construction had fallen dramatically in recent years, the level of systemwide staffing had remained constant. Our primary rationale for recommending elimination of "core" campus support was that all nine campuses had sufficient positions funded directly out of individual major and minor construction projects. Thus, there was no justification for a guaranteed minimum "core" staff for any campus.

At systemwide we recommended elimination of state support for 12 positions for 1977-78 and another 12 positions in 1978-79. The Legislature accepted our recommendation and eliminated state support for 12 positions in 1977-78. On the campuses, we recommended elimination of 2½ state funded positions on each campus. The Legislature modified our recommendation and permitted each campus to retain one state supported position.

UC considered the capital outlay staffing reductions of the Legislature to be premature and hired an outside consulting firm to conduct an analysis of capital outlay staffing needs, both at systemwide and on the cam-

UNIVERSITY OF CALIFORNIA—Continued

puses. UC decided that until this study was completed and evaluated, the eliminated positions would be retained and regents' funds were budgeted to cover them.

The study was submitted to UC on November 16, 1977. Its conclusions on systemwide staffing needs were quite similar to ours. The study recommended elimination of between 22 and 29 positions. UC has accepted this conclusion and 24 capital outlay positions have been eliminated effective April of 1978 (12 more than already authorized for reduction).

UC staff has indicated that some individuals in capital outlay positions have actually been performing non-capital outlay duties which should be continued. They are reviewing this possibility and intend to provide a report prior to budget hearings. However, any such needs are separate from the capital outlay staffing needs and should be considered on the basis of workload and staffing in the other areas. Therefore, we recommend that 1978-79 General Fund support be reduced by \$330,000 to reflect the capital outlay staffing reduction.

C. Campus Capital Outlay Staffing

While UC agrees that the systemwide reduction was warranted, they are concerned that our campus recommendation of last year, which resulted in a reduced campus core staff, was too severe and that additional state funded positions are needed.

Currently, UC is attempting to determine exactly what functions the campuses should be performing and what functions are either unnecessary or more effectively performed by outside contractors. Unfortunately, this will take some time because there is considerable confusion surrounding existing campus capital outlay staff and their duties. No two campus capital outlay staffs are organized similarly and the activities performed vary dramatically. To illustrate the extent of the confusion, the consultant's report tried four separate methods of determining total existing campus capital outlay positions. They obtained four different figures ranging from a low of 170 FTE to a high of 252 FTE.

D. Computing Activities Within the University

Language in the 1978-79 Budget Bill prohibits the University from expending funds for any new medium or large-scale computers until a report prepared by a special task force is forwarded to the Joint Legislative Budget Committee and the fiscal subcommittees. This language has been included in the Budget Bill since 1974-75 because of legislative concern over the lack of a UC Master Plan for acquiring and managing its computer resources.

The final report of this "blue ribbon panel", composed of five university computer experts (four are from institutions outside the UC system) will be available in early 1978.

This report should be a valuable resource. We therefore anticipate preparing a Supplemental Analysis (for presentation at the budget hearings) on the various issues associated with both instructional computing and administrative information systems, once the panel report has been received and evaluated.

2. OPERATION AND MAINTENANCE OF PLANT (OMP)

Operation and maintenance of plant is a supporting service to the University's primary teaching, research and public service programs. The 1978-79 Governor's Budget provides an increase of \$781,000 for workload associated with new buildings. Table 32 on the next page shows the distribution of General Fund support by program element.

A. Study of OMP Support Necessary

We recommend that supplemental language be adopted requesting that (1) the data collection format to be used in the UC proposed space-utilization study be acceptable to the Legislative Analyst, and that it contain (2) a listing (in the approved format) of all space by campus a) according to how it is now supported and b) the expenditure by OMP program element.

We recommend that this study be provided to the Joint Legislative Budget Committee by October 1, 1978.

Building square footage is the most important factor in determining the resource needs for the OMP program. For each of the program elements in Table 32, except grounds maintenance, it is building square footage applied to a workload factor which determines General Fund cost. Each year the Governor's Budget determines the new square footage added and augments the previous budget by the funds necessary.

The Department of Finance, Legislative Analyst and UC all support this budgeting concept. However, there is a dispute over the way this policy is implemented. UC is concerned that the budgeted level of support for this square footage is too low and that some facilities are arbitrarily excluded from state support entirely. The Department of Finance and our staff are concerned that the state is providing UC with support for space which should not be supported by the General Fund. Last year, for instance, the Governor's budget did not provide support for the new student recreation facility on the Davis campus. The Department of Finance position was that this facility was constructed with student funds for activities not traditionally supported by the state and thus should be maintained by student funds. Similarly, last year the Legislature adopted our recommendation that Pauley Pavilion, a gym on the UCLA campus, be partially supported from the intercollegiate basketball revenues generated within it.

UC was concerned about a) these state actions and b) additional questions our office raised about other square footage supported by the state. Consequently, UC requested a 2-3 month moratorium to permit it to document exactly what space was currently being maintained with state funds on a campus by campus basis. We agreed, and a survey was completed.

Table 32
INSTITUTIONAL SUPPORT
Operation and Maintenance of Plant, Summary of Expenditures and Personnel
(in thousands)

	<i>1977-78 Budget</i>			<i>1978-79 Governor's Budget</i>			<i>1978-79 Increase</i>		
	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>	<i>General Funds</i>	<i>Restricted Funds</i>	<i>Total</i>
PROGRAM ELEMENTS									
Administration	\$3,313	—	\$3,313	\$3,331	—	\$3,331	\$18	—	\$18
Building Maintenance	14,452	\$302	14,754	14,608	\$302	14,910	156	—	156
Grounds Maintenance	5,749	—	5,749	5,754	—	5,749	—	—	5
Janitorial Services	16,863	—	16,863	17,046	—	17,046	183	—	183
Fire Protection	1,063	—	1,063	1,069	—	1,069	6	—	6
Utilities	38,197	46	38,243	38,579	52	38,631	382	\$6	388
Refuse Disposal	1,493	—	1,493	1,529	—	1,529	36	—	36
Employee Benefits ^a	(4,248)	—	(4,248)	(4,280)	—	(4,280)	(32)	—	(32)
PROGRAM TOTAL	\$81,130 ^b	\$348	\$81,478	\$81,911	\$354	\$82,265	\$781	\$6	\$787
PERSONNEL REQUIREMENTS (FTE)									
Staff and General Assistance			3,175			3,212			37

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

^b Includes \$315,000 of General Fund OMP support for Agricultural Field Stations budgeted under Organized Research.

Survey

UC learned from this survey that no generalizations can be made about what types of space are currently maintained by the state. Comparable types of space utilized for comparable purposes are supported differently from campus to campus. In many instances general funds are used to maintain non-state space and the opposite is also occurring. (Our brief review of the space data available to our office indicates that the state may be maintaining significant amounts of space which should be supported from nonstate funds.)

Further, UC learned that more time would be needed to produce a complete campus by campus inventory of all space by function and source of support. Consequently, UC has requested that no budgeting decisions affecting state support for the OMP program be made prior to the 1979-80 budget. Instead, UC would like to conduct a six month study to:

- (1) inventory all space by function and source of support,
- (2) estimate the fiscal impact of existing state policy, where state policy is unambiguous,
- (3) estimate the fiscal impact of alternative state policies, in instances where state policy does not exist or is uncertain, and
- (4) recommend a course of action to the Legislature.

Given the current lack of data on the maintenance of space, we concur that a basis for budgetary action does not exist. Therefore, we recommend that further changes in the current policy not be considered until UC has conducted the study. However, to insure that this issue is resolved prior to passage of the 1979-80 budget, we need to be certain that (1) the policy discussions are not hindered by the lack of relevant or reliable data, and (2) our staff receive the space data collected by UC in time to allow our independent analysis.

Therefore, we recommend that Supplemental Language be adopted requesting that:

- (1) the data collection format to be used in the UC proposed space utilization study be acceptable to our Office, and that
- (2) a listing (in the approved format) of all space by campus according to how it is now supported and the expenditure by OMP program element be provided by October 1, 1978.

VII. INDEPENDENT OPERATIONS (Auxiliary Enterprises)

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

The largest element of this program is student housing with over 20,500 residence hall spaces and approximately 3,500 apartments as well as associated dining and recreation facilities. The second major element is the parking program which includes more than 53,000 spaces. Table 33 shows that the proposed budget for 1978-79 is \$2.0 million higher than the 1977-78 budget.

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Table 33
Independent Operations
(Auxiliary Enterprises)
(in thousands)

	<i>1977-78 Budget</i>			<i>1978-79 Governor's Budget</i>			<i>1978-79 Increase</i>		
	<i>General</i>	<i>Restricted</i>	<i>Total</i>	<i>General</i>	<i>Restricted</i>	<i>Total</i>	<i>General</i>	<i>Restricted</i>	<i>Total</i>
	<i>Funds</i>	<i>Funds</i>		<i>Funds</i>	<i>Funds</i>		<i>Funds</i>	<i>Funds</i>	
Auxiliary Enterprises.....	—	\$75,066	\$75,066	—	\$77,042	\$77,042	—	\$1,976	\$1,976

VIII. SPECIAL REGENTS' PROGRAMS

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

The budget for 1978-79 is shown in Table 34.

TABLE 34
SPECIAL REGENTS' PROGRAMS
(in thousands)

<i>Programs</i>	<i>Actual 1976-77</i>	<i>Estimated 1977-78</i>	<i>Proposed 1978-79</i>	<i>Increase in 1978-79</i>
1. Contract and Grant Administration.....	—	\$800	\$1,300	\$500
2. Interim Funding for Programs Formerly Supported from Student Fees	—	7,442	3,520	-3,922
3. Student Aid	9,220	—	—	—
4. Points of Origin.....	3,662	4,181	4,181	—
5. Maintenance of Excellence	11,952	12,948	15,463	2,515
6. Reserve Requirement	—	—	3,100	3,100
PROGRAM TOTALS	\$24,834	\$25,371	\$27,564	\$2,193
Less funds budgeted in other functions	-\$8,775	-\$7,442	-\$3,520	\$3,922

IX. UNALLOCATED ADJUSTMENTS

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

Provisions for Allocation include 1976-77 base budget items which were unallocated as of July 1, 1976. Included are funds for merit and promotional increases, salary range adjustments, academic and staff position reclassifications, price increases, deferred maintenance and unallocated endowment income. Also included are incremental provisions for new programs related to more than one campus for which distribution remains under review.

Fixed costs and economic factors include salary adjustment funds and the funds needed in 1977-78 to maintain the university's purchasing power at 1976-77 levels for such items as utilities, library volumes, general supplies, and equipment.

Table 35 provides a detailed account of the items budgeted under Unallocated Adjustments.

TABLE 35
Unallocated Adjustments by Category

	1977-78	1978-79	Change
General Funds:			
Price Increase	\$7,245,993	\$24,941,993	\$17,696,000
Range Adjustment	7,730,537	7,730,537	—
Merits and Promotions	10,804,974	22,909,974	12,105,000
Unemployment Insurance	1,641,059	2,581,059	940,000
Malpractice Insurance	—	—445,000	—445,000
State Compensation Insurance	—	450,000	450,000
General Risk/Liability Insurance	—	707,000	707,000
SB 1238 (Depooling)	—	801,000	801,000
Social Security	—	1,480,000	1,480,000
AB 457—Employee Benefits	—	261,000	261,000
General Fund Annuitants	—	200,000	200,000
Employee Benefits	4,825,656	4,825,656	—
Undergraduate Teaching	601,600	601,600	—
Employee Affirmative Action	—	604,700	604,700
Student Affirmative Action	440,626	440,626	—
Other Provisions	418,903	418,903	—
Budgetary Savings Target	—14,635,000	—15,776,000	—1,141,000
Other Savings	—750,000	—2,484,000	—1,734,000
Totals, General Fund	18,324,348	50,249,048	31,924,700
Restricted Funds:			
Educational Fee	4,726,797	1,563,879	—3,162,918
Registration Fee	3,768,051	4,517,714	749,663
Endowments	3,046,204	3,052,560	6,356
Contract and Grant Administration	583,562	583,562	—
Other Provisions	82,657	82,657	—
Totals, Restricted Funds	12,207,271	9,800,372	—2,406,899
Totals, Unallocated Adjustments	\$30,531,619	\$60,049,420	\$29,517,801

A. Cost Impact of Chapter 709, Statutes of 1977 (SB 170) (Privacy Legislation)

We recommended that state support for implementation of Chapter 709 be reduced by \$306,000.

Chapter 709, Statutes of 1977 (SB 170) established provisions concerning the use of personal information contained in state agency records. UC is covered by this legislation and the 1978-79 Governor's Budget provides \$735,000 for implementation of the bill. Of the total support, \$360,000 is included for one-time start-up costs and \$375,000 for the continuing annual expense. The costs by component are listed in Table 36.

Based on our review of the cost projections for UC and other state agencies, the budgeted support for UC seems excessive. For instance, the State Personnel Board estimates the total cost of compliance for all state agencies except UC and CSUC at \$1.1 million. CSUC requested and received \$255,000 for this purpose.

Apparently, the primary reason for the high UC compliance cost is the lack of record-keeping uniformity among the UC campuses. To meet the intent of the law, all current record files must be inventoried. UC estimates that this will require a review of between 20,000 and 25,000 separate record systems. We question whether this type of inefficiency should be encouraged. UC campuses can be decentralized and academically autonomous without having a totally free hand in information gathering.

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Table 36
Chapter 709 (Privacy Legislation) Costs

	1978-79 Governor's Budget	1978-79 Legislative Analyst Recommendation
Start-up Costs		
1. Inventory of records	\$180,000	\$180,000
2. Development of code of conduct and additional procedures ..	180,000	54,000
Subtotal	\$360,000	\$234,000
Continuing Annual Maintenance Costs		
1. Providing access to records	\$270,000	\$90,000
2. Notification and forms redesigned	45,000	45,000
3. Reporting requirements to Office of Information Practices	10,000	10,000
4. Interaction with Office of Information Practices	50,000	50,000
Subtotal	\$375,000	\$195,000
Total	\$735,000	\$429,000

The fact that UC has many self-support enterprises, such as the teaching hospitals, is not sufficient to explain the vast number of records. Further, state policy is that the General Fund should not pay for costs associated with self-support activities. The Department of Finance cost estimate for other state agencies follows this policy.

If UC is willing to accept inefficiency, it should be required to absorb the cost of this legislation from within existing resources. However, the law must be followed. Therefore, we propose that UC be provided with the \$180,000 requested to inventory existing records. But, we recommend that the request for 1.5 FTE positions per campus for annual maintenance costs be reduced to .5 FTE positions per campus. It is hoped that the initial survey will induce UC to streamline its records system; if not, it should cover the additional costs itself.

UC also received one FTE position for each campus (and systemwide) for "development of a Code of Conduct and additional procedures." In our opinion, UC should have one Code of Conduct, not 10. Therefore, we recommended that this portion of the request be reduced from 10 to three FTE positions: two positions in systemwide plus one to provide approximately one month of release time on each campus. Again, if each campus must develop its own document, this should be done from within existing resources.

In summary, we recommend that UC support for implementation of this law in 1978-79 be reduced from \$735,000 to \$429,000 for a General Fund savings of \$306,000. In future years, we recommend that \$195,000 be provided for annual maintenance costs.

B. Unemployment Insurance

We recommend that General Fund support for unemployment insurance be reduced by \$940,000 as a result of updated information.

The 1978-79 Governor's Budget provides a General Fund augmentation

of \$940,000 for unemployment insurance. This augmentation, based on the best information available when the budget was constructed, has two components: a) \$663,500 to replace the anticipated loss of federal funds and b) \$276,500 for the expected increase in claims. More recent data, however, is now available, and neither increase is required.

A.) The unemployment insurance program affecting UC has both a state and a federal/state component. The state component permits eligible former UC employees to collect unemployment benefits for up to 26 weeks. UC pays the full cost of the benefits received through this program.

The federal/state component, titled the Federal Extended Benefits Program, provides up to an additional 13 weeks of benefits. Traditionally, the cost of this component has been split evenly between the federal government and the state, but recent federal legislation (P.L. 94-566, Section 212) eliminates all federal support. The Governor's Budget assumed that this law would take effect January 1, 1978 and consequently provided the General Fund augmentation. The law, however, does not take effect until January 1, 1979. Therefore, we recommend that the General Fund augmentation of \$663,500 be eliminated. (Although the elimination of federal support will occur in mid 1978-79, the six month lag in billing time means that no state replacement funds will be needed prior to 1979-80).

B.) The expected increase in claims was based on the accelerating trend in UC's actual claim experience. More recent UC data indicates that this trend has peaked and actual costs are now declining. Consequently, the 1977-78 base level of unemployment insurance support should be sufficient to cover 1978-79 costs. Therefore, we recommend that General Fund support be reduced by the additional \$276,500 which was budgeted for an expected increase.

C. UC Utility Usage

As the following table shows, UC actually reduced its energy consumption during the "energy crisis". Between 1972-73 and 1974-75, electricity usage declined by 10 percent and gas, oil and propane usage declined by almost 20 percent. Recently, however the consumption of both has begun to increase. Usage of electricity and oil, gas and propane is estimated to be higher in 1977-78 than in the previous year and the budgeted amount for 1978-79 is even higher.

Table 37
UC Utility Usage
(000)

	1972-73	1974-75	1976-77	Estimated 1977-78	Projected 1978-79
Electricity ^a	599,222	543,446	555,927	565,616	570,818
Water ^b	3,870	3,812	3,724	3,612	3,651
Gas, Oil, and Propane ^c	72,940	58,684	56,504	58,435	59,306

^a Kilowatt hours.

^b Hundred cubic feet.

^c Therms.

After reviewing the available data, campus by campus (Table 38), we are uncertain as to why increases of this magnitude should be occurring.

Table 38
Projected Increase in Utility Consumption

Campus	Electricity			Cost of Projected Consumption Increase	Oil, Gas & Propane			Cost of Projected Consumption Increase	Water			Cost of Projected Consumption Increase
	KWH Consumed (000)		Projected Increase		THERMs Consumed (000)		Projected Increase		CCF Consumed (000)		Projected Increase	
	1976-77 Actual	1978-79 Projected			1976-77 Actual	1978-79 Projected			1976-77 Actual	1978-79 Projected		
Berkeley	114,175	112,545	—	—	13,515	13,123	—	—	733	479	—	—
Davis	98,928	111,137	12,209	\$317,434	8,659	9,585	926	\$252,798	11	11	—	—
Irvine	29,655	32,898	3,243	97,290	2,934	3,329	395	79,000	348	420	72	\$21,600
Los Angeles	126,201	126,739	538	20,444	15,124	15,126	2	414	863	859	—	—
Riverside	39,948	37,437	—	—	4,733	5,394	661	198,300	581	561	—	—
San Diego	63,005	66,767	3,762	180,576	4,389	5,314	925	315,425	626	664	38	22,268
San Francisco	26,330	23,296	—	—	3,344	3,388	44	11,484	221	291	70	29,400
Santa Barbara.....	38,201	38,886	685	30,140	2,323	2,685	362	78,916	222	244	22	9,240
Santa Cruz	17,579	19,209	1,630	73,350	1,375	1,252	—	—	96	91	—	—
Field Stations	1,904	1,904	—	—	108	109	1	201	23	33	10	610
Total	555,927	570,818		\$719,234	56,505	59,306		\$936,538	3,724	3,651		\$83,118

It is true that some campuses have, or are about to have, new building space which will increase utility needs. But it does not appear that this new space is sufficient to justify the increases budgeted. This is of particular concern given that approximately \$11 million in capital outlay funds have been appropriated for "energy conservation" projects. Many of these projects will not be completed in time to have an impact by 1978-79, however, at least 10 projects costing in excess of \$ 5.6 million should be generating savings by that time. Five of these projects are on the San Diego and Davis campuses where the greatest increases are scheduled to occur.

The costs associated with the projected utility usage increases are substantial. The budgeted electricity consumption increases will cost \$719,234, while those for oil and water will cost \$936,538 and \$83,118 respectively (Table 38). We will review with UC the justifications for these consumption increases. If the increases do not seem warranted we will recommend reductions during legislative fiscal committee hearings on the budget.

Davis Electricity Rate Increase

We recommend that the special Davis augmentation based on the projected loss of Bureau of Reclamation electricity be eliminated for a General Fund savings of \$1,089,608.

The 1978-79 Governor's Budget provides the UC Davis campus with a special \$1,089,608 augmentation to cover a proposed electricity rate increase of 73 percent. The stated explanation for the increase is that low-cost federal Bureau of Reclamation electricity will be replaced with electric service purchased instead from Pacific Gas and Electricity Co.

Our review indicated that the federal Bureau of Reclamation will continue to provide electricity to the Davis campus. In fact, UC has submitted a \$600,000 capital outlay project for the improvements necessary to continue receiving Bureau of Reclamation power. (This project was not included in the 1978-79 budget because additional planning and information is necessary, plus the alterations will not be needed until at least 1979-80. If this project had been necessary to continue Bureau of Reclamation power in 1978-79 we would have supported it as we would any project which would annually save more in operating costs than the entire cost of the project.)

Because Bureau of Reclamation power will be available to Davis in 1978-79, we recommend that the special augmentation based on a transfer to Pacific Gas and Electric power be eliminated. Based on a projected 10 percent increase in current Davis electricity rates, this recommendation results in a General Fund savings of \$1,089,608.

D. Nonresident Tuition

We recommend that the budgeted number of nonresident FTE students be adjusted upwards for a General Fund savings of \$267,846 and a reimbursement increase of an equal amount. (Item 322).

Nonresident tuition is charged to UC students who are legal residents

UNIVERSITY OF CALIFORNIA—Continued

of foreign countries or states other than California. The nonresident tuition fee for 1978-79 is \$1,905 per year.

Nonresident tuition income is budgeted as a reimbursement to the General Fund. The Department of Finance first computes the amount of General Fund support UC is expected to need in the budget year. From this total the estimated amount of reimbursements UC is anticipated to receive is subtracted and the difference is provided from the General Fund.

Nonresident Tuition Again Underbudgeted

Last year the Legislature, based on our recommendation, raised the budgeted amount of nonresident tuition for 1977-78 by \$423,000. This action was taken because our analysis indicated the budgeted amount of nonresident tuition had continually been well below the amount of nonresident tuition finally received. The amount of underbudgeting exceeded \$1 million for each of the three previous years.

UC has improved its budgeting methodology and now updates its revenue estimate based on the most recent available data. However, because of a technical error, the revenue estimate for 1978-79 needs to be adjusted upwards.

Chapter 980, Statutes of 1976, AB 3147, exempts resident aliens from payment of non-resident tuition. Consequently, to estimate the revenue for 1978-79, UC took the 1976-77 actual revenue of \$14 million and reduced it based on the estimated number of resident aliens attending UC campuses (approximately 150 students) at that time. This reduction of \$268,000 should not have been made, however, because the exemption was already in effect in 1976-77. Thus, the 1976-77 revenue figure reflected the reduced revenue resulting from this exemption.

Because of this inadvertent double-counting of the impact of Chapter 980, we recommend that the non-resident tuition estimate for 1978-79 be revised upward to the actual figure for 1976-77. This results in a reimbursement increase of \$268,000 and a General Fund savings of an equal amount.

This is a conservative revision. Experience indicates that the number of non-resident students, and thus non-resident revenue, tends to increase each year. However, no net enrollment growth is planned for 1978-79 and we have no basis by which to determine what the non-resident enrollment increase would be.

HASTINGS COLLEGE OF LAWItem 336 from the General
Fund

Budget p. 873

Requested 1978-79	\$4,375,222
Estimated 1977-78.....	4,129,875
Actual 1976-77	3,646,674
Requested increase \$245,347 (5.9 percent)	
Total recommended reduction	None

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS*Analysis
page*

1. Legal Education Opportunity Program (LEOP). Recommend submission of plan to increase effectiveness of LEOP.

827

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, and is governed by its own board of directors (the university operates three other law schools which are governed by the regents). The Chief Justice of the Supreme Court of California is president of the eight-member board. All graduates of Hastings are granted the juris doctor degree by the Regents of the University of California. Hastings plans to enroll 1,500 students in 1978-79, compared to 1,501 in the current academic year

ANALYSIS AND RECOMMENDATIONS

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

TABLE 1
Hastings Budget Summary

	<i>Actual 1976-77</i>	<i>Estimated 1977-78</i>	<i>Proposed 1978-79</i>	<i>Change Amount Percent</i>	
I. Instruction program.....	\$2,023,518	\$2,174,622	\$2,210,024	\$35,402	1.6%
II. Public service program....	98,307	172,385	178,750	6,365	3.7
III. Instructional support program.....	608,642	683,134	782,769	99,635	14.6
IV. Student service program	1,346,603	1,499,015	1,667,370	168,355	11.2
V. Institutional support program.....	1,595,861	1,793,470	1,928,123	134,653	7.5
Totals.....	\$5,672,931	\$6,322,626	\$6,767,036	\$444,410	7.0%
<i>Funding Sources</i>					
General Fund	\$3,646,674	\$4,129,875	\$4,375,222	\$245,347	5.9%
Reimbursements.....	1,412,150	1,429,581	1,494,644	65,036	4.6
Federal funds	614,107	763,170	897,170	134,000	17.6
Positions	173.8	181.1	185.6	4.5	2.5%

Although Table 1 indicates a net increase of 4.5 positions, 8.5 new positions are actually being requested. The difference results from the administrative establishment of four new positions during 1977-78 which are proposed for continuation. Of the 8.5 new positions, 5.5 (one facilities

HASTINGS COLLEGE OF LAW—Continued

planner and 4.5 clerical) will be supported by federal funds or reimbursements. The three new state-funded positions consist of two clerical positions to provide staff for new scholarly publications, 0.5 clerical position for community relations and fund raising, and 0.5 position to establish a sabbatical leave program.

Reflected in the Governor's Budget is a total General Fund increase of \$245,347, or 5.9 percent. This increase is due to the new positions, production of the new publications and inflation. We have reviewed the justifications and believe they are reasonable.

I. INSTRUCTION PROGRAM

Instruction, the primary program at Hastings, is designed to prepare students for the legal profession. Of the 437 students taking the bar examination in 1976, 351 or 80.3 percent passed on their first attempt. An additional 4 percent passed on their second attempt. Of the 399 students taking the exam in 1977, 316 or 79.2 percent passed on their first attempt.

The Governor's Budget proposes to allocate \$20,000 in 1978-79 to implement a sabbatical leave program for regular tenured faculty.

II. PUBLIC SERVICE PROGRAM

Hastings recently implemented a program in trial and appellate advocacy, designed to provide specialized training to lawyers, legal educators, and judges. Courses are offered in the fields of civil and criminal law. This program is completely self-supporting through fees.

III. INSTRUCTIONAL SUPPORT PROGRAM

The instructional support program is composed of the library and scholarly publications elements. Hastings currently publishes four scholarly publications, two of which were authorized in the 1977-78 budget on a pilot basis. The budget proposes an increase of \$60,936 in General Fund expenditures to begin full production of the two new publications, *Comment* and *International Law Quarterly*. This includes funding for two additional positions.

The new publications will be evaluated by a faculty committee during 1978-79. Pending the results of this evaluation, we believe that the journals should continue to be considered pilot projects.

IV. STUDENT SERVICE PROGRAM

The student service program is composed of (1) student health services, (2) financial aid, and (3) student placement.

Table 2 summarizes the principal financial aid grant programs available.

Legal Education Opportunity Program (LEOP)

The Legal Education Opportunity program, initiated at Hastings in 1969, permits the admission of a limited number of disadvantaged students who would not be admitted under normal selection processes. This program was instituted in recognition of the desirability of educating persons from low economic and minority backgrounds in the legal profession. The legality of such programs, however, is currently an issue before the U.S. Supreme Court.

Table 2
Hastings Financial Aid Grant Summary

	<i>Actual 1976-77</i>	<i>Estimated 1977-78</i>	<i>Proposed 1978-79</i>
LEOP	\$182,325	\$193,265	\$193,265
Number of students	237	234	254
Number of grants	180	187	187
Awards/admitted	76%	80%	74%
Average grant	\$1,012	\$1,033	\$1,033
Registration Fee Offset Grants	\$51,350	\$51,650	\$51,650
Number of students	198	199	199
Average grant	\$259	\$260	\$260
Bar Exam Preparation Grants	\$12,795	\$15,298	\$16,216
Number of students	42	56	56
Average grant	\$305	\$273	\$290
Graduate Fellowships	\$6,650	\$8,400	\$8,400
Number of students	12	10	10
Average grant	\$554	\$840	\$840
Hastings Scholarship ^a	\$350,919	\$166,294	\$150,000
Number of students	160	150	150

^a Institutional funds (not included in budget).

LEOP Plan

We recommend that a plan to increase the effectiveness of the Legal Education Opportunity Program (LEOP) be submitted to the Joint Legislative Budget Committee by October 1, 1978.

We further recommend the submission of a follow-up report upon completion of the 1978-79 academic year.

As noted in the 1976-77 Analysis, statistics compiled for the years 1970-73 reveal that special admit graduates from each of the University of California law schools were experiencing significant difficulty in passing the state bar examination. Hastings' LEOP students showed improvement in 1974 and 1975 but the results in the last two years are disappointing.

Table 3 summarizes the trend over the last five years.

Table 3
Hastings Student Success in the Bar Examination
(all students and LEOP students)

	1973-74		1974-75		1975-76		1976-77		1977	
	<i>All</i>	<i>LEOP</i>	<i>All</i>	<i>LEOP</i>	<i>All</i>	<i>LEOP</i>	<i>All</i>	<i>LEOP</i>	<i>All</i>	<i>LEOP</i>
First attempt	78%	31%	83%	36%	83%	52%	80%	31%	79%	16%
Second attempt	95	50	90	52	86	62	84	43	—	—

More detailed information is available for the graduating class of 1977. Of the 75 students admitted under LEOP in 1974 (class of 1977), 57 have graduated, 11 are still current students, and 7 withdrew or were disqualified. To date, only 9 of these LEOP students have passed the state bar examination, representing 12 percent of those admitted in 1974.

HASTINGS COLLEGE OF LAW—Continued

The data presented in the preceding paragraphs indicate a need to reassess the LEOP in order to increase its level of effectiveness. In response to this need, Hastings has recently contracted with a private consulting organization to evaluate the program. It is anticipated that the first phase of this study will be completed in the spring of 1978. Our recommendation, pending the results of the *Bakke* case, would require the Hastings Board of Directors to submit a plan which will specifically address the problems encountered by the LEOP students in law school and in passing the bar examination.

CALIFORNIA STATE UNIVERSITY AND COLLEGES

Item 337 from the General
Fund

Budget p. 883

Requested 1978-79	\$697,195,994 ^a
Estimated 1977-78.....	672,524,122
Actual 1976-77	604,833,224
Requested increase \$24,671,872 (3.7 percent)	
Total recommended reduction	\$1,978,483

^a Does not include additional General Fund requests of a) \$900,000 reappropriation for library development (Control Section 10.25) and b) \$35,874,000 for salary increases (Items 417-419). Salary increase funds are discussed elsewhere in this Analysis.

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. **Redirection.** Recommend the Chancellor's Office report to the Joint Legislative Budget Committee by December 1, 1978 on the impact of the redirection program. 844
2. **Balancing Capacity.** Recommend the Chancellor's Office gradually reduce enrollments at the Long Beach, Northridge and San Luis Obispo campuses to the level of existing and funded capacity unless campuses prefer to continue at the 1977-78 enrollment level without additional instructional space. 844
3. **Off-Campus Instruction Report.** Recommend the Chancellor's Office report on the number of FTE included in General Fund support of off-campus instruction in the current year and the budget year. 856
4. **Consortium Administration.** Delete \$63,811 from General Fund. Recommend elimination of proposed state support for administrative costs of statewide consortium office. 857
5. **External Degree Fee Waiver.** Reduce \$151,216 from Gen- 858

- eral Fund.* Recommend reduction in state support for external degree fee waivers to reflect the conversion of external degree programs from self-support to General Fund Support.
6. *English Placement Test. Reduce \$282,200 from General Fund.* Recommend funds for expansion of English Placement Test in 1978-79 be denied. Further recommend Chancellor's office report on the results of its study comparing English Placement Test with the Test of Standard Written English. 861
 7. *English Placement Test. Reduce \$42,855 from General Fund.* Recommend per student cost of English Placement Test be reduced to the original contractual amount. 862
 8. *Writing Skills Progress.* Recommend CSUC annually notify each California high school and its governing board of the performance of its graduates as compared to the performance of all California high school graduates on the Student Writing Skills exam. 863
 9. *Remedial Writing Program.* Recommend Chancellor's Office provide to legislative fiscal subcommittees a campus by campus breakdown detailing the various approaches used to meet student remedial writing needs. 864
 10. *Innovative Programs. Reduce \$100,000 from General Fund.* Recommend elimination of funds for program replication. 865
 11. *Library Development.* Withhold recommendation for library development pending receipt and review of consultant's report on program effectiveness. 867
 12. *Library Books. Reduce \$420,592 from General Fund.* Recommend increased library book acquisition rate be denied. 870
 13. *Humboldt State.* Recommend that Chancellor's Office conduct a program review of the Services to the Indian Community program and report the results by November 1, 1978. 874
 14. *Instructionally Related Activities Fee.* Recommend the Chancellors Office submit a report providing a campus by campus breakdown of (a) the fee level established, (b) the amount derived and (c) the activities supported by the new Instructionally Related Activities Fee. 878
 15. *Educational Opportunity Program. Reduce \$102,310 from General Fund.* Recommend proposal to convert 37.3 positions from academic year (10 month) to 12 month be denied. 881
 16. *Executive Administration. Delete \$58,594 from General Fund.* Recommend elimination of one Vice President for Business Affairs position and related clerical assistance at Sonoma State College. 885
 17. *Field Work Coordinators. Reduce \$201,933 from General Fund.* Recommend field work coordinator proposal be 886

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

- implemented as two year pilot project rather than system-wide.
18. *Employee Affirmative Action. Reduce \$186,176 from General Fund.* Recommend elimination of administrative overhead costs in new employee affirmative action program. Further recommend that Chancellor's Office present a plan during legislative budget hearings on the selection process for the intern program. 888
 19. *Industrial Disability Leaves. Reduce \$100,000 from General Fund.* Recommend expenditure projection be reduced to accord with latest available data. 889
 20. *Campus Physical Planning and Development Staff. Reduce \$205,764 from General Fund.* Recommend deletion of the building coordinator position on seven campuses with the lowest enrollments. 891
 21. *Technical Adjustment. Reduce \$63,032 from General Fund.* Recommend technical adjustment to balance total appropriation with internal detail. 893

GENERAL PROGRAM STATEMENT

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

Governance

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

The trustees appoint the Chancellor, 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 system presently includes 19 campuses with an estimated 1978-79 full-time equivalent (FTE) enrollment of 237,080.

Admission

Admission of incoming freshmen generally is limited to those graduating in the highest third of their high school class. An exception permits admission of certain otherwise unqualified students, not to exceed 8 percent of the previous year's undergraduate enrollment.

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. To be admitted to a graduate program, the minimum requirement is a bachelor's

degree from an accredited four-year institution. However, individual programs may designate more restrictive standards.

1978-79 Budget Overview

The 1978-79 Governor's Budget (Item 337) proposes an appropriation from the General Fund of \$697,195,994 for support of the CSUC system. Additional General Fund requests totaling \$36,774,000 for a) academic salary increase (\$20,425,000), b) nonacademic salary increase (\$11,035,000), c) equity adjustments for nonacademic employees (\$4,414,000), and d) a reappropriation for library development (\$900,000) bring the total General Fund request to \$733,969,994. The CSUC salary increase request is discussed under Items 417-419 of this Analysis.

Table 1 reflects the total 1978-79 Governor's Budget by program and source of funds, while Table 2 provides a budget summary by program for the past, current and budget year.

The 1978-79 CSUC budget increase (exclusive of salary increases) over the 1977-78 budgeted support level is \$24,671,872 or 3.7 percent. As detailed in Table 3, approximately \$18.4 million of this increase is attributable to price increases and baseline adjustments. Another \$3.2 million results from growth in program maintenance such as enrollment (\$0.9 million) and student financial aid (\$1.4 million). The remaining major increase of \$2.2 million results from 6 additions to the basic program including public safety (\$0.7 million) and employee affirmative action (\$0.5 million).

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

Table 1
SOURCE OF FUNDS BY SUBPROGRAM
(1978/79 GOVERNOR'S BUDGET)

Program	General Fund			Special Funds—Continuing Education		
	Net General Fund	Reimbursement	Total General Fund	Summer Session	Extension	Total
I. Instruction						
Regular Instruction.....	\$441,455,927	\$11,186,820	\$452,642,747	—	—	—
Special Session Instruction.....	—	—	—	\$5,410,687	—	\$5,410,687
Extension Instruction (for credit)	—	—	—	—	\$4,310,046	4,310,046
Total Instruction	\$441,455,927	\$11,186,820	\$452,642,747	\$5,410,687	\$4,310,046	\$9,720,733
II. Research						
Individual or Project Research	—	97,361	97,361	—	—	—
III. Public Service						
Campus Community Service	—	393,906	393,906	—	—	—
IV. Academic Support						
Libraries.....	42,972,868 ^a	746,186	43,719,054	30,370	1,823	32,193
Audio-Visual Services.....	8,838,367	—	8,838,367	26,978	5,031	32,009
Computing Support	17,829,605	—	17,829,605	29,868	16,010	45,878
Ancillary Support	10,197,440	—	10,197,440	—	—	—
Total Academic Support	\$79,838,280	\$746,186	\$80,584,466	\$87,216	\$22,864	\$110,080
V. Student Service						
Social and Cultural Development.....	—	3,171,534	3,171,534	—	—	—
Supplemental Educational Services—EOP.....	11,891,371	—	11,891,371	—	—	—
Counseling and Career Guidance.....	583,453	14,519,502	15,102,955	42,627	—	42,627
Financial Aid	—	52,413,562	52,413,562	—	—	—
Student Support.....	102,898	15,863,970	15,966,868	34,092	—	34,092
Total Student Service.....	\$12,577,722	\$85,968,568	\$98,546,290	\$76,719	—	\$76,719
VI. Institutional Support						
Executive Management.....	18,569,087	1,285,279	19,854,376	1,251,728	2,511,874	3,763,602
Financial Operations	8,862,896	3,863,308	12,726,204	195,063	166,883	361,946
General Administrative Services.....	18,970,291	5,892,960	24,863,251	125,635	222,011	347,646
Logistical Service.....	29,199,313	97,099	29,296,412	277,055	393,793	670,848
Physical Plant Operation.....	77,927,441	37,713	77,965,154	52,676	3,307	55,983
Faculty and Staff Services.....	8,156,018	—	8,156,018	—	—	—
Community Relations	2,539,009	283,380	2,822,389	228,843	192,829	421,672
Total Institutional Support	\$164,224,065	\$11,459,739	\$175,683,804	\$2,131,000	\$3,490,697	\$5,621,697
VII. Independent Operations						
Institutional Operations.....	—	14,474,681	14,474,681	—	—	—
Outside Agencies.....	—	11,439,771	11,439,771	—	—	—
Total Independent Operations	—	\$25,914,452	\$25,914,452	—	—	—
GRAND TOTALS	\$698,095,994 ^a	\$135,767,032	\$833,863,026	\$7,705,622	\$7,823,607	\$15,529,229

^a Includes \$900,000 reappropriated from 1977-78 for library development.

<i>Special Funds</i>			<i>Auxiliary Organizations</i>				<i>Founda- tions</i>	<i>Grand Totals</i>
<i>Dormitory</i>	<i>Parking</i>	<i>Total Special Funds</i>	<i>(Activity)</i>	<i>(Activity)</i>	<i>(Activity)</i>	<i>Total</i>		
—	—	—	—	—	—	—	—	\$452,642,747
—	—	—	—	—	—	—	—	5,410,687
—	—	—	—	—	—	—	—	4,310,046
—	—	—	—	—	—	—	—	\$462,363,480
—	—	—	—	—	—	—	—	97,361
—	—	—	—	—	—	—	—	393,906
—	—	—	—	—	—	—	—	43,751,247
—	—	—	—	—	—	—	—	8,870,376
—	—	—	(Agriculture)	—	—	—	—	17,875,483
—	—	—	\$4,139,000	—	—	\$4,139,000	—	14,336,440
—	—	—	\$4,139,000	—	—	\$4,139,000	—	\$84,833,546
—	—	—	—	(Student Activities)	—	—	—	—
—	—	—	—	\$10,638,000	—	10,638,000	—	13,809,534
—	—	—	—	—	—	—	—	11,891,371
—	—	—	—	—	—	—	—	15,145,582
—	—	—	—	—	—	—	—	52,413,562
—	—	—	(Bookstore)	(Food Service)	(Student Union)	—	—	—
\$2,096,328	—	\$2,096,328	39,249,000	21,351,000	\$4,345,000	64,945,000	—	83,042,288
\$2,096,328	—	\$2,096,328	\$39,249,000	\$31,989,000	\$4,345,000	\$75,583,000	—	\$176,302,337
—	—	—	(Special Projects Admin.)	—	—	—	—	—
—	—	—	—	—	—	—	—	23,617,978
457,255	\$409,261	866,516	2,274,000	—	—	2,274,000	—	16,228,666
—	—	—	—	—	—	—	—	25,210,897
996,847	2,174,177	3,171,024	1,516,000	—	—	1,516,000	—	34,654,284
6,634,948	961,116	7,596,064	—	—	—	—	—	85,617,201
—	—	—	—	—	—	—	—	8,156,018
—	—	—	—	—	—	—	—	3,244,061
—	—	—	—	—	—	—	—	—
\$8,089,050	\$3,544,554	\$11,633,604	\$3,790,000	—	—	\$3,790,000	—	\$196,729,105
—	—	—	—	(Other)	—	—	—	—
—	256,765	256,765	—	3,483,000	—	3,483,000	—	18,214,446
—	—	—	—	—	—	—	\$37,830,000	49,269,771
—	\$256,765	\$256,765	—	\$3,483,000	—	\$3,483,000	\$37,830,000	\$67,494,217
\$10,185,378	\$3,801,319	\$13,986,697	\$47,178,000	\$35,472,000	\$4,345,000	\$86,995,000	\$37,830,000	\$388,203,952

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

Table 2

THE CALIFORNIA STATE UNIVERSITY AND COLLEGES BUDGET SUMMARY

<i>Summary of Program Requirements</i>	<i>Actual 1976-77</i>	<i>Estimated 1977-78</i>	<i>Proposed 1978-79</i>
I. Instruction	\$412,260,914	\$450,793,885	\$462,363,480
II. Research	40,648	160,488	97,361
III. Public service	471,627	377,948	393,906
IV. Academic support.....	70,762,057	79,412,166	84,833,546
V. Student service	161,598,847	172,708,024	176,302,337
VI. Institutional support.....	170,387,559	188,328,139	196,729,105
VII. Independent operations	64,053,130	63,226,166	67,484,217
Totals, Programs.....	\$879,574,782	\$955,006,816	\$988,203,952
Reimbursements.....	-83,863,862	-82,808,770	-89,308,182
Net Totals, Programs	\$795,710,920	\$872,198,046	\$898,895,770
General Fund	604,833,224	672,524,122	698,095,994 ^a
Federal Funds.....	45,052,833	46,732,894	46,458,850
Continuing Education Revenue Fund	16,119,797	17,457,284	15,529,229
Dormitory Revenue Fund.....	8,633,573	9,459,727	10,185,378
Parking Account, Dormitory Revenue Fund	3,470,279	3,672,019	3,801,319
Foundations—federal	24,272,323	25,485,000	25,485,000
Foundations—other.....	11,759,463	12,345,000	12,345,000
Auxiliary organizations—federal	2,888,597	3,032,000	3,032,000
Auxiliary organizations—other	78,680,831	81,490,000	83,963,000
Personnel years.....	32,821.1	32,916.1	33,281.1

^a Includes \$900,000 reappropriated from 1977-78 by Control Section 10.25

Table 3
Proposed 1978-79 Budget Changes

	<i>Cost</i>	<i>Total</i>
I. Base Line Adjustments		\$672,524,122
Increases of Existing Personnel Costs		
1. Salary Adjustments	\$5,212,571	
2. Full-Year Funding	853,292	
3. Faculty Promotions	917,015	
4. Retirement	4,645,846	
5. OASDI	359,656	
6. Workers' Compensation, Industrial Disability and Nonindustrial Disability Leaves	681,001	
7. Unemployment Compensation	400,000	
Total, Increase of Existing Personnel Costs		\$13,069,381
Nonrecurring Items		
1. Office Equipment	-284,300	
2. Moving Allowance	-208,247	
3. Unallocated Salary Increase	-481,007	
Total, Nonrecurring Items		\$-973,554
Price Increase		6,009,403
Special Base Adjustments		
1. EOP Evaluation	-133,777	
2. San Francisco Library Conversion	-216,243	
Total, Special Base Adjustments		\$-350,020
Cost Impact of Special Legislation		
1. Information Security Chapter 709, 1977	170,130	
2. Allowance for Uniforms Chapter 364, 1977	27,613	
3. Retirement Fund Contributions Chapter 1186, 1977	498,180	
Total, Cost Impact of Special Legislation		\$695,923
Total, Base Line Adjustments		\$18,451,133
II. Program Maintenance Proposals		
Enrollment Growth (710 FTE)		\$881,184
Special Cost Increases		
1. Instructional Faculty	\$571,174	
2. Other Instructional Adjustments	22,214	
3. Computing Support	555,494	
4. Ancillary Support	254,824	
5. Supplementary Educational Service (EOP)	156,118	
6. Financial Aid	1,351,043	
7. Financial Operations (Financial Aid Administration)	242,732	
8. Student Admissions and Records	343,299	
9. Communications	603,200	
10. Utilities	1,742,815	
11. Physical Plant Operations	7,890	
12. Other Campus Items	43,635	
13. General	-1,614,718	
14. Student Financial aid	-1,022,482	
15. Systemwide Offices	838,715	
16. Systemwide Provisions for Allocation	-932,774	
Total, Special Cost Increases		\$3,163,179
Total, Program Maintenance Proposals		\$4,044,363

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued**III. Program Change Proposals****Systemwide Proposals**

1. Library Support	\$420,592	
2. Public Safety	731,498	
3. Consortium	63,811	
4. Field Work Coordinators	349,965	
5. Student Affirmative Action	100,000	
6. Employee Affirmative Action	510,510	
7. Health Services (Financed by	594,991	
Student Service Fee)	-594,991	
Total, Program Change proposals		<u>\$2,176,376</u>
Total, Support Budget Change		<u>\$24,671,872</u>
Total 1978-79 Support Budget		<u>\$697,195,994</u>

Budget Presentation

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

I. INSTRUCTION

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

Proposed expenditures for the 1978-79 instruction program are shown in Table 4 on page 837.

1. ENROLLMENT**A. Regular Enrollment**

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

Current year enrollment in the CSUC (1977-78) is now estimated to be 236,153 FTE students, (a) a decrease of 217 FTE students from the amount originally budgeted for 1977-78, but (b) an increase of 4,549 FTE over the actual 1976-77 FTE enrollment.

The Governor's Budget projects a 1978-79 enrollment of 237,080 FTE, an increase of 927 FTE over the revised enrollment estimate for 1977-78. Table 5 on page 838 gives the anticipated distribution of this enrollment among the 19 campuses.

B. Future Enrollment

From 1970 through 1975, CSUC had continually revised downward its estimate of future enrollment growth. In 1970, CSUC was projecting 354,630 academic year FTE students for 1980-81, but by 1975 this estimate had been reduced by 33 percent to 238,000. The one-time enrollment surge of

Table 4
INSTRUCTION PROGRAM COSTS

Program elements	<i>Personnel</i>			<i>Expenditures</i>			<i>Change</i>	
	<i>1976-77</i>	<i>1977-78</i>	<i>1978-79</i>	<i>1976-77</i>	<i>1977-78</i>	<i>1978-79</i>	<i>Amount</i>	<i>Percent</i>
1. Regular Instruction	18,355.2	17,777	17,900.7	\$401,730,575	\$439,970,887	\$452,642,747	\$12,671,860	2.9%
2. Special Session Instruction..	427.7	422	393.8	5,572,221	5,568,765	5,410,687	-158,078	-2.8
3. Extension Instruction	292.5	346.1	250.7	4,958,118	5,254,233	4,310,046	-944,187	-18.0
Program Costs	19,075.4	18,545.1	18,545.2	\$412,260,914	\$450,793,885	\$462,363,480	\$11,569,595	2.6%
General Fund.....	18,355.2	17,777	17,900.7	386,605,704	428,824,646	441,455,927	12,631,281	3.0
Reimbursements—other	—	—	—	15,124,871	11,146,241	11,186,820	40,579	0.4
Continuing Education Revenue Fund.....	720.2	768.1	644.5	10,530,339	10,822,998	9,720,733	-1,102,265	-10.2

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

1975-76 broke the downward trend by revising the 1980-81 enrollment upwards to 249,660 FTE. However, this appears to have been an anomaly as the 1977 projections return to the downward trend with the 1980-81 enrollment projected at 233,150 FTE.

Table 6 on page 839 shows the current long-range estimate of enrollment growth by campus through 1985-86. This estimate, last revised in March 1977, shows enrollment as essentially level through 1985-86. This trend has significant implications for a system whose primary source of funding is based upon FTE. During the 1950's and 1960's when enrollment grew rapidly and eight new campuses were added to the system, the annual enrollment growth was sufficient to permit the addition of new programs and faculty. As enrollment has leveled off, the percent of tenured faculty has increased and consequently the percent of new faculty

TABLE 5
ANNUAL FULL-TIME EQUIVALENT STUDENTS (FTE)

<i>Campuses Academic Year</i>	<i>Reported</i>			<i>1977/78</i>		<i>1978/79^a</i>
	<i>1974/75</i>	<i>1975/76</i>	<i>1976/77</i>	<i>Budget</i>	<i>Revised^a</i>	
Bakersfield.....	2,268	2,295	2,338	2,300	2,411	2,480
Chico.....	11,612	11,875	11,761	12,100	11,723	11,850
Dominguez Hills	4,491	5,018	4,786	5,050	4,844	5,000
Fresno.....	13,041	12,814	12,394	12,450	12,517	12,600
Fullerton	14,005	14,687	14,610	15,200	14,592	14,800
Hayward	8,315	8,250	7,938	8,000	7,646	7,600
Humboldt	6,591	6,590	6,422	6,700	6,680	6,700
Long Beach.....	20,884	21,729	21,706	21,800	22,274	21,900
Los Angeles.....	15,026	15,625	15,229	15,300	15,280	15,300
Northridge.....	18,171	18,995	18,730	19,200	19,180	19,200
Pomona	9,249	10,228	10,793	11,400	11,320	11,700
Sacramento	15,225	15,848	15,611	16,000	16,246	16,400
San Bernardino	2,843	3,148	3,086	3,200	3,295	3,350
San Diego	23,297	23,782	22,715	23,400	22,838	23,100
San Francisco	15,850	17,343	16,727	17,000	17,535	17,200
San Jose	19,337	19,683	19,113	19,200	19,836	19,800
San Luis Obispo	13,606	14,230	14,066	14,200	14,264	14,200
Sonoma	5,172	5,055	4,903	4,800	4,682	4,800
Stanislaus	2,302	2,447	2,430	2,500	2,580	2,600
Totals—Academic Year	221,285	229,642	225,358	229,800	229,743	230,580
Summer Quarter						
Hayward	1,048	1,015	961	960	931	900
Los Angeles.....	2,783	2,913	2,711	2,770	2,681	2,700
Pomona	814	956	980	1,150	1,059	1,140
San Luis Obispo	1,072	1,201	1,241	1,300	1,349	1,350
Totals—Summer Quarter	5,717	6,085	5,893	6,180	6,020	6,090
College Year Totals.....	227,002	235,727	231,251	235,980	235,763	236,670
International Programs	326	340	353	390	390	410
Grand Total.....	227,328	236,067	231,604	236,370	236,153	237,080
Change						
FTE.....	2,868	8,739	-4,463	4,766	4,549	927
Percent.....	1.27	3.84	-1.89	2.05	1.96	0.39

^a Revision Based on Fall 1977 Preliminary Reports.

TABLE 6
FINAL ALLOCATION OF ANNUAL FULL-TIME EQUIVALENT STUDENTS,^a 1975/76 to 1985/86

<i>Campus Academic Year</i>	<i>Reported</i>		<i>Allocated</i>								
	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86
Bakersfield	2,295	2,338	2,300	2,480	2,300	2,300	2,300	2,300	2,200	2,200	2,200
Chico	11,875	11,761	12,100	11,850	12,100	12,200	12,200	12,200	12,200	12,100	12,100
Dominguez Hills	5,018	4,786	5,050	5,000	5,100	5,200	5,200	5,300	5,200	5,200	5,200
Fresno	12,814	12,394	12,450	12,600	12,300	12,300	12,300	12,300	12,300	12,200	12,200
Fullerton	14,687	14,610	15,200	14,800	15,700	16,000	16,200	16,400	16,400	16,400	16,400
Hayward	8,250	7,938	8,000	7,600	7,900	7,800	7,800	7,700	7,700	7,600	7,600
Humboldt	6,590	6,422	6,700	6,700	6,700	6,800	6,900	7,000	7,000	6,900	6,900
Long Beach	21,729	21,706	21,800	21,900	22,000	22,200	22,400	22,600	22,500	22,400	22,300
Los Angeles	15,625	15,229	15,300	15,300	15,300	15,300	15,300	15,300	15,100	15,000	15,000
Northridge	18,995	18,730	19,200	19,200	19,000	19,000	19,000	19,000	19,000	19,000	19,000
Pomona	10,228	10,793	11,400	11,700	12,100	12,400	12,600	12,800	12,900	13,000	13,000
Sacramento	15,848	15,611	16,000	16,400	16,200	16,300	16,400	16,400	16,300	16,300	16,200
San Bernardino	3,148	3,086	3,200	3,350	3,300	3,350	3,400	3,450	3,400	3,350	3,300
San Diego ^b	23,782	22,715	23,400	23,100	23,700	23,700	24,100	24,600	25,000	25,000	25,000
San Francisco	17,343	16,727	17,000	17,200	17,400	17,600	17,700	17,800	17,700	17,600	17,500
San Jose	19,683	19,113	19,200	19,800	19,200	19,200	19,200	19,200	19,100	19,100	19,000
San Luis Obispo	14,230	14,066	14,200	14,200	14,200	14,200	14,600	15,000	15,000	15,000	15,000
Sonoma	5,055	4,903	4,800	4,800	4,800	4,800	4,800	4,800	4,700	4,700	4,600
Stanislaus	2,447	2,430	2,500	2,600	2,500	2,500	2,500	2,400	2,400	2,300	2,300
Totals	229,642	225,358	229,800	230,580	231,800	233,150	234,900	236,550	236,100	235,350	234,800

^a Summer Quarter and International Programs Not Included.

^b Includes Calxico Center.

Note: Long-range allocations were last revised in 1977 and will be revised again in 1978 to reflect the enrollment experience of the 1977/78 allocations. Does not include the downward enrollment projections based on the reported enrollment for the Fall of 1977.

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positions has declined. This in turn, has reduced the system's flexibility to offer new academic programs and to hire new faculty.

This leveling of enrollment has implications, both direct and indirect, for a number of budget topics later in this analysis including: (a) conversion of off-campus instruction from self-support to General Fund; (b) redirection of applicants to underutilized campuses; (c) revision of staffing formulas to reflect the shift of student interest to disciplines with a relatively low student-faculty ratio; and (d) the use of part-time faculty.

C. Self-Support Enrollments

Additional enrollments occur in extension and summer session programs as shown in Table 7. These programs are entirely self-supporting.

Table 7
Summer Session and Extension Program Enrollments

Year	<u>Net Enrollment</u>		<u>Annual FTE</u>	
	<i>Extension</i>	<i>Summer</i>	<i>Extension</i>	<i>Summer</i>
		<i>Session</i>		<i>Session</i>
1966-67	43,758	72,663	4,718	11,578
1967-68	50,768	74,357	5,492	11,924
1968-69	56,680	76,744	6,391	11,567
1969-70	67,608	75,464	7,084	12,331
1970-71	76,881	72,947	7,724	11,768
1971-72	79,800	69,554	7,930	11,303
1972-73	81,025	63,132	7,143	10,056
1973-74	85,430	60,276	7,446	9,105
1974-75	85,824	56,305	7,558	8,232
1975-76	93,757	57,235	8,330	8,003
1976-77	101,609	54,866	9,068	8,398
1977-78	99,359	54,150	9,414	7,768
1978-79 (est.)	80,728	53,987	8,154	7,397

D. Enrollment Payback

CSUC is budgeted on the basis of a systemwide FTE enrollment projection made approximately one year in advance of actual fall enrollment. The Chancellor's Office, in turn, budgets funds for the individual campuses on the same basis.

After fall enrollments are actually known, the Chancellor's Office makes campus by campus budget adjustments to balance the actual FTE with the budgeted FTE. Chancellor's Office policy provides for a deviation of ± 150 to 300 FTE (depending upon campus size) before any adjustment to campus budgets is required.

This year, as in four of the past five years, there were more funds withdrawn from campuses than were reallocated. This difference, totaling \$301,732, was placed in the Chancellor's Office unallocated reserve.

Last year, the Legislature amended Control Section 28.9 to provide that such funds could be allocated only to the Instruction and/or Academic Support programs (the same language is contained in the 1978-79 Budget Bill). Although final allocation of the 1977-78 funds had not been made as of January 1978, the Chancellor's Office indicated that the funds would be returned to campuses on a pro rata FTE basis for purchase of instructional supplies.

Table 8 displays the campus by campus adjustments made in the current year.

Table 8
1977-78 Campus by Campus Enrollment Adjustment

Campus	Budget FTE	Revised FTE	Differences	Allowable Deviation	Required Adjustment	
					FTE	Dollars ^a
Hayward	8,960	8,577	-383	-150	-233	\$ -291,716
Pomona	12,550	12,379	-171	-200	—	—
San Luis Obispo	15,500	15,613	+113	+250	—	—
Chico	12,100	11,723	-377	-200	-177	-221,604
Fresno	12,450	12,517	+67	+200	—	—
Humboldt	6,700	6,680	-20	-150	—	—
Bakersfield	2,300	2,411	+111	+150	—	—
Long Beach	21,800	22,274	+474	+300	+174	+217,848
Los Angeles	18,070	17,961	-109	-250	—	—
Fullerton	15,200	14,592	-608	-250	-358	-448,216
Dominguez Hills	5,050	4,844	-206	-150	-56	-70,112
Sacramento	16,000	16,246	+246	+250	—	—
San Bernardino	3,200	3,295	+95	+150	—	—
San Diego	23,400	22,838	-562	-300	-262	-328,024
Northridge	19,200	19,180	-20	-259	—	—
San Francisco	17,000	17,535	+535	+250	+285	+356,820
San Jose	19,200	19,836	+636	+250	+386	+483,272
Sonoma	4,800	4,682	-118	-150	—	—
Stanislaus	2,500	2,580	+80	+150	—	—
International Programs	390	390	—	—	—	—
Total	236,370	236,153	-217	—	-241	\$ -301,732

^a Dollar adjustment is based upon \$1,252 marginal cost per FTE

E. Redirection

For several years, we have been concerned about the utilization of existing CSUC physical facilities. While the system has sufficient space to meet student needs into the 1990's, certain campuses are overcrowded while others have excess physical capacity. This is shown in Table 9 on page 842 which provides a campus by campus breakdown of total instructional FTE capacity compared to 1977-78 FTE enrollment.

The table indicates that three campuses, Long Beach, Northridge and San Luis Obispo have enrollments in excess of existing capacity. However, other campuses, such as Hayward and Los Angeles, are clearly underutilized.

In our 1976-77 Analysis, we recommended that the Chancellor's Office develop a plan of limited redirection of students from overcrowded campuses to other campuses having excess space. Specifically, we recommended a policy which would:

- Permit all eligible students to attend local CSUS campuses if they choose to do so;
- Require only the redirection of a limited number of applicants, with no effect upon presently enrolled students;
- Be sensitive to students programmatic needs as well as geographic needs;
- Provide the flexibility to alter existing space to meet the changing patterns of student interests or to construct new facilities for system-wide impacted program.

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Table 9^a

The California State University and Colleges
Comparison of Campus FTE Enrollment Capacity with Campus FTE Enrollment

<i>State University/ College</i>	<i>Existing and Funded FTE Capacity^b</i>	<i>Campus FTE Enrollment (1977-78)</i>	<i>Excess or Deficit (-) Capacity</i>	<i>Percent Excess or Deficit (-)</i>
Bakersfield	3,418	2,211	1,207	35
Chico	11,647	10,668	979	8
Dominguez Hills	6,364	4,408	1,956	31
Fresno	13,526	11,316	2,210	16
Fullerton	15,108	13,702	1,406	9
Hayward	11,689	6,985	4,704	40
Humboldt	6,586	6,132	454	7
Long Beach	20,224	20,693	-469	-2
Los Angeles	19,997	14,021	5,976	30
Northridge	17,013	17,664	-651	-4
Pomona	12,031	10,576	1,455	12
Sacramento	16,189	14,670	1,519	9
San Bernardino	3,491	2,899	592	17
San Diego	22,375	20,831	1,544	7
San Francisco	16,064	15,992	72	0
San Jose	21,440	18,130	3,310	15
San Luis Obispo	12,055	13,426	-1,371	-11
Sonoma	5,677	4,046	1,621	28
Stanislaus	3,654	2,358	1,296	35
TOTAL	238,538	216,468	27,810	12

^a Data provided by the Chancellor's Office.^b Includes buildings classified "temporary" by the campus.

Adoption of this plan would avoid the need to construct new space on overcrowded campuses when sufficient space was available systemwide. Our recommendation was accepted by the Legislature and included in the Supplementary Report of the Committee on Conference (1976-77) as follows:

"The Chancellor's office determine procedures to facilitate better utilization of existing CSUC physical facilities while continuing to meet the programmatic and geographical needs of students and report to the Joint Legislative Budget Committee by November 15, 1976. The report should include, but not be limited to procedures for (a) sustaining or reducing enrollment on selected CSUC campuses which currently have a shortage of needed physical facilities (Chico and San Luis Obispo, for example), (b) redirecting some students in particular program areas from a campus with insufficient facilities when comparable programs and underutilized facilities are available alternative CSUC campuses, and (c) reducing the five-year Capital Outlay Program to accord with implementation of the above two measures."

CSUC Response

The CSUC report, dated January 21, 1977, was not responsive to the supplemental language in that it provided no alternative to existing policy. Consequently, the Supplementary Report of the Committee on Conference, 1977-78 included language directing CSUC to submit a report, "which complies with legislative intent on redirection" as expressed by the 1976-77 language.

CSUC responded on December 15, 1977 and that response represents a major step in meeting the legislative requirement expressed in the 1976-77 supplemental language.

The CSUC response appears to take the four factors we identified in our 1976-77 Analysis into consideration. The report contains nine guidelines for applicant redirection, the four most important of which are as follows:

1. Enrollment allocations beyond existing and funded capacities which would generate the need for planning and constructing new general instructional facilities will not be made. Enrollment allocations for San Luis Obispo, Northridge, and Long Beach will be held at or below the level of 1977-78 FTES academic year enrollment.

2. No new capital outlay for general instructional capacity will be requested for those campuses with excess capacity until it is completely justified on the basis of systemwide needs or enrollment pressures not amendable to redirection or diversion.

3. The addition of specialized facilities and the remodeling of facilities during this period is appropriate when justified. Campuses with a current deficit in general instructional capacity may request additional capacity projects as justified to the extent of the deficiency.

4. Student applications to a campus in excess of enrollment quotas will be redirected to a campus offering a similar program to that requested by the applicant. No application will be routinely returned to the applicant, but will be routed to the campus of second or third choice directly. If no alternative choices are listed, the respective campuses will provide redirection advice and counsel for the prospective applicant. The system will track all redirected applicants within the CSUC.

The Chancellor's Office indicates that appropriate steps are already being taken to implement the conclusions and that "partial implementation can be expected toward the end of the academic year." In addition, the capital outlay budget contained in the 1978-79 Governor's Budget was "prepared on the basis of the principles outlined above".

Future Implications

These four guidelines have implications for both the future construction of instructional facilities and the support of instructional programs. Limiting enrollment allocations to existing and funded capacities should result in a gradual move toward balancing utilization of existing systemwide facilities. The practical effect for, say, San Francisco State which has facilities for 16,064 FTE and a 1977-78 on-campus FTE enrollment of 15,992, is to hold enrollment at the existing level. Conversely, Hayward State which

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has an FTE capacity of 11,689 but a 1977-78 enrollment of only 6,985 FTE, would be authorized to increase enrollment by 4,704 FTE (up to its existing physical capacity).

It should be noted that while the actions recommended in the report would limit enrollment growth on those campuses that are already at full capacity, it would not inhibit their flexibility to remodel or construct new facilities to meet the needs of discipline changes dictated by shifts in student interest. At the same time, for CSUC as a system, it would a) reduce the need for future major capital outlay expenditures and b) enhance the use of presently underutilized facilities.

Impact of Redirection

We recommend that the Chancellor's Office report to the Joint Legislative Budget Committee by December 1, 1978 and every two years thereafter on the impact of the redirection program. The report should include, but not be limited to: a review of administrative changes necessitated by redirection, number of applicants redirected and the effect upon the instructional program.

While we support the general conclusions of the report, the adoption of a limited redirection program leaves a number of questions and problems unresolved. For example:

(a) Are existing administrative regulations sufficiently flexible to permit such a program? The Chancellor's Office indicates that the California Administrative Code, Title V, may require revision to authorize campuses to give local applicants priority for those programs which are generally available at all campuses.

(b) How many applicants will actually attend a second or third choice campus? CSUC indicates that it intends to gather such data by tracking all redirected applicants with the system.

(c) Will there be an effect upon the instructional program or faculty? Will campuses with a "frozen" enrollment allocation have a disproportionate percentage of tenured faculty? (This question interrelates with the entire steady state issue).

Because of these questions, we believe that the Chancellor's Office should report periodically on the redirection program. The report should be submitted annually no later than December 1, and should include, but not be limited to a response to the above questions.

Balancing Capacity

We recommend that the Chancellor's Office gradually reduce enrollments at the Long Beach, Northridge and San Luis Obispo campuses to the level of existing and funded capacity unless the Chancellor's Office in consultation with the campus, concludes that it is preferable to continue at the 1977-78 enrollment level without any additional instructional capacity space.

Our primary reservation to the CSUC report focuses on the capital outlay implications at those three campuses with FTE in excess of instructional capacity—Long Beach, Northridge and San Luis Obispo. Under the guidelines of the report, enrollment allocations at these three campuses is to be held at or below the level of 1977-78 academic year FTE enroll-

ment. As Table 9 indicates, this is still in excess of their existing capacity. Because the limitation on new construction (Guideline #2) applies only to those campuses with excess capacity, the CSUC policy permits new construction at the three campuses. We oppose an exception for these campuses.

The CSUC guidelines are based upon a policy of *systemwide* need and we believe they should be applied consistently. We see no reason to authorize new general instruction facilities for Long Beach while a neighboring campus, Dominguez Hills, has significant excess capacity (31 percent). Rather, we would recommend that Long Beach, Northridge and San Luis Obispo phase down enrollment to their existing capacity (consistent with the other 16 campuses covered under the first guideline). This could be accomplished gradually over a four year period with no dislocation of existing students by adjusting the number of freshman and transfer students authorized admission.

It should be noted that this four year reduction averages much less than that which occurs on some campuses in one year due to normal enrollment shifts. For example, both the Fullerton and San Diego campuses were more than 500 FTE below their budgeted enrollment for 1977-78.

We strongly believe that existing over enrollments should not be used to justify the construction of new general instructional facilities at the three campuses when excess capacity for the system exceeds 27,000. However, we also recognize that the campuses are currently operating at a deficit of from only 2 to 11 percent of the space generated by a strict application of formulas and with apparently no major negative impact on programs. Thus, if the Chancellor's Office and campuses determine that continued operation at the 1977-78 enrollment level (within existing facilities) is an option preferable to enrollment reduction, they should be authorized to do so.

2. REGULAR INSTRUCTION

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

A. Student Workload

The average student workload in the CSUC system has been slowly declining. This simply means that the average student is taking less course units per academic year than in the past.

Table 10 provides an estimate of the decline as a systemwide average for all CSUC students. The precise reasons for this decline are not known.

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Table 10
Average Student Workload
1970-71 to 1975-76

<i>Academic Year</i>	<i>Annual FTE</i>	<i>Average Term Enrollment</i>	<i>Average Student Workload</i>	
			<i>Academic Year^a</i>	<i>Per Term</i>
1970-71.....	197,454	242,474	24.43	12.22
1971-72.....	204,224	259,185	23.64	11.82
1972-73.....	213,974	273,465	23.47	11.74
1973-74.....	218,075	281,678	23.23	11.62
1974-75.....	221,285	289,072	22.96	11.48
1975-76.....	229,642	303,429	22.70	11.35
1976-77.....	225,358	299,168	22.60	11.30

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

More importantly, the Chancellor's Office is unable to predict how long the trend will continue. Because headcount students and full-time equivalent (FTE) students are crucial determinants of the level of General Fund support, the relationship between these two variables should be closely monitored.

B. Faculty Staffing

Faculty positions are budgeted on the basis of a single systemwide student-faculty ratio. Resources thus generated are then distributed to campuses where in turn they are allocated to the various disciplines to provide instruction in the 217 degree programs that are offered.

As Table 11 indicates, in each of the last five years, CSUC faculty have been budgeted on approximately a 17.8 to 1 ratio. While the Governor's Budget uses this ratio for 1978-79 as the basic determinant of systemwide faculty resources, it also proposes to continue the addition of faculty positions to reflect a shift in student interest (discussed later in this analysis). This, in effect, reduces the 1978-79 budgeted student faculty ratio to 17.63 to 1.

Table 11
CSUC Student Faculty Ratios

<i>Year</i>	<i>Faculty Positions</i>		<i>Student-Faculty Ratio</i>	
	<i>Budgeted</i>	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>
1967-68.....	8,842.9	8,545.8	16.38	17.21
1968-69.....	10,001.3	9,592.7	16.21	17.35
1969-70.....	11,333.1	11,176.1	15.98	16.67
1970-71.....	12,343.5	11,749.0	16.26	17.34
1971-72.....	12,081.3	11,785.3	18.25	17.91
1972-73.....	12,698.8	12,415.7	17.94	17.74
1973-74.....	13,068.1	12,846.0	17.82	17.45
1974-75.....	12,973.3	12,770.8	17.80	17.78
1975-76.....	12,900.6	12,902.3	17.80	18.27
1976-77.....	13,427.0	13,157.9	17.80	17.58
1977-78.....	13,364.5	—	17.80 ^a	—
1978-79 (Governor's Budget proposed)	13,428.0	—	17.80 ^a	—

^a The budgets for 1977-78 and 1978-79 were prepared on the basis of a 17.80:1 student faculty ratio. The basic budgets were then adjusted to reflect the additional positions added for the shift in student demand. This, in effect, reduces the ratio to 17.66:1 and 17.63:1 respectively.

Faculty Staffing Workload Data

One of the basic factors in the determination of faculty workload is the number of student credit units generated. Table 12 summarizes the systemwide calculation of the student credit units per full time equivalent faculty position by discipline category for 1974-75 through 1976-77. Table 13 outlines basic faculty characteristics and workload indices from 1974 through 1976.

TABLE 12
Student Credit Units Per Full-Time Equivalent Faculty Positions
By Discipline Category and Academic Year

<i>Discipline</i>	<i>1974-75</i>		<i>1975-76</i>		<i>1976-77</i>	
	<i>Number of Student Credit Units</i>	<i>Percent Distri- bution</i>	<i>Number of Student Credit Units</i>	<i>Percent Distri- bution</i>	<i>Number of Student Credit Units</i>	<i>Percent Distri- bution</i>
Agriculture and Natural Resources	225	1.80%	259	1.91%	253	2.02%
Architecture and Environmental Design	171	0.58	182	0.59	185	0.60
Area Studies	337	0.32	331	0.38	323	0.38
Biological Sciences	262	5.15	261	5.00	248	4.87
Business and Management	335	10.10	344	10.84	333	11.48
Communications	302	1.80	313	1.96	299	2.03
Computer and Information Sciences	232	0.32	241	0.39	260	0.50
Education	213	7.31	221	7.18	221	6.98
Physical Education	224	3.90	230	3.88	221	4.02
Industrial Education	180	1.33	226	1.30	216	1.29
Engineering	178	2.90	190	3.04	194	3.28
Fine and Applied Arts	223	7.58	226	7.43	219	7.43
Foreign Languages	233	2.80	243	2.75	241	2.79
Health Professions	294	2.00	312	2.06	296	2.11
Nursing	128	0.92	120	0.89	122	0.95
Home Economics	287	1.69	292	1.66	283	1.70
Letters	288	10.18	284	9.88	276	9.69
Library Science	219	0.14	225	0.14	195	0.12
Mathematics	276	4.63	285	4.61	279	4.71
Physical Sciences	248	5.75	252	5.72	241	5.69
Psychology	346	5.52	340	5.49	320	5.31
Public Affairs and Services	301	3.34	306	3.59	294	3.62
Social Sciences	326	18.45	338	17.80	316	16.97
Interdisciplinary Studies	288	1.47	297	1.47	275	1.41
ALL CATEGORIES	267		274		264	

TABLE 13
Faculty Workload Indicators ¹

<i>Indicator</i>	<i>Fall 1974</i>	<i>Fall 1975</i>	<i>Fall 1976</i>	<i>Change</i>
Faculty FTE ²	12,414.7	12,528.3	12,802.0	273.7
Percent of regular faculty with Ph.D.	67.0%	68.1%	69.9%	1.8%
Enrollment FTE ³	223,901.0	235,811.0	229,988.0	(5,823.0)
Regular instruction section load per FTE				

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facility	3.8	3.8	3.8	0.0
Lecture and lab contact hours per faculty FTE	12.7	12.9	12.9	0.0
Independent study contact hours per faculty FTE	4.4	4.7	4.2	(0.5)
Total contact hours per faculty FTE	17.1	17.6	17.1	(0.5)
Average size class	27.6	28.6	27.0	(1.6)
Lecture and lab WTU per faculty FTE	11.1	11.1	11.2	0.1
Independent Study WTU per faculty FTE	1.8	1.8	1.7	(0.1)
Total WTU per faculty FTE	12.8	13.0	12.9	(0.1)
SCU per WTU ⁴	21.07	21.74	20.90	(0.84)
SCU per faculty FTE	270.4	282.0	269.4	(12.6)

¹ Based on data reported in the Academic Planning Data Base.

² Full-time-equivalent (FTE) faculty, the sum of instructional positions reported used.

³ Full-time-equivalent (FTE) student equals 15 student credit units.

⁴ Student credits units per reported weighted teaching units.

Faculty Promotions and Tenure

The 1978-79 Governor's Budget provides \$782,013 for faculty promotions. The formula used to determine the amount allocated for promotions is based upon a comparison of the relative movement of CSUC faculty to the upper ranks with the same movements of faculty in the twenty salary comparison institutions. This formula produces a percentage which, when applied to the faculty salary and wage base for each campus (excluding full professor salaries) determines the amount to be allocated. Table 14 displays the annual percentage factor and the systemwide amount allocated for faculty promotion.

Table 14
CSUC Faculty Promotions

<i>Year</i>	<i>Percentage Factor</i>	<i>Salary Base^a</i>	<i>Amount Allocated</i>
1975-76	0.57%	\$142,824,561	\$814,100
1976-77	0.50	153,435,200	767,176
1977-78	0.46	172,796,543	794,867
1978-79 (est.)	0.38 ^b	170,002,945	782,013

^a Excludes salaries for full professor.

^b 1978-79 promotion funds are based upon 0.46 factor under a one year agreement with Department of Finance.

As the table indicates, the percentage factor has been decreasing annually. A decrease in this percentage implies a faster movement into the upper ranks by CSUC faculty compared with the faculty movement in the comparison institutions. However, CSUC maintains that this decrease is due in large part to recent changes in the statistical reporting system and does not reflect disproportionate upward movement in CSUC. Consequently, CSUC has reached a one-year agreement with the Department of Finance to: a) continue the use of the 1977-78 factor (0.46%) to compute promotion funds for 1978-79 and b) determine the reasons for the apparent differences between CSUC and the comparison institutions.

Table 15 shows a campus by campus breakdown of the percentage of tenured faculty, using budgeted faculty positions as the base.

TABLE 15
CSUC Tenured Faculty as a Percentage of Budgeted
Faculty Positions
1973-74 to 1976-77

<i>Campus</i>	<i>1973-74</i>	<i>1974-75</i>	<i>1975-76</i>	<i>1976-77</i>
Bakersfield	21.8%	34.7%	46.5%	51.2%
Chico	52.8	53.6	58.1	61.2
Dominguez Hills	25.5	46.1	43.5	47.4
Fresno	58.2	66.6	70.1	69.8
Fullerton	40.9	50.0	49.9	50.2
Hayward	44.6	50.6	69.5	77.0
Humboldt	58.4	62.3	64.8	70.3
Long Beach	63.1	66.7	66.6	66.2
Los Angeles	50.3	55.7	61.0	59.0
Northridge	51.4	62.6	63.3	63.7
Pomona	43.9	63.3	63.9	56.7
Sacramento	63.1	67.0	69.6	67.6
San Bernardino	34.5	38.3	39.6	37.0
San Diego	62.8	65.4	64.3	64.5
San Francisco	64.9	63.0	61.9	61.6
San Jose	61.6	64.8	68.8	63.0
San Luis Obispo	49.3	57.0	56.7	58.7
Sonoma	55.7	69.0	67.9	71.7
Stanislaus	48.3	66.0	70.1	72.4
CSUC Average	54.2%	60.7%	62.6%	62.3%

Part-Time and Temporary Faculty

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

Since the early 1970's the mix of these four types of appointments has changed dramatically as shown in Table 16.

Table 16
Composition of CSUC Faculty
By Type of Appointment, Fall 1972 to Fall 1976

<i>Year</i>	<i>Tenured</i>	<i>Probationary</i>	<i>Subtotal Tenured (and Probationary)</i>	<i>Full-Time Temporary</i>	<i>Part-Time</i>	<i>Subtotal, Full-Time Temporary and Part-Time</i>
1972	52.1%	30.1%	(82.2%)	5.8%	11.9%	(17.8%)
1973	55.4	24.3	(79.7)	7.0	13.3	(20.3)
1974	60.8	17.9	(78.7)	7.1	14.2	(21.3)
1975	61.5	14.7	(76.2)	9.4	14.4	(23.8)
1976	62.5	12.7	(75.2)	9.1	15.6	(24.8)

In the fall, 1972, 17.8 percent of the positions were filled by either full-time temporary or part-time faculty appointments. By the Fall, 1976 this percentage had increased to 24.8 percent.

When reviewing new full-time appointments made over the same time

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period, the shift toward greater use of temporary appointments is even more apparent. Table 17 divides the types of new full-time appointments between probationary and temporary. In 1972, 38 percent of the new full-time appointments were temporary; by 1976, the percentage had risen to 63 percent.

Table 17
Appointments of New Full-Time CSUC Faculty
Fall 1972 to Fall 1976

<i>Year</i>	<i>Probationary</i>	<i>Temporary</i>	<i>Total</i>	<i>Percent Temporary</i>
1972.....	735	449	1,184	37.9%
1973.....	609	539	1,148	47.0
1974.....	304	593	897	66.1
1975.....	346	576	922	62.5
1976.....	329	555	884	62.8

The reasons for, and implications of, the increased hiring of temporary and part-time faculty are numerous and interrelated, including:

1) **Budgetary**—A faculty position is budgeted on the basis of 15-unit equivalents, 12-unit equivalents for teaching and 3 units for nonteaching assignments (committee work, administrative duties, etc.) Part-time faculty are not assumed to have nonteaching assignments. Faced with the budgetary constraints of level enrollment, administrators may attempt to maximize budgeted positions by converting them to part-time, thereby deriving 15 unit equivalents for teaching from a 12 unit position.

2) **Program Disruption**—New or expanding disciplines will likely have a concentration of temporary and part-time faculty. Because these faculty are also the first not to be rehired when there is a decline in campus enrollment, the new disciplines suffer a disproportionate disruption.

3) **Working Conditions**—There are a number of issues related to working conditions for part-time and temporary faculty including job security, availability of medical insurance, pay equity and participation in governance. Many of these also have direct budget implications.

Supplemental Language

Because of these and similar issues, the Legislature adopted supplemental language to the 1977-78 Budget Act directing CSUC to "(a) evaluate the employment practices for lecturers, and (b) explore alternative employment policies for lecturers to include: (1) elimination of mandatory termination on account of duration of service, (2) permitting the retention and promotion of such faculty on the basis of merit, and (3) providing for increased flexibility in movement between lecturer and professorial ranks. The CSUC should report to the legislative budget committees and appropriate policy committees by March 1, 1978."

In December 1977, the Task Force on Temporary Faculty issued Phase I of its study on the utilization of temporary and part-time faculty. The Chancellor's Office has informed us that the interim policy changes adopted as a result of that report and the response to the supplemental language, will be available for legislative review by April 1, 1978.

C. Growth in Administration and Instruction

The relative priorities for state funding of administrative and instructional positions has been a consistent issue at legislative budget hearings. In an attempt to provide a common data base for discussion the 1976-77 Supplementary Report of the Committee on Conference provided that "The Legislative Analyst, in cooperation with the Chancellor's Office report on or before January 1, 1977, on the growth of CSUC expenditures for administration in the past ten years compared to the growth in enrollment and growth in expenditures for instruction."

The report prepared in compliance with the Supplementary Language was issued January 1, 1977. The 1977-78 Supplementary Report requested an annual update of the data contained in that report. Table 18 summarizes the change in instruction, administration and "other" categories from 1971-72 through 1976-77, and the one year change from 1975-76. Also included for comparison is the annual change in student FTE enrollment. An explanation of the method and assumptions used in preparing the table is included in the original report.

Table 18
Reported Number of General Fund Positions—Past Year Data
1971-72 thru 1976-77

	<i>FTE Positions 1976-77</i>	<i>Percentage Change in Positions 1975-76 to 1976-77</i>	<i>Percentage Change in Positions 1971-72 to 1976-77</i>
I. Instruction:			
Faculty	13,531.0	+2.7%	+14.2%
Technical/Clerical	2,932.4	+1.5	+16.4
Instructional Administration	775.3	-1.1	+11.2
Technical/Clerical	432.8	+3.7	+33.4
Ancillary Support	156.3	+1.2	+23.6
Technical/Clerical	176.5	-4.7	+30.8
Total, Instruction	18,004.3	+2.3%	+15.0%
II. Administration:			
Executive Management	253.7	+2.8	+14.9
Technical/Clerical	238.5	-0.6	+18.8
Financial Operations	84.9	+7.6	+52.7
Technical/Clerical	588.7	+3.3	+29.2
Employee Personnel and Records	60.9	+5.9	+73.0
Technical/Clerical	96.7	-1.1	+22.9
Community Relations	26.7	-19.8	+47.5
Technical/Clerical	48.9	+25.4	+126.4
Total, Administration	1,399.0	+2.6%	+30.0%
III. Other:			
Libraries	1,663.6	-1.0	+8.8
Museums and Galleries	3.0	+3.4	+15.4
Audio Visual	343.9	+2.5	+26.1
Television	55.8	-1.2	+16.3
Computing Support	418.5	+3.7	+59.8
Ancillary Support	18.9	+4.4	+626.9
Student Service	1,995.7	+10.6	+41.7
Admissions and Records	1,076.5	+1.4	+26.7

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Logistical Services	842.8	+1.4	+15.0
Physical Plant Operations	3,004.3	+0.8	+78.0
Total, Other	9,423.0	+2.7	+20.9
Total Positions	28,826.3	+2.4%	+17.5%
FTE	231,604.0	+1.9%	+9.6%

As the table indicates, over the five year period, position growth in all three categories exceeded the 9.6 percent growth in student FTE enrollment. Instruction grew by 15.0 percent, administration by 30.0 percent and "other" by 20.9 percent for an increase of 17.5 percent in total General Fund positions. The disparity between the three major categories was much narrower for the one year change (1975-76 to 1976-77) with each category increasing within a range of from 2.0 to 3.0 percent.

While we appreciate that such information is subject to oversimplification, we believe that it is helpful in that it indicates trends and raises questions for further analysis. The particular recommendations relating to staffing adjustments are discussed in separate sections.

D. Shift in Student Demand

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

The 1978-79 Governor's Budget proposes that 21.9 faculty positions (\$440,054) be added to the 107.2 positions provided by the 1977-78 Budget Act to fully compensate for the shift in student interest (for a total increase of 129.1 positions above the faculty needs generated by the 17.8:1 budget ratio). The derivation of this number is somewhat complex but important for future budget considerations.

The existing CSUC formula uses 1972-73 as the base year in determining the extent of the shift. Workload data for that year are compared with data from the latest year for which actual figures are available. For example, the 1977-78 budget proposal was based upon a comparison of the shift from 1972-73 through 1974-75. The 1978-79 proposal is based upon the shift from 1972-73 through 1976-77. Table 19 displays the extent of the shift over the three year period (1974-75 through 1976-77) in annual increments and in total.

Table 19
CSUC Shift in Student Demand

	1974-75	1975-76	1976-77
Total Positions derived from 1972-73 base year	142.9 ^a	185.0	129.1 ^b
(Annual Increment)	-	(+77.8)	(-55.9)

^a Legislature approved funding for only 107.2 (75 percent) positions in Budget Act of 1977.

^b Reflects total number proposed in 1978-79 Governor's Budget, an actual increase of 21.9 positions over the number approved (107.2) in the 1977-78 Budget Act.

As the table indicates, there has been a reversal in the shift as expressed by the formula derived numbers. The 142.9 positions justified by 1974-75 data has been reduced to 129.1 positions based on 1976-77 data. However, because the Legislature funded only 75 percent (107.2) of the total 142.9 positions requested in 1977-78, the effect of the reversal is not seen in the 1978-79 budget proposal.

Future Commitment

Once the concept of the formula is accepted, annual implementation appears to be straightforward. If the formula indicates a shift to relatively more "faculty-intensive" disciplines, positions will be added. If the trend reverses, positions will be reduced. This is the position that CSUC advocated in last year's budget hearings, and in fact the Chancellor's Office revised downward its 1978-79 augmentation request when later data (1976-77) showed that the shift had reversed.

This leaves the key question. Simply stated: Will CSUC honor its commitment if the formula requires an *actual reduction* in budgeted positions?

We have noted that 1972-73 is used as the base year in the derivation formula. However, CSUC also indicates that for 1972-73, the system was only staffed at 92 percent of "need" (with need expressed by a normative, or ideal, staffing formula). In reviewing the 1978-79 proposal, we requested clarification from the Chancellor's Office on the following point. "If the reversal of the shift continues and positions must actually be eliminated, will the Chancellor's Office maintain the same formula at the same percentage of "need" (92.0 percent) and not request a revision to bring you to 100 percent of 'need'?"

The response focused on the complexity of the issue but indicated that the Chancellor's Office was "not satisfied with our current faculty staffing levels and will surely attempt, in future budget years to attain a 'percent of need' somewhat closer to 100 percent independently of whether or not the reversal you write of occurs."

We believe that prior to legislative approval of additional faculty positions, CSUC should clarify its intentions and commitment relative to future faculty staffing proposals.

E. State Support of Off-Campus Instruction

Prior to 1976, CSUC policy provided that off-campus instructional degree programs must be (a) separate and apart from the regular instructional program, and (b) self-supporting, i.e., instructional costs should be supported from student fees rather than the General Fund. This policy was challenged internally on the basis that matriculated students should not be forced to pay instructional fees when enrolled in degree courses solely on the basis of location.

In 1975 a Chancellor's Office Task Force on Off-Campus Instruction studied the issue and concluded that "equity demanded that the programs be incorporated into the regular support budget." In May 1976, the Board

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of Trustees accepted this position and revised existing policy to, in effect, shift the financing of off-campus instruction from the student to the state.

The 1978-79 Governor's Budget begins the implementation of this policy shift by phasing in General Fund support of off-campus degree programs so that fee costs for off-campus students will be no higher than those for students in regular, on-campus instruction programs. Because this is a major change in policy with potentially significant fiscal and programmatic impact, we believe the entire issue merits thorough legislative review.

Definition

The term off-campus instruction generally includes the following five instructional categories: (a) individual courses offered to regularly matriculated students at some distance from the main campus, (b) campus sponsored external degree programs, (c) consortium sponsored external degree programs, (d) summer session, and (e) extension credit/noncredit programs. The plan to phase-in General Fund support directly affects only a, b, and c above. A brief description of each follows:

(a) Individual courses—These consist of upper division and graduate courses offered through regular campus departments but located off-campus. Courses may include a variety of subjects, such as teacher education and business administration, etc., but are part of a regular established campus curriculum and not a separate off-campus degree program. CSUC reports that for 1977-78, 17 campuses offer a total of 234 courses with a total estimated enrollment of 925 FTE. These courses receive regular General Fund support with student fees equal to those of on-campus students.

(b) Campus based external degree programs—These include upper division and/or graduate degree oriented programs sponsored by individual campuses but separate from the on-campus curriculum. Prior to 1978-79, this program has been self-supporting. CSUC estimates that 12 campuses presently offer 43 external degree programs enrolling some 1,160 FTE, not all of which would be converted to General Fund support in 1978-79.

(c) Consortium based external degree programs—The consortium is essentially an administrative structure coordinating the resources of several campuses to enable the system to offer upper division and/or graduate degree oriented programs in locations where single campuses resources are inadequate. CSUC estimates that nine campuses presently enroll approximately 500 FTE in consortium programs.

Fiscal Impact

Table 20 provides a campus by campus breakdown of the estimated 1977-78 FTE for all three elements. The table indicates that there is a total of approximately 2,600 FTE participating in the three categories of off-campus instruction in the current year. In projecting future FTE growth from these estimates, it is important to note two factors: (a) Not all of the FTE included in the two external degree programs will be converted to General Fund support. Some of the programs are either being terminated or are special purpose programs for which continued self-support is appropriate. (b) Certain campuses (such as Sacramento and San Diego) are anticipating a significant growth in individual off-campus courses well

beyond the 1977-78 enrollment.

Table 20
Off-Campus Instruction FTE, 1977-78

<i>Campus</i>	<i>Individual Courses</i>	<i>Campus External Degree Programs</i>	<i>Consortium External Degree Programs^b</i>	<i>Total FTE</i>
Bakersfield.....	None	75	14	89
Chico.....	12	126	None	138
Dominguez Hills.....	90	238	None	328
Fresno.....	28	9	32	69
Fullerton.....	None	27	22	49
Hayward.....	16	43	50	109
Humboldt.....	None	None	None	—
Long Beach.....	60	28	None	88
Los Angeles.....	100	30	40	170
Northridge.....	86	—	58	144
Pomona.....	None	2	None	2
Sacramento.....	100	306	93	499
San Bernardino.....	None	40	None	40
San Diego.....	60	38	108	206
San Francisco.....	46	40	47	133
San Jose.....	100	39	36	175
San Luis Obispo.....	None	None	None	—
Sonoma.....	17	119	None	136
Stanislaus.....	210	None	None	210
TOTAL.....	925^a	1,160	500	2,585^a

^a Includes approximately 325 FTE in pre-service education.

^b Estimated FTE.

Table 21 indicates that approximately 600 off-campus FTE (excluding pre-service teacher education FTE) were included as General Fund support in 1977-78.

Table 21
Off-Campus Instruction, 1978-79
State, Supported FTE

<i>Program</i>	<i>Estimated General Fund FTE, 1977-78</i>	<i>Projected General Fund FTE, 1978-79</i>	<i>Increase in General Fund FTE</i>
Individual Course.....	600 ^a	928	328
Campus Based External Degree.....	(1,160) ^b	800 ^d	800
Consortium Based External Degree.....	(500) ^c	653	653
TOTAL.....	600	2,381	1,781

^a General Fund support in 1977-78. Excludes estimated 325 FTE in pre-service teacher education courses.

^b Self-support in 1977-78. Includes 261 FTE in programs due to be phased out and 133 FTE in special programs to be continued as self-support.

^c Self-support in 1977-78.

^d CSUC estimates a maximum of 1,000 campus based FTE in 1978-79 with no more than 800 FTE converted to General Fund support.

With the conversion of external degree programs to General Fund support, this will increase to approximately 2,400 FTE in 1978-79. CSUC indicates that the 1978-79 budgeted enrollment was projected without

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explicit recognition of this growth in that the increment for each campus was insufficient to impact upon the total campus budget. Thus, the instructional costs for conversion in 1978-79 are to be absorbed within each campus budget. However, in 1979-80, these additional FTE will become part of the base from which FTE projections are made and thus will generate additional General Fund support. Based upon an average cost of \$2,952, and assuming no additional growth in FTE, this would result in a cost of \$5,257,512 to the General Fund in 1979-80.

In addition to these costs, we can anticipate potential additional costs associated with faculty travel and the operation of major off-campus locations such as Ventura and Northern San Diego which may require additional administrative support. The total cost for conversion will only be known through experience but we intend to monitor it carefully.

Off-Campus Instruction Report

We recommend that the Chancellor's Office report to the Joint Legislative Budget Committee by November 1, 1978 and periodically thereafter on the number of FTE included in General Fund supported off-campus instruction in the current year and projected for the budget year.

We further recommend that the Chancellor's Office submit a comprehensive report to the Legislature by November 1, 1979 detailing the 1978-79 experience with off-campus instruction.

In reviewing this policy change, we have had several extensive meetings with CSUC staff to discuss matters such as students to be served, limits on instruction to be offered, quality control, implications for faculty, fees, and budgeting. While we agree with the general concept there are a number of questions which must still be resolved before we can fully support the use of state funds for off-campus instruction. Included among these are:

- (1) Effect on campus facilities—Will the new policy draw students away from the main campuses, many of which are already under utilized?
- (2) Growth potential—Can we anticipate significant additional FTE growth at off-campus locations as a result of the reduction in fees?
- (3) Faculty implications—How will faculty be selected? Will they be primarily regular full-time faculty from campus departments or part-time from the community?
- (4) Additional costs—What type of additional costs may be incurred such as faculty travel, facility leasing, local or Chancellor's Office administration? If there are additional costs, how will they be funded—from the main campus, student fees or additional state appropriations?
- (5) Appropriate funding level—State funding per FTE is based on a cost which includes support of a number of campus functions in addition to instruction. Because off-campus instruction does not benefit from many of these, the cost per FTE may be reduced.
- (6) Student fees—Off-campus students will be expected to pay the same fees as on-campus students such as the student service fee, student body fee, etc. Many of the services provided through these fees are not available to students.

- (7) Limits on instruction—Are there controls to ensure that (a) there is adequate demand for courses (both on and off-campus where appropriate) and (b) there is adequate support (faculty, library, laboratory)?

As these questions indicate, there are a number of issues which must be resolved before we can fully support the shift to General Fund support. Many of these issues can be resolved only through experience and will require careful monitoring, particularly during the first year of implementation. Consequently, we believe the Chancellor's Office should report by November 1, 1978, and periodically thereafter, on the number of FTE included in off-campus instruction programs in the current year and the FTE projected for the budget year. After completion of the first year's experience (1978-79), the Chancellor's Office should submit a comprehensive report addressing, but not limited to, the issues outlined above.

Consortium Administration

We recommend elimination of the proposed state support for administrative costs of the statewide consortium office for a General Fund savings of \$63,811.

As discussed previously, the conversion of external degree programs to state support will not result in direct additional General Fund instructional costs in 1978-79. However, the Governor's Budget does propose direct General Fund support for related administrative costs in the budget year. Specifically, the budget includes \$63,811 to support two of the existing 12.6 positions in the systemwide consortium office. (The 1978-79 Trustees proposal had requested \$451,960 for full state support of all 12.6 positions). These positions, located at the Chancellor's Office, performed the program development, administrative and evaluation functions for the statewide consortium program.

We oppose General Fund support for the consortium office at this time. Although the dollar amount involved is minor, we do not believe that: a) CSUC has adequately explored potential funding alternatives, or b) the state should assume the cost for administrative positions until the uncertainties associated with the conversion of off-campus instruction to state support are resolved. For example, we previously noted that the amount of state support per FTE is based on a cost which includes the support of a number of campus functions and services in addition to instruction. Because off-campus students do not need all of these, the campus may, in effect, receive a windfall. Therefore, it may be appropriate for campuses to reimburse the consortium by this difference which could then be used for administrative costs.

It should be noted that although we are recommending a General Fund reduction of \$63,811, this need not result in a staff reduction. The choice is up to the Chancellor's Office. A possible alternative would be to support the positions from the Innovative Fund (New Program Development and Evaluation) which is proposed to increase by \$324,670 in 1978-79. This would appear to be an appropriate alternative because: a) one of the major functions of the office is to provide innovative strategies for inter-

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campus program cooperation and b) the consortium has received partial funding from the Innovative Fund for the past three years.

External Degree Fee Waiver

We recommend a General Fund reduction of \$151,216 in the external degree fee waiver program to reflect the conversion of external degree programs from self-support to General Fund support.

The External Degree Fee Waiver is designed to provide partial assistance to adult students enrolled in external degree programs. These students cannot afford the full fees required by a self-support program. All students are expected to pay the full fee for the first unit of instruction. A graduated fee waiver is made thereafter depending upon factors such as adjusted gross income and the number of dependents. The actual amount of the fee waiver is reimbursed from the General Fund. Table 22 provides a comparison of the amount budgeted from the General Fund for external degree waivers with the amount actually allocated.

Table 22
External Degree Fee Waiver

	<i>Actual</i> 1973-74	<i>Actual</i> 1974-75	<i>Actual</i> 1975-76	<i>Actual</i> 1976-77	<i>Estimated</i> 1977-78	<i>Proposed</i> 1978-79
Amount Budgeted	\$76,500	\$120,000	\$120,000	\$199,945	\$257,849	\$191,216
Amount Granted	43,612	116,559	90,504	143,914	153,000	—
Amount Over Budgeted.....	\$32,888	\$3,441	\$29,496	\$56,031	\$104,849	—
Total FTE in External Degree Program	674	1,245	1,475	1,875	2,241	1,742

Overbudgeting

Table 22 clearly indicates that the program has had a consistent history of overbudgeting. In fact, over the past three budget years (1975-76 through 1977-78), the amount budgeted has exceeded the amount granted by an average of 33 percent.

CSUC has attempted to adjust for this overbudgeting by reducing the 1978-79 budget request to \$191,216, a decrease of \$66,633 from the amount budgeted for 1977-78 (but an increase of \$38,216 over the amount estimated to be granted in 1977-78). However, this reduction does not take into account the conversion of external degree programs to General Fund support in 1978-79. This conversion will eliminate the instructional fees for students in the converted programs and therefore the potential need for a fee waiver for those students.

The 1978-79 budget request assumes 1,742 FTE in self-support programs. However, based upon recent information provided by CSUC, there may be as few as 200 FTE continuing in self-support external degree programs in 1978-79. Using CSUC's estimated 1978-79 fee waiver cost of \$122 per FTE, this would result in a total need of only \$24,400 to adequately fund the program. However, we realize that the details of the conversion process are uncertain and that the FTE estimate could be off by as many as 100 FTE. Therefore, to ensure that no needy student is denied a waiver, we recommend a funding level of \$40,000 (327 FTE), for a General Fund savings of \$151,216.

F. Northern San Diego County

The lack of off-campus instruction in northern San Diego County was an issue of legislative concern during the 1977-78 CSUC budget hearings. Specifically, it was asserted that the San Diego campus was too distant and too overcrowded to provide an adequate higher education alternative for northern San Diego County residents. Consequently, the 1977-78 Supplementary Report of the Committee on Conference directed CSUC to "address alternative methods of meeting overenrollment at San Diego State University, including: (a) explore the feasibility of building a second campus or off-campus center within San Diego County, (b) determine the impact on communities of various alternatives, (c) involve faculty, students, and community members in its study and deliberations, and (d) determine the impact of student redirection in addressing overenrollment at San Diego State."

Major conclusions of the Chancellor's Office in response to the legislative directive are summarized below:

(a) San Diego State University is not overcrowded (overenrolled) as it has not achieved full utilization of its current enrollment capability. On-campus facilities presently have an FTE capacity of 22,375 with a 1977-78 on campus enrollment of only 20,831 FTE.

(b) Existing data do not strengthen the justification for a new campus or permanent facility in the North County. A site was recommended for a new campus in 1969 but was not endorsed by the Coordinating Council for Higher Education.

(c) Existing community colleges can fully accommodate the lower division need in the area.

(d) There is an "immediate need" in the North County area for additional educational opportunities at the upper division and graduate level.

(e) Current policies and procedures are flexible enough to allow the university to offer degree programs in the North County area without any *substantial* budgetary augmentation.

We understand that the San Diego State campus intends to begin off-campus instruction in Northern San Diego County in fall, 1978. Instruction will be limited to the upper division and graduate level with enrollment estimated to reach no more than 200 FTE (probably much less during the first session). Several details are yet to be resolved, the most important being agreement upon the definition of "substantial budgetary augmentation" referred to in (e) above.

The Chancellor's Office report appears to conclude that San Diego State can offer an off-campus program with no substantial adjustment to the 1978-79 FTE allocation. Table 23 on the next page summarizes the San Diego State enrollment experience from 1970-71 through 1978-79.

As the table indicates, San Diego has fallen short of its budgeted FTE in each of the past two years. Consequently the Chancellor's Office reduced the 1978-79 FTE allocation (23,100) by 300 from the 1977-78 allocation. Involved staff on the San Diego campus are concerned that the costs of an adequate off-campus program (instructional and administrative)

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Table 23
San Diego State^a Enrollment Experience

<i>Year</i>	<i>Fall Enrollment (Headcount)</i>	<i>Budgeted FTE Allocation</i>	<i>Actual FTE</i>	<i>FTE Difference</i>
1970-71.....	25,843	19,570	20,247	+677
1971-72.....	26,227	20,810	20,184	-626
1972-73.....	28,896	22,300	21,758	-542
1973-74.....	30,438	22,350	22,517	+167
1974-75.....	30,945	22,500	23,297	+797
1975-76.....	31,999	23,200	23,782	+582
1976-77.....	30,023	23,400	22,715	-685
1977-78.....	30,853	23,400	22,838 ^b	-562
1978-79.....	-	23,100	-	-

^a Includes Calxico and other off-campus enrollment.

^b Calculated from Fall 1977 opening fall enrollment.

cannot be funded from within existing resources and may require a "substantial" increase in budgeted FTE.

Chancellor's Office representatives are meeting with campus staff and community members in an attempt to negotiate the differences. We anticipate that the issues will be either resolved or more clearly defined in time for legislative budget hearings.

G. Decline in Writing Skills

By almost any measure, student writing skills, both nationally and within California, have shown a marked decline over the past decade. In considering the 1977-78 Budget Bill, the Legislature took two actions directed at this decline: (a) approved \$270,000 for a student writing skills exam and (b) augmented the budget by \$500,000 to provide for a remedial writing program. This last action was vetoed by the Governor. Both issues are again before the Legislature for 1978-79.

English Placement Test

In May 1976, the CSUC Board of Trustees authorized a systemwide examination to diagnose and identify entering lower division students who do not exhibit college-level writing ability. The examination, termed the English Placement Test (EPT), was developed by CSUC faculty and the Educational Testing Service.

Subsequent to the introduction of the 1977-78 Governor's Budget, CSUC requested state support for the administrative costs associated with the EPT. The Department of Finance supported this request and issued an amendment letter (dated April 18, 1977) proposing a General Fund augmentation of \$270,000 (\$9.00 per student X 30,000 students). The request was approved by the Legislature after lengthy debate which centered on: (a) the need for an exam when there may be no program for remediation, (b) the use of the EPT vs. other alternatives and (c) the need for any exam at all.

The EPT exam consists of four sections with a total testing time of approximately three hours; there are three multiple choice sections (Reading, Sentence Construction, and Logic and Organization), totaling

two hours and a written essay section requiring approximately 45 minutes. The test has been given twice so far in 1977-78 covering approximately 80 percent of the 26,000 freshmen required to take the exam. CSUC indicates that there will be a third administration in May 1978.

Premature Expansion of the English Placement Test

We recommend that funds for the expansion of the English Placement Test in 1978-79 be denied for a General Fund savings of \$282,200.

We further recommend that CSUC report to the Joint Legislative Budget Committee by September 1, 1978 on the results of its study comparing the English Placement Test with the Test of Standard Written English.

The \$270,000 included in the Budget Act of 1977 assumed that the EPT would be administered to entering freshmen only. The 1978-79 Governor's Budget proposes to expand the test administration to include lower division transfer students. Thus, an augmentation of \$282,200 is proposed for a total 1978-79 appropriation of \$552,200. We recommend against expansion until CSUC can show that the additional expense associated with the EPT justifies its use in preference to existing, less expensive alternatives.

Alternatives

There are a number of alternative tests presently in use. We believe that at least one of these, the Test of Standard Written English (TSWE) may be a suitable alternative.

The TSWE is a short (30 minute) objective test included with the Scholastic Aptitude Test (Admissions test) as a means of assessing students' ability to use standard written English. The TSWE has been used by a number of universities for placement of students in writing programs including the University of Oregon and, within CSUC, the San Diego State campus. In recommending against funds for expanding the EPT, we are not concluding that the TSWE is a better exam. Rather, we are suggesting that it is an adequate alternative at a much lower cost and that the burden of proof lies with CSUC to justify the additional expenditure. In coming to this conclusion, we considered the following factors:

(1) **Burden to Student.** CSUC estimates that 85 to 90 percent of entering freshmen take the Scholastic Aptitude Test (SAT) and therefore, the TSWE. Because they are also required to take the English Placement Test by CSUC, these students, in effect take two exams for one purpose.

(2) **Cost.** The proposed \$552,200 appropriation in the Governor's Budget is based upon an estimated cost of \$10 per student. Although we believe this is overstated, even the 1977-78 cost of \$8.47 per student is expensive when compared with the TSWE. As previously noted, the TSWE is included as part of the SAT with no additional cost to the student or the state. For those students who do not take the SAT, the College Entrance Exam Board (CEEB) estimates a cost of \$1.25 to \$2.25 per student to administer the exam (depending on whether the exam is scored by the campus or ETS).

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(3) Adequacy of Exam for Placement. In last year's discussion before the legislative fiscal committees, CSUC staff made it clear that the writing sample was the most crucial element in diagnosing writing problems and that this was a critical factor differentiating the EPT from the TSWE. In visiting CSUC campuses this fall, we learned that essays written for the EPT are not forwarded to campus faculty. Rather, a student's essay is read centrally and then translated into a single numerical score just as is done with the objective sections. These scores are then used for remedial placement.

Because the EPT essays are not provided to campus faculty, we see no substantial advantage which the EPT enjoys over the TSWE. Students could be placed initially on the basis of the objective test score. Those placed in a remedial program could then write an essay which would both (a) provide a basis for specific diagnosis and (b) provide an opportunity to "exit" the program if the student's skills were shown to be adequate for college level work. This is essentially the approach that has been used at San Diego State.

(4) Lack of Test Comparisons. As previously noted, CSUC's request for state funding of the EPT was presented late in the budget hearings (April 1977), providing little time for review of existing alternatives. Consequently, in approving the appropriation, the Legislature included supplemental language directing CSUC to report to the Legislature on the possibility of combining tests already in use with the EPT. CSUC officials have indicated to us that while they intend to compare EPT results with those of other tests, they doubt that the results would be available before summer 1978. It should be noted that at least two campuses, San Diego and San Luis Obispo, are conducting their own studies, the results of which may be available in time for the budget hearings.

As a result of these factors, we considered recommending that the entire \$552,200 appropriation be denied. However, we recognize that there has been a substantial investment of time, energy and money in the development of the EPT. Consequently, we are recommending only that state support for the expansion of the EPT be denied (\$282,200) and that support be continued for one year only (1978-79) at approximately the existing level.

Excessive Cost Per Student of English Placement Test

We recommend a General Fund reduction of \$42,855 to reduce the per student cost of the English Placement Test to the original contractual amount.

The \$270,000 appropriation provided in the 1977-78 Budget Act was based upon an estimated cost of \$9 per student and an estimated test population of 30,000 students. This appropriation was approved before the final contract was signed with the test administrator, the Educational Testing Service (ETS). The final ETS contract is based upon a cost of \$8.47 per student for 1977-78 through 1979-80 (averaged over three years with no provision for inflation adjustments).

The 1978-79 Governor's Budget's proposed \$552,200 appropriation assumes a cost of \$10 per student (for 55,200 students). The additional \$1.59

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per student above the contracted level is based upon: (a) \$1.12 per student for an additional test date, and (b) a \$0.47 per student inflation adjustment (for which there is no contractual authority). We believe the contractual amount of \$8.47 rather than \$10.00 per student should be used for budget purposes.

CSUC proposed and is implementing three test dates in 1977-78; August 6 for the majority of entering students, October 29 for those students entering in the second semester/quarter or who were missed in the August test, and May 13 as a "clean-up" test. The Chancellor's Office proposes to add a January date for 1978-79 to test lower division transfer students applying for the second semester.

While a January test date may be necessary for second semester transfer students, it could also be used for those students presently tested in October. The Chancellor's Office has provided us with no convincing argument to justify two exam dates for placement of students in the second semester/quarter. Therefore, we recommend that CSUC follow its original proposal of three test dates per year at \$8.47 per student. This would result in a General Fund savings of (a) \$42,855 if the EPT is administered to entering freshmen only; or (b) \$84,486 if the exam is given to entering freshmen and lower division students (depending upon whether our recommendation to deny expansion is approved or disapproved).

It should also be noted that there are several additional points with fiscal implications which need to be resolved for which adequate information is not yet available:

- (a) If the EPT is terminated or limited in 1978-79, what is the extent of the state's (CSUC) contractual obligation to ETS?
- (b) Based upon 1977-78 experience, how accurate is:
 - (1) the projection of students tested,
 - (2) the \$8.47 per student cost contracted with ETS?
- (c) If funds are not authorized for expansion of the EPT in 1978-79, will CSUC use an alternative exam and if so, is there an additional cost?

We will be working with CSUC prior to the budget hearings to resolve these issues and prepare a final list of cost alternatives for the legislative fiscal committees.

Measuring Writing Skills Progress

We recommend that CSUC annually notify each California high school and its governing school board of the performance of its graduates (by percentile ranking) as compared to the performance of all California high school graduates on the student writing skills exam. Summaries of the above information should be provided to the State Department of Education, the Department of Finance and the Legislative Analyst.

The improvement of basic English skills is a concern at all levels of instruction in California. In addition to the programs offered on CSUC and UC campuses, there are a number of cooperative projects such as the Bay Area Writing Project. This project, now in its fourth year, offers intensive workshops for outstanding high school English teachers. These teachers, in turn, hold workshops for other teachers. Within the core curriculum,

high schools are beginning to respond to the proficiency standards mandated by Chapter 856, Statutes of 1976, by placing increased emphasis on basic reading and writing skills.

As these examples indicate, educators are concerned about the problem. But it is too early to say whether these measures will suffice to raise the basic English skills of college-bound high school graduates. For this reason it is important that the high schools be given some objective means to evaluate their progress. One approach which we recommend is that CSUC annually notify each California high school and its governing school board of the performance of its graduates (by percentile ranking) on the CSUC writing skills exam as compared to the performances of all California high school graduates taking the exam. This information will permit each high school to compare its annual progress with that of the rest of the state. We also recommend that summaries of the above information be provided to the State Department of Education, the Department of Finance and the Legislative Analyst.

Remedial Writing Program

We recommend that the Chancellor's Office provide to the legislative fiscal subcommittees prior to budget hearings a campus-by-campus breakdown detailing the various approaches used to meet student remedial writing needs.

As previously noted, the Legislature approved a \$500,000 augmentation to the 1977-78 Budget Bill for a remedial writing program which was subsequently vetoed by the Governor. The 1978-79 budget proposal submitted by the Board of Trustees requested 184 faculty positions and 52.6 support positions to provide "remedial programs directed to the improvement of student writing skills." Under this proposal, totaling \$3,845,772, the specific content of the program would be left to the individual campuses subject to review by the Chancellor's Office.

The Trustees' request is not included in the 1978-79 Governor's Budget nor do we recommend funding it. However, because the issue continues to be of special significance, we believe it deserves legislative review.

While we recognize the need to improve writing skills, we do not agree that the only alternative is a budget augmentation of more than \$3.8 million. Specifically, we believe that a remedial writing program can be accomplished within existing resources as is presently done both by the University of California for Subject A and several of the CSUC campuses.

While preparing the 1978-79 Analysis, we sought to assess the system's present efforts and abilities to meet the need for remedial instruction. In a December 2, 1977, memorandum to the Chancellor's Office, we requested a campus-by-campus breakdown of the various approaches used to meet student writing needs including:

- (a) the type of offering, i.e., tutorial, learning assistance center, classroom, etc.
- (b) the number of classes offered, the number of students and FTE involved.
- (c) how long has the program been offered?
- (d) who provides the instruction—full-time English department fac-

- ulty, part-time faculty, peer group counselors?
- (e) does the course (or alternative) generate credit? and
- (f) what is the source of funding and the approximate cost?

The response indicated that such information was not available but would be gathered by questionnaire in January 1978 (too late for the 1978-79 Analysis). Because such information is necessary in determining both present campus efforts and future systemwide needs, we believe the Chancellor's Office should report to the legislative fiscal subcommittees prior to the beginning of budget hearings detailing the campus responses to the above questions.

H. Program for Innovation and Improvement

The 1978-79 Governor's Budget proposes \$1,929,653 for innovative projects, an increase of \$324,670, or 20.2 percent over the current year level (adjusted for salary and price increases). Table 24 provides a breakdown of the 1978-79 base budget and proposed increase.

Table 24
Program for Innovation and Improvement

<i>Component</i>	<i>1978-79 Base Budget^a</i>	<i>Proposed Increase</i>	<i>Total Proposed Budget</i>
Open Competition with Emphasis Areas.....	\$547,047	\$57,403	\$604,450
Mini-Grant Program	352,000	—	352,000
Intersegmental Cooperative Efforts	24,615	40,466	65,081
Steady State Projects	167,817	42,466	210,000
Credit by Evaluation	176,382	4,618	181,000
Center for Professional Development	92,122	—	92,122
Special Projects	—	80,000	80,000
Replication	—	100,000	100,000
Program Administration	245,000	—	245,000
	<u>\$1,604,893</u>	<u>\$324,670</u>	<u>\$1,929,653</u>

^a Includes \$80,597 for price increase and salary step adjustments.

The Program for Innovation and Improvement in the Instructional Process is now in its sixth year. The Chancellor's Office indicates that nearly 85 percent of all projects funded over that period have been continued by the host institution after special support has ceased. Data on nearly 2,000 innovative projects have been placed on computer and are now available to the faculties of both the CSUC and UC systems.

Innovative Program's Replication

We recommend that funds provided for innovative programs replication be eliminated for a General Fund savings of \$100,000.

As Table 24 indicates, the Governor's Budget includes a \$100,000 augmentation for project replication. This is a new expenditure category and is designed to encourage faculty on one campus to implement a program from another campus. According to the budget proposal,

"Faculty would be encouraged to search the database to identify project areas in which they are interested to explore. Limited funds would provide for assistance from the original project director, some

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reassigned time for the new director, and duplication of materials.”

Replication of existing projects is not a new function within the innovative program concept. The basis for the entire funding assumes the development of experimental programs which can be incorporated into the regular operating budgets of the institutions. This has led to a number of mechanisms for replication including intercampus and intersegmental projects, faculty workshops and the development of the data base mentioned above. All of these have been accomplished through state funding. In addition, the program administration at the Chancellor's Office is specifically responsible for coordinating projects, encouraging intercampus exchange and project development, disseminating project results and providing advice to faculty on the best methods of developing their ideas.

In short, responsibility for replication has been an integral part of the innovative program since its inception. We believe that it can and should be accomplished within existing resources, and recommend against the \$100,000 proposal.

II. RESEARCH

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

Table 25 shows the estimated expenditures for 1978-79. It should be noted that the organized research program contains only those projects awarded directly to individual campuses. Research projects awarded to foundations (estimated to be \$7.6 million in 1978-79) are not included.

Table 25
Organized Research Expenditures^a

	<i>Actual</i>	<i>Estimated</i>	<i>Proposed</i>	<i>Change</i>	
	<i>1976-77</i>	<i>1977-78</i>	<i>1978-79</i>	<i>Amount</i>	<i>Percent</i>
Expenditures.....	\$40,648	\$160,488	\$97,361	\$-63,127	-39.3%
Personnel	3	10	6	-4	-40
Funding:					
<i>General Fund</i>	\$-283	—	—	—	—
<i>Reimbursements</i>	\$40,932	\$160,488	\$97,361	\$-63,127	-39.3%

^a Does not include approximately \$7.6 million for research administered through foundation programs.

III. PUBLIC SERVICE

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

Continuing education includes those activities established to provide an educational service to members of the community. Examples would be mini-courses in a variety of general interest subjects and professional growth classes such as those offered for classroom teachers.

General public service involves making available to the community various resources which exist within the CSUC. Examples would be con-

ferences and institutes on subjects such as urban and international affairs, general advisory services, and reference bureaus. Oftentimes, individual events enhance the public service program although they are integral parts of the instructional program. A convocation which is open to the general public would be an example. No General Fund support is provided to the public service program.

Table 26 shows the estimated public service expenditures for 1978-79.

Table 26
Public Service Expenditures

	<i>Actual</i> 1976-77	<i>Estimated</i> 1977-78	<i>Proposed</i> 1978-79	<i>Change</i>	
				<i>Amount</i>	<i>Percent</i>
Expenditures	\$471,627	\$377,948	\$393,906	\$15,958	4.2%
Personnel	—	16	16	0	0

IV. ACADEMIC SUPPORT

The Academic Support program is composed of those functions which directly aid and support the primary program of instruction. The budget identifies four subprograms for academic support (1) libraries, (2) audio-visual services and television services, (3) computing support, and (4) ancillary support.

Expenditures for the academic support program are shown in Table 27.

1. LIBRARIES

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

A. Library Development

We withhold recommendation on the \$2,966,522 for library development pending receipt and review of the consultant's report on program effectiveness.

The 1978-79 Governor's Budget includes \$2,966,522 for the continuation of a library improvement plan begun in 1973-74. The plan, entitled the Library Development Project, seeks to improve campus library utilization through interlibrary cooperation and automation. CSUC indicates that the program goals include:

- a) effecting a greater sharing of library resources among the 19 campuses;
- b) regulating the acquisition of highly specialized and expensive materials, and eliminating unnecessary duplication; and
- c) improving library operations on individual campuses and system-wide through automation.

Table 27
Academic Support Program Expenditures

<i>Program Elements</i>	<i>Personnel</i>			<i>Expenditures</i>			<i>Change</i>	
	<i>1976-77</i>	<i>1977-78</i>	<i>1978-79</i>	<i>1976-77</i>	<i>1977-78</i>	<i>1978-79</i>	<i>Amount</i>	<i>Percent</i>
1. Libraries	1,684.9	1,757.3	1,739	\$35,467,854	\$41,000,636	\$43,751,247	\$2,750,611	6.7%
2. Audiovisual services.....	401.5	396.9	397	8,144,145	8,544,238	8,870,376	326,138	3.8
3. Computing support	522.9	529.1	538.9	15,557,651	16,465,454	17,875,483 ^a	1,410,029	8.6
4. Ancillary support	369	396.8	408	11,592,407	13,401,838	14,336,440	934,602	7.0
Continuing program costs.....	2,978.3	3,080.1	3,083.6	\$70,762,057	\$79,412,166	\$84,833,546	\$5,421,380	6.8%
<i>General Fund</i>	2,970	3,033.7	3,052.6	66,102,113	74,277,094	79,838,280	5,561,186	7.5
<i>Reimbursements—other</i>	—	37.6	23.9	718,193	955,629	746,186	—209,443	—21.9
<i>Continuing Education Revenue</i>								
<i>Fund</i>	8.3	8.8	7.1	75,781	121,443	110,080	—11,363	—9.4
<i>Auxiliary organizations—other</i>	—	—	—	3,863,970	4,053,000	4,139,000	81,000	2.0

^a Excludes \$1.2 million for support of the Division of Information Systems contained in the Institutional Support program.

The Library Development Project has been beset by delays and complications since its inception. The extent of these problems is illustrated by Table 28 which compares the amount budgeted with the amount actually expended from 1973-74 through 1977-78.

Table 28
CSUC Library Development, Amount Budgeted versus Amount Expended

<i>Year</i>	<i>Amount Budgeted</i>	<i>Amount Expended</i>	<i>Difference</i>
1973-74.....	\$787,135	\$375,350	\$-411,785
1974-75.....	1,545,836	492,575	-1,053,261
1975-76.....	1,419,839	549,924	-869,915
1976-77.....	1,552,092	1,166,213	-385,879
1977-78 (est.).....	2,721,054	1,807,057	-913,997
TOTAL	\$8,025,956	\$4,391,119	\$-3,634,837

As the table indicates, a total of \$8.0 million was appropriated over the five years but only \$4.4 million (55 percent) was actually expended (the remainder has been reverted to the General Fund).

We recognize that the Library Development Project is complex (comprised of sixteen interrelated subprograms) and that certain complications resulting in minor delays are to be expected. However, the fact that the delays have been substantial and continuing, causes us to question the entire project.

We are particularly concerned with the implementation of the major subprogram in the project, the union shelflist. This subprogram consists of the conversion of individual library shelflists to computer useable form thereby establishing the basis for an automated systemwide inventory of all library holdings. The 1977-78 Budget Act provided approximately \$2.0 million to accomplish this in the current year. However, implementation has been delayed and the 1978-79 Governor's Budget proposes to appropriate an additional \$1.9 million for this same function in the budget year (including \$0.9 million reappropriated from 1977-78).

Consultant Review

These delays have also been a concern to the Chancellor's Office. In June 1977, a contract was signed with Arthur D. Little, Inc. to analyze and evaluate the entire library development project and prepare a five year systemwide library plan for the period 1979-80 through 1983-84. The final report is to be submitted no later than February 15, 1978. We understand that a significant portion of the report will focus on the union shelflist subprogram and possible alternatives to it. Consequently, we defer final recommendation on the overall project until budget hearings, by which time we will have received and reviewed the consultant's report.

Zero-Base Budgeting (ZBB)

The library development project was one of four programs selected by the Department of Finance to be analyzed in accordance with zero base budgeting (ZBB) principles (as required by Chapter 260, Statutes of 1977). For purposes of the ZBB process, the project divided its activities for 1978-79 into 10 decision units. Under the requirements of the legisla-

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tion, the decision units were to be prepared at each of five required funding levels (50 percent, 75 percent, 100 percent, 125 percent, and 150 percent). However, most units were reviewed at only three levels (a range varying from below 100 percent to above 100 percent).

The ZBB process, as applied to the library development project, had little impact on the actual determination of priorities or the budgeted level. The project was budgeted in the traditional manner, with the ZBB process overlaid on the program budget. It should be noted that the Governor's Budget for 1978-79 displays the library development budget in the standard program format. A special report evaluating the ZBB pilot project will be issued by our office at the budget hearings.

B. Library Acquisitions

The 1972-73 Legislature took the following two interrelated actions affecting the CSUC library system: a) approved a modified form of the Trustee's Library Development Plan (described above), and b) established a book acquisition goal of 40 volumes per FTE student by 1985. The attainment of the 40 volume per FTE objective is dependent upon two variables; the total number of FTE students to be served in 1984-85 and the annual number of volumes acquired.

In 1972-73 it was estimated that CSUC should acquire 500,000 volumes annually to reach the 40 volume goal. This annual acquisition rate was used up until 1975-76 when it was reduced by the Legislature to 439,000. This reduction was not a policy change but merely a technical adjustment reflecting the drastic downward revision in enrollment projections for the 1980's.

The 40 volume per FTE goal was maintained. Table 29 displays the current systemwide holdings by campus.

Unnecessary Augmentation for Library Books

We recommend that the proposed 11,000 volume augmentation in the library book acquisition rate be denied for a General Fund savings of \$420,592.

The 1978-79 Governor's Budget proposes to increase the annual acquisition rate by 11,000 volumes, from 439,000 to 450,000. This provides partial funding of the Trustee's proposal which requested an additional 78,600 volumes annually. We believe this increase is both fiscally and programatically unjustified. Because CSUC has continued to revise its FTE projection downward without reducing the acquisition rate, they will continue to experience significant volume enrichment. For example, with the existing annual acquisition rate of 439,000 volumes, CSUC will: a) exceed 40 volumes per FTE by 1979-80 (five years in advance of the established goal); and b) exceed 50 volumes per FTE by 1984-85.

Table 29
California State University and Colleges
Library Countable Holdings

<i>Campus</i>	<i>Countable holdings as of 6/30/77</i>	<i>Volumes est. to be added by purchase 1977/78</i>	<i>Volumes budgeted to be purchased 1977/78</i>	<i>Estimated countable holdings 6/30/78</i>	<i>Estimated FTE 1977/78</i>	<i>Estimated holdings per FTE 1977/78</i>
Bakersfield	168,894	11,792	11,792	180,686	2,411	74.9
Chico	473,875	22,543	22,543	496,418	11,723	42.3
Dominguez Hills	191,106	14,924	14,924	206,030	4,844	42.5
Fresno	523,649	23,300	23,300	546,949	12,517	43.6
Fullerton	440,406	26,969	26,969	467,375	14,592	32
Hayward	537,364	18,412	18,412	555,776	8,577	64
Humboldt	231,318	16,545	16,545	247,863	6,680	37
Long Beach	637,259	34,229	34,229	671,488	22,274	30
Los Angeles	681,591	26,811	26,811	708,402	17,961	39.4
Northridge	634,544	30,964	30,964	665,508	19,180	34.7
Pomona	302,397	22,165	22,165	324,562	12,379	26.2
Sacramento	582,266	28,636	28,636	610,902	16,246	37.6
San Bernardino	256,611	12,783	12,783	269,394	3,295	81.7
San Diego	652,424	36,290	36,290	688,714	22,838	30.1
San Francisco	539,398	29,664	29,664	569,062	17,535	32.4
San Jose	734,734	31,930	31,930	766,664	19,836	38.6
San Luis Obispo	472,958	24,776	24,776	497,734	15,613	31.9
Sonoma	235,636	14,419	14,419	250,055	4,682	53.4
Stanislaus	170,881	11,848	11,848	182,729	2,580	70.8
TOTAL	8,467,311	439,000	439,000	8,841,311 ^a	236,153	37.4

^a Revised after 65,000 volumes are withdrawn in 1977-78.

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It should be noted that the above computations do not take into account the substantial benefits that should accrue from implementation of the library development plan and greater cooperation among the 19 campus libraries. A CSUC document describes one of the major benefits as follows:

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

While we are concerned with the delays in the implementation of the library development plan, we do support the objective and agree that it will in effect, result in significant expansion of the volumes available per student at no additional cost to the state. Consequently, we recommend that the \$420,592 augmentation for an additional 11,000 volumes be denied.

2. COMPUTING SUPPORT

CSUC is proposing to expend approximately \$19.1 million for computing in the budget year. Table 30 shows that \$5.5 million (29.5 percent) of this amount is for direct instructional computing with the remainder budgeted for support of administrative services.

The Governor’s Budget reflects an increase of \$1,569,830 over estimated current year expenditures. Of this amount, \$531,479 is considered to be adjustments to the base for salaries, supplies and operating expenses. The remainder is for increased workload in both administrative and instructional computing.

A. Administrative Computer Replacement

The most significant of the workload increases is \$320,409 to begin the replacement of obsolete computers. The computers proposed for replacement, both on campus and at the central Data Center, are used primarily for administrative data processing.

These funds will be used to meet anticipated one-time conversion costs and provide for parallel operations during installation of the first machine at the CSUC Data Center in June 1979. Additional one-time costs to complete this conversion and install new computers on the 19 campuses are estimated to be \$1.6 million in 1979–80 and \$735,000 in 1980–81. Actual installation of the first campus machine is tentatively scheduled for November 1979, with the other machines following on a staggered basis.

The current yearly lease value of the computers planned for replacement is approximately \$3.4 million. After conversion is complete, the monthly cost for computing should remain at the current level. However, computer capability is expected to be two or three times as great because of new technological advancements.

Table 30
1978/79 Cost of Computing Support in the CSUC ^a
(in Thousands)

<i>Function</i>	<i>Personnel- Years</i>	<i>Personnel</i>	<i>Equipment Rental</i>	<i>Other</i>	<i>Total Cost</i>	<i>Percent</i>
Administrative Computing	371.3	\$7,195	\$3,601	\$2,442	\$13,238	70.5%
Instructional Computing	174.6	2,831	1,542	1,172	5,545	29.5
Total	545.9	\$10,026	\$5,143	\$3,614	\$18,783 ^b	
Percent		53.4%	27.4%	19.2%		100%

^a As current cost accounting practice does not distinguish between administrative computing costs and instructional costs, estimated 1978/79 fiscal year expenditures were prorated based upon estimated computer utilization percentages when the item encompassed both areas.

^b Does not include \$320,409 budgeted for rebid of local campus computers used for administrative (and some instructional) computing.

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3. ANCILLARY SUPPORT

A. Humboldt State Indian Programs

The 1978-79 Governor's Budget provides a total of \$284,746 to continue state support of three separate programs for Native Americans at the Humboldt State campus. Table 31 identifies the three programs and the proposed 1978-79 funding level.

Table 31
1978-79 General Fund Support
Native American Programs (CSU, Humboldt)

<i>Program</i>	<i>Proposed 1978-79 General Fund Support</i>
1. Services to the Indian community	\$157,639
2. Indian Teacher Education Project (ITEP)	73,937
3. Native American Career Education in Natural Resources (NACENR)	53,170
Total	<u>\$284,746</u>

General Fund support for the Native American Career Education in Natural Resources Program (NACENR) was initiated in the 1977-78 Budget Act by augmentation of the Legislature. In approving the augmentation request, the fiscal committees requested our office to visit the campus and determine if administrative consolidation of the NACENR program with one of the two existing Native American programs was feasible and appropriate.

We visited the campus in the Fall 1977, and after reviewing all three programs, have concluded that: (a) the minor fiscal benefits to be gained from administrative consolidation of the NACENR program do not justify the potential program disruption; and (b) a thorough review and evaluation of the Services to the Indian Community program is necessary.

Services to the Indian Community

We recommend that the Chancellor's Office conduct a program review of the Services to the Indian Community program and report the results to the Joint Legislative Budget Committee by November 1, 1978. The review should include, but not be limited to: (1) clarification of program objectives, (b) program effectiveness in meeting those objectives, and (c) an accounting of the use of state funds and state-funded positions.

The Services to the Indian Community program is actually a subprogram of the Center for Community Development. The Center was begun in 1966-67 with federal funds (Title I, Higher Education Act of 1965). State support was initiated in 1974-75 through a budget augmentation. In reviewing the program, we were confronted with a number of problems which made program assessment difficult:

(a) **Program Objectives**—There is no clear statement of objectives against which to measure program effectiveness. State funding was based on a 1974-75 augmentation request submitted by the Chancellor's Office. The proposal emphasized the success of the program in "addressing fun-

damental community problems" but there were no specific objectives stated.

(b) **Program Effectiveness**—The program director indicated that one of the program's major accomplishments was the preparation of Indian language texts and teaching materials. However, the only published texts provided us were completed before 1974-75 (the first year of state funding).

(c) **Lack of Campus and Community Participation in Decisionmaking**—The program appears to operate as an independent entity with little review by the campus administration and no advisory board from the Native American community.

(d) **Multiple Programs and Funding Sources**—The center operates a number of programs in addition to the Services to the Indian Community. This is illustrated in the Center's report which lists the funding sources for 1975-76 (the last year for which actual data are available).

California State University and Colleges	\$126,479
US Department of Labor	270,103
US Action (RSVP)	35,575
Humboldt County	28,000
Private (Foundation and personal) gifts	16,400
California State Department of Education	10,000
(Non-reimbursed Indian and other technical cultural contributions)	15,000
	<hr/> \$501,557

These multiple funding sources create problems when attempting to define the impact of any one program. For example, when we asked about the activities of the assistant director, we were told that although he was involved in specific functions unrelated to the Services to the Indian Program, all programs funded through the Center are interrelated in that they benefit the Indian community.

For these reasons we cannot comment upon the program's effectiveness. Such programs may require an additional degree of administrative flexibility, but they should be accountable for their expenditures and be able to demonstrate their effectiveness. Accordingly, we recommend that the Chancellor's Office conduct a complete program review and report the results to the Joint Legislative Budget Committee by November 1, 1978. The review should include, but not be limited, to: (a) clarification of program objectives, (b) program effectiveness in meeting those objectives, and (c) an accounting of the use of state funds and state-funded positions.

V. STUDENT SERVICES

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

Table 32
Student Services Program Expenditure

<i>Program Elements</i>	<i>Personnel</i>			<i>Expenditures</i>			<i>Change</i>	
	<i>1976-77</i>	<i>1977-78</i>	<i>1978-79</i>	<i>1976-77</i>	<i>1977-78</i>	<i>1978-79</i>	<i>Amount</i>	<i>Percent</i>
1. Social and cultural development....	169.8	149.1	149.4	\$13,519,492	\$13,504,134	\$13,809,534	\$305,400	2.2%
2. Supplemental educational services								
—EOP	287	372	360.3	9,672,991	11,686,001	11,891,371	205,370	1.8
3. Counseling and career guidance....	692.7	716.2	716.7	13,310,255	14,691,427	15,145,582	454,155	3.1
4. Financial aid	291.4	306.8	309.8	50,244,678	53,084,065	52,413,562	—670,503	—1.2
5. Student support	767	830.5	855.2	74,851,431	79,742,397	83,042,288	3,299,891	4.1
Continuing program costs	2,207.9	2,374.6	2,391.4	\$161,598,847	\$172,708,024	\$176,302,337	\$3,594,313	2.1%
<i>General Fund</i>	<i>2,013.9</i>	<i>2,152.7</i>	<i>2,173.9</i>	<i>12,268,801</i>	<i>13,488,540</i>	<i>12,577,722</i>	<i>—910,818</i>	<i>—6.8</i>
<i>Reimbursements—other</i>	—	—	—	33,352,739	37,164,399	39,509,718	2,345,319	6.3
<i>Reimbursements—federal</i>	—	—	—	43,667,815	46,732,894	46,458,850	—274,044	—0.6
<i>Dormitory Revenue Fund</i>	189.1	213.2	212.8	1,463,133	2,015,463	2,096,328	80,865	4.0
<i>Auxiliary organizations—other</i>	—	—	—	70,774,279	73,191,000	75,583,000	2,392,000	3.3
<i>Continuing Education Revenue Fund</i>	4.9	8.7	4.7	72,080	115,728	76,719	—39,009	—33.7

career guidance, financial aid and student support.

Table 32 displays the estimated expenditures for 1978-79.

1. STUDENT SERVICES FEE

Historically, all students in the CSUC system have been assessed a Materials and Service Fee, which covered two major categories of expenditures: (1) student services such as housing, placement and counseling and (2) certain instructional supply items, such as paper, chemicals and chalk.

In 1974 the Trustees retitled the fee the Student Services Fee and proposed that the General Fund slowly absorb the cost of the instructional supplies portion. To accomplish this transfer over a number of years the Trustees suggested that the Student Services Fee remain constant at \$144 per academic year and the General Fund provide the difference between the amount of Student Services Fee revenue generated and the costs of all student services programs and instructional supplies. Because program costs increase more rapidly than fee revenue, the General Fund expenditure would increase annually.

This practice is to be followed until the General Fund expense equals the cost of instructional supplies. From that time forward the cost of instructional supplies will be borne by the General Fund and the cost of all student services will be borne by the Student Services Fee, which would again be allowed to increase as necessary to meet increased costs. Table 33 shows the annual fee and General Fund cost from 1975-76 through 1978-79.

As the table indicates, the 1978-79 Budget proposes a General Fund expenditure of approximately \$16.0 million to complete the phase-in, i.e., General Fund expenses will equal the cost of instructional supplies. Beginning in 1979-80, the Student Services Fee will be increased to cover the costs of price, salary and program expenses in the Student Services Program. In order to ensure that a well-defined procedure for fee increases was developed, explained and accepted by all parties, the Legislature enacted supplemental Language to the 1977-78 Budget Act directing the Chancellor's Office to submit a plan describing the basis and procedures for increasing student fees.

The proposed plan, submitted January 3, 1978, focuses on the methodology for adjusting the fee level, leaving for future consideration policy question such as the appropriate level of support for various Student Services Fee related activities. The Chancellor's Office has indicated that the proposed methodology is subject to revision as it is reviewed by student groups, Department of Finance and other interested parties in the next few weeks. Consequently, we defer recommendation on the proposal until budget hearings.

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Table 33
Student Service Fee
Projection of Expenditures and Revenue
1975-76 to 1978-79

	1975/76	1976/77	1977/78	1978/79 ^a
Instructional Supplies and Services	\$13,219,590	\$14,343,401	\$15,012,908	\$15,968,584
Student Services	29,310,080	32,547,143	35,864,399	38,649,795
Institutional Support	3,060,159	4,324,264	4,964,209	5,268,373
Total Expenditures	\$45,589,829	\$51,214,808	\$55,841,516	\$59,886,752
Student Service Fee Revenue (\$144.00 Rate)	\$42,327,478	\$42,845,316	\$42,800,826	\$43,915,891
General Fund Support	3,262,351	8,369,492	13,040,690	15,970,861
Student Services Fee	144	144	144	146 ^b

^a Does not include salary increase.

^b Includes \$2 fee increase for health services.

Health Services

The 1978-79 Governor's Budget provides \$594,991 in increased reimbursements to fund a Trustee's proposal for pharmacy services on CSUC campuses. According to CSUC, this augmentation is necessitated by a provision of the Business and Professions Code (Section 4050) which requires that packaging, labeling and dispensing of all medications be done under the supervision of a pharmacist or a physician. To meet this requirement a variety of campus practices developed which were either inadequate or potentially illegal.

This proposal, funded by a \$2 Student Services Fee increase, would establish 26 positions systemwide for 1978-79. Positions would be allocated on the basis of campus enrollment and daily average number of prescriptions filled. Funding support is for staffing only, with operating expenses provided from existing resources of the campus Student Health Services program.

2. INSTRUCTIONALLY RELATED ACTIVITIES FEE

We recommend that the Chancellor's Office submit a report to the Joint Legislative Budget Committee by March 1, 1979 providing a campus-by-campus breakdown of: (a) the fee level established, (b) the amount derived, and (c) the activities supported by the new Instructional Activities Fee.

The term Instructionally Related Activities (IRA) refers to a variety of academically related campus programs such as radio and television, music, drama, forensics and newspaper publication. These activities are funded from two sources, the General Fund and the Student Body Fee. (The Governor's Budget provides \$542,386 for IRA in 1978-79).

The Student Body Fee, is limited by statute to a maximum of \$20 per year and has been at or near that level on most campuses since 1959. Over the years, the combination of inflation and an increasing number of programs and services, has served to effectively reduce the purchasing power of the fee.

In January 1978, the Board of Trustees adopted a proposal of the Task

Force on Student Body Fees to establish a new student fee specifically for the support of instructionally related activities. The proposal, which was supported by the Student Presidents Association, included the following guidelines.

a) The fee level for each campus is to be established by the Chancellor upon the recommendation of the campus president. Initially, the fee may not exceed \$10 per academic year and may not be increased beyond that level before the fall term 1981.

b) The fee may be increased beyond the \$10 per academic year level after fall 1981, by a student referendum. Referenda to augment or reduce the fee may be held no more often than once in three years.

c) An advisory board shall be established on each campus to advise the President regarding both the level of the fee and the allocation of the fee level.

The new fee is to be effective in the fall term 1978. Because the new fee has direct implications for other student fees and the level of General Fund support, we believe a report outlining the initial experience and providing a base year reference would be helpful. Consequently, we recommend that the Chancellor's Office submit a report by March 1, 1979 including but not limited to, a campus by campus breakdown of: a) the new fee level, b) the amount derived from the new fee and c) the activities supported by the new Instructionally Related Activities Fee.

3. STUDENT AFFIRMATIVE ACTION

The 1978-79 Governor's Budget provides \$100,000 to support two pilot projects designed to overcome ethnic underrepresentation on CSUC campuses. According to the Chancellor's Office, this proposal would emphasize the development of early outreach programs into high schools and/or junior high schools with particular emphasis on activities for minority and disadvantaged students.

While the program has merit, there are a number of questions relating to program implementation and coordination which must be resolved before we can support the particular proposal.

a. Program Implementation—The proposal requests \$100,000 with only general guidelines for implementation. There is no indication as to the campuses involved, areas to be served, staffing levels or program content. The Chancellor's Office indicates that interested campuses will be submitting proposals prior to budget hearings and that detailed implementation plans should be available by then.

b. Program Coordination—Program duplication is a potential problem both within CSUC and with the other higher education segments.

(1) Within CSUC, each campus has an Educational Opportunity Program which provides similar services, though not with an emphasis on outreach. The Governor's Budget provides \$11.9 million for CSUC EOP in 1978-79. The Chancellor's Task Force on Student Affirmative Action is presently developing a series of recommendations on campus affirmative action programs which should be available by budget hearings.

(2) The University of California has extensive experience in commu-

Table 34
Educational Opportunity Program Expenditures
1976-77 through 1978-79

	<i>Actual Year 1976-77</i>			<i>Current Year 1977-78</i>			<i>Budget Year 1978-79</i>		
	<i>Number of Grants</i>	<i>Average Dollar Grant</i>	<i>Total Grant Dollars</i>	<i>Number of Grants</i>	<i>Average Dollar Grant</i>	<i>Total Grant Dollars</i>	<i>Number of Grants</i>	<i>Average Dollar Grant</i>	<i>Total Grant Dollars</i>
1st year	3,764	\$735	\$2,768,204	4,817	\$740	\$3,564,580	4,817	\$740	\$3,564,580
2nd year	2,242	762	1,708,127	2,239	740	1,656,860	2,191	740	1,621,340
3rd year	1,116	768	856,907	1,518	640	971,520	1,713	640	1,096,320
4th year	686	809	554,925	980	530	519,400	935	530	495,550
5th year	242	749	181,304	479	530	253,870	381	530	201,930
TOTALS.....	8,050	-	\$6,069,467	10,033	-	\$6,966,230	10,037	-	\$6,979,720
Totals, Administration and Counseling ..	-	-	\$3,603,524	-	-	\$4,719,771	-	-	\$4,911,651
TOTALS, PROGRAM COSTS	-	-	\$9,672,991	-	-	\$11,686,001	-	-	\$11,891,371

nity outreach programs. In 1978-79, UC has \$1,772,000 budgeted for such programs. It is important that the two segments coordinate and avoid duplication in the same geographic area. We understand that there are several pending proposals involving intersegmental cooperation on both student affirmative action programs and EOP which may be clarified by budget hearings.

Because of these unknown factors, we withhold recommendation at this time. We will be working with the segments in order to resolve these issues in time for review by the fiscal committees.

4. EDUCATIONAL OPPORTUNITY PROGRAM

The 1978-79 Governor's Budget provides a total of \$11,891,371 for the Educational Opportunity Program (EOP), an increase of \$205,370 over the current year. This increase is distributed as follows: (a) \$183,029 for base adjustments, (b) \$40,318 for an additional 2.3 counseling and tutoring positions, (c) \$13,490 to continue the 1977-78 grant support level and (d) \$102,310 to convert 37.3 positions from academic year (10 month) to 12 months. This increase is partially offset by a reduction of \$133,777 for the termination of 15.5 evaluation positions (discussed below). Table 34 on the preceding page provides a detailed display of EOP grants and support costs for 1976-77 through 1978-79.

EOP Staffing

We recommend that the proposal to convert 37.3 positions from academic year (10 month) to 12 month be denied for a General Fund savings of \$102,310.

The Budget Act of 1976 included a \$3.0 million augmentation for EOP. Of this total, \$1.5 million was allocated for additional support positions, providing approximately an 80 percent increase over the previous year's staffing. At the time of the augmentation, the Legislature took specific action to establish certain positions as academic year (10 month) rather than 12 month.

The Governor's Budget provides \$102,310 to convert these positions (37.3) from 10 month to 12 month in 1978-79. The proposed increase is to be used to improve services over the summer months, such as:

1. acquainting the student with a college-level class environment,
2. diagnosing students problems in reading, writing, and library skills and to begin remedial work,
3. familiarizing the entering students with the basic math/science skills necessary to successfully enter college level mathematics, chemistry and physics courses,
4. orienting students to the services and value of the EOP tutorial program.

The positions were originally established as 10 month on the basis that there are significantly fewer students requiring services over the summer months (only four campuses have regular summer quarter programs). In reviewing the 1978-79 budget proposal, we requested information on the number of EOP students enrolled in programs over the summer but were informed that such information was not currently available nor could it be gathered prior to our deadline.

Table 35
Institutional Support Program Expenditures

<i>Program Elements</i>	<i>Personnel</i>			<i>Expenditure</i>			<i>Change</i>	
	<i>1976-77</i>	<i>1977-78</i>	<i>1978-79</i>	<i>1976-77</i>	<i>1977-78</i>	<i>1978-79</i>	<i>Amount</i>	<i>Percent</i>
1. Executive management	823.5	821.7	795.8	\$21,687,197	\$23,040,063	\$23,617,978	\$577,915	2.5%
2. Financial operations.....	767.1	784.1	798.1	14,280,618	15,447,999	16,228,666	780,607	5.0
3. General administrative services	1,277.9	1,356.8	1,382.4	21,727,075	23,973,941	25,210,897	1,236,956	5.1
4. Logistical services.....	1,025.8	1,039.4	1,086.9	30,490,914	33,145,032	34,654,284	1,509,252	4.6
5. Physical plant operations	3,264.6	3,570.9	3,627.8	73,173,526	80,813,917	85,617,201	4,803,284	5.9
6. Faculty and staff services	—	—	—	6,140,143	8,887,928	8,156,018	-731,910	-8.2
7. Community relations.....	89.3	77.8	80.7	2,888,086	3,019,259	3,244,061	224,802	7.4
Continuing program costs.....	7,248.2	7,641.7	7,771.7	\$170,387,559	\$188,328,139	\$196,729,105	\$8,400,966	4.0%
<i>General Fund</i>	6,562.4	6,914.6	7,044.1	140,545,347	155,933,842	164,224,065	8,290,223	5.3
<i>Reimbursements—other</i>	—	10	7.5	10,635,993	11,369,914	11,459,739	89,825	0.8
<i>Parking Account, Dormitory Revenue Fund</i>	189.3	196.1	197.7	3,211,985	3,393,004	3,544,554	151,550	4.5
<i>Dormitory Revenue Fund</i>	267.7	278.3	318	7,170,440	7,444,264	8,089,050	644,786	8.7
<i>Auxiliary organizations—other</i>	—	—	—	722,150	758,000	758,000	—	—
<i>Auxiliary organizations—federal</i>	—	—	—	2,888,597	3,032,000	3,032,000	—	—
<i>Continuing Education Revenue Fund</i>	228.8	242.7	204.4	5,213,047	6,397,115	5,621,697	-775,418	-12.1

It is important to note that in addition to the 37.3 positions proposed for conversion, there are already 68.1 positions systemwide established on a 12 month basis and available over the summer. We believe that the services proposed above can be adequately provided by those existing positions. Consequently, we do not support conversion of the academic year positions and recommend that the \$102,310 increase be denied.

It should also be noted that in visiting campus programs, we learned that some students already receive these services from community colleges prior to fall enrollment on a CSUC campus. This is another area in which the potential for duplication of services, discussed in the student affirmative action proposal, exists.

EOP Report

The 1976-77 Budget Act also included funding for a two year evaluation of the EOP program. Budget Act language required that the evaluation design "address the issues of maintenance of academic standards, persistence to graduation and success in locating employment." The Chancellor's Office indicates that the final report will be submitted to the Legislature by late March, 1978. The 15.5 evaluation positions which were established to conduct the evaluation are not proposed for continuation in 1978-79.

VI. INSTITUTIONAL SUPPORT

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

Table 35 on the preceding page shows the estimated expenditures for 1978-79.

1. ACADEMIC SENATE

The Academic Senate is the official organization representing the CSUC faculty. The Senate meets on the average of five times each year. Selected representatives regularly attend meetings of the Board of Trustees and are consulted on various matters affecting academic policy.

The 1978-79 Budget provides \$405,571 for support of the Academic Senate. These funds primarily provide for release time from teaching duties for the Senate's principal officers. Release time is essential because members of the Senate are expected to participate actively in CSUC administrative affairs and attend numerous Academic Senate committee meetings each year.

2. CHANCELLOR'S OFFICE

The Chancellor is the chief executive officer of the CSUC Board of Trustees. He is responsible for the implementation of all policies enacted by the board.

Table 36 on page 884 lists the major divisions in the Chancellor's Office and shows a net increase of 4.0 General Fund positions excluding information systems.

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

General Fund		Chancellor's Office Expenditures		Governor's Budget		Change	
Chancellor's Office		1977/78		1978-79			
Personnel	Positions	Dollars	Positions	Dollars	Positions	Dollars	
Executive Office	17.0	\$494,623	17.0	\$502,294	—	\$7,671	
Legal Services	16.5	540,490	18.5	590,774	2.0	50,284	
Academic Affairs	57.1	1,613,939	55.6	1,628,585	-1.5	14,646	
Faculty and Staff	28.0	791,588	30.0	856,302	2.0	64,714	
Business Affairs	59.4	1,534,467	59.4	1,573,294	—	38,827	
Physical Planning	20.8	533,965	20.8	550,752	—	16,787	
Government Affairs	9.0	249,971	9.0	258,124	—	8,153	
Institutional Research	13.0	350,700	13.0	355,180	—	4,480	
Public Affairs	5.0	147,348	5.0	149,210	—	1,862	
Administrative Office	55.1	883,555	56.6	925,585	1.5	42,030	
Subtotal	280.9	\$7,140,646	284.9	\$7,390,100	4.0	\$249,454	
Operating Expense and Equipment	—	2,145,074	—	2,343,474	—	198,400	
Total	280.9	\$9,285,720	284.9	\$9,733,574	4.0	\$447,854	
Audit Staff							
Personnel	11.0	314,551	11.0	327,860	—	13,309	
Operating Expense and Equipment	—	83,782	—	105,195	—	21,413	
Total	11.0	\$398,333	11.0	\$433,055	—	\$34,722	
Information Systems							
Personnel	122.0	2,565,817	122.0	2,638,438	—	72,621	
Operating Expense and Equipment	—	4,001,903	—	4,579,369	—	577,466	
Total	122.0	\$6,567,720	122.0	\$7,217,807	—	\$650,087	
Total General Fund	413.9	\$16,251,773	417.9	\$17,384,436	4.0	\$1,132,663	
Special Funds— Parking							
Personnel	0.4	5,282	0.4	5,561	—	279	
Operating Expense and Equipment	—	—	—	3,276	—	3,276	
Total	0.4	\$5,282	0.4	\$8,837	—	\$3,555	
Continuing Education							
Personnel	10.0	238,338	10.0	211,534	—	-26,804	
Operating Expense and Equipment	—	198,277	—	236,455	—	38,178	
Total	10.0	\$436,615	10.0	\$447,989	—	\$11,374	
Total Special Funds	10.4	\$441,897	10.4	\$456,826	—	\$14,929	
Grand Total	424.3	\$16,693,670	428.3	\$17,841,262	—	\$1,147,592	
Funding Sources							
General Fund	357.6	14,698,266	360.1	15,772,294		1,074,028	
Reimbursements	56.3	1,553,507	57.8	1,612,142		58,635	
Parking Revenue Fund	0.4	5,282	0.4	8,837		3,555	
Continuing Education Revenue Fund	10.0	436,615	10.0	447,989		11,374	

3. EXECUTIVE ADMINISTRATION

We recommend the elimination of one Vice President for Business Affairs position and one related clerical position at Sonoma State College for a General Fund savings of \$58,594.

Staffing in CSUC is determined primarily by the number of full-time equivalent (FTE) students. As FTE increases/decreases, positions are added/deleted based upon standards expressed in staffing formulas.

For example, between 1976-77 and 1977-78 Sonoma State College lost 29.6 faculty positions as a result of budgeted enrollment falling from 5,300 FTE (1976-77) to 4,800 FTE (1977-78). This action was accepted as legitimate under the existing faculty staffing formula.

The number of administrative positions in executive management is also determined by FTE. The existing formula uses 5,000 FTE as a breaking point. Campuses at 5,000 FTE or below are entitled to one Vice President (Academic Affairs) and campuses above 5,000 FTE have two Vice Presidents (Academic Affairs and Business Affairs). Although the formula is explicit, the implementation by CSUC is not. As indicated above, budgeted enrollment at Sonoma State declined below 5,000 FTE (to 4,800 FTE) in 1977-78. Although a number of faculty and administrative positions were eliminated by this decline, the Vice President for Business Affairs was not. We are aware of no special circumstances which justify continuation of this position.

While we agree that positions at that level should not be automatically eliminated if a one year aberration results in a drop below 5,000 FTE, this is not the case with Sonoma. 1977-78 is the second year in a row where enrollment has fallen below 5,000 FTE (estimated 1977-78 enrollment is 4,682 FTE). Nor do future projections predict a reversal. As Table 37 indicates, CSUC projections show Sonoma State's enrollment as level at 4,800 FTE through 1982-83 and declining to 4,600 by 1985-86. Even this may be optimistic as the projection has not been revised to reflect the 1977-78 enrollment drop.

Table 37
Projected FTE for Sonoma State College^a
1977-78 through 1985-86

Budgeted 1977-78	Budgeted 1978-79	Projected						
		1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
4,800 ^b	4,800	4,800	4,800	4,800	4,800	4,700	4,700	4,600

^a Long range allocations were last revised in March 1977 and will be revised again in 1978 to reflect the 1977-78 enrollment experience.

^b The revised estimate for 1977-78 based upon fall enrollment is 4,682 FTE, a decrease of 118 below the budgeted enrollment.

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

We believe that administrative positions must be treated in the same manner as other positions. Based upon CSUC's own enrollment projections and their application to existing formulas, the second Vice President position is no longer justified. Consequently, we recommend elimination of the position (\$47,603) and a related clerical position (\$10,991) for a General Fund savings of \$58,594.

It should be noted that the Vice President's position has been vacant since August 1977. Thus, termination of the position will not result in a reorganization of existing personnel.

4. PUBLIC SAFETY

The campus public safety dispatch function (communication) is presently staffed in a variety of ways including the use of student assistants, temporary help and, occasionally, police officers removed from other duties. The 1978-79 Governor's Budget provides budgetary recognition to the communication function by proposing a \$720,768 General Fund increase to establish 51 dispatcher positions. These positions, when added to six existing positions, will provide each campus with full time coverage (three positions per campus). The dispatch function is essential in providing immediate emergency response, effectively utilizing on-campus public safety resources and coordinating with off-campus police agencies. We support the proposed increase.

Budgetary recognition of the dispatch function will implement phase two of a five phase public safety proposal recommended by the CSUC Public Safety Advisory Committee. Phase three, as proposed by the committee, would add 35 new positions to provide prevention/investigation functions on each campus. Because of the increase in major crimes on several CSUC campuses, it may be appropriate to accelerate the phase-in plan. We will be reviewing the proposal with campus and Chancellor's Office staff prior to budget hearings to determine if such action is appropriate.

5. FIELD WORK COORDINATORS

We recommend that the field work coordinator proposal be implemented as a two year pilot program rather than systemwide for a General Fund savings of \$201,933. The Chancellor's Office should submit a progress report to the Joint Legislative Budget Committee by March 1, 1979 and a final report by March 1, 1980 assessing the implementation and benefits of the project.

Field work, the placement of students in practical supervised experience related to their academic interest, is a recognized part of the curriculum at all CSUC campuses. The Chancellor's Office estimates that in

1976-77 approximately 10,000 students per term utilized field placements involving approximately 2,600 agencies. Health science and related disciplines are the primary areas requiring placements. However, other disciplines such as psychology, public administration, recreation administration and journalism also provide applied experience through field placements or internships.

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

The Chancellor's Office maintains that because of the growth, complexity and increasing importance of field work in the system, these alternatives are no longer adequate. Consequently, the 1978-79 Trustee's budget proposal requested \$577,028 to recognize the field work coordinator program. The proposal provides for the coordinating function and related clerical support on every campus with the number of positions varying with the enrollment.

The Governor's Budget provides \$286,933 (50 percent of the Trustees request) for the field work program. At the time of our analysis, neither the Department of Finance nor the Chancellor's Office had a rationale for the new funding level or a plan for the allocation of positions. They did not know if the proposal is to be fully funded at a few campuses or partially funded at all of them.

We believe the concept has merit and that funding should not be based upon an arbitrarily determined percentage. Rather, the program should be funded either at the level of the Trustee's request or as a pilot project. After discussion with staff from both the Chancellor's Office and campuses, we recommend the latter option.

Concerns

We have a number of concerns about the specific proposal which should be resolved before systemwide adoption. These include:

- 1) Will placement of students be enhanced?
- 2) What will be the interaction between departments and coordinators? Academic departments should and do have a strong interest in student placement. They are aware of the practical content required by the particular discipline and are ultimately responsible for the supervision. This will require continued involvement on their part. We are concerned that the coordinator not become an additional bureaucratic level without reducing the faculty burden.
- 3) Are the positions best utilized through a systemwide office or by apportioning them back to the departments?
- 4) What will the effect be upon the use of assigned time? Will it result in additional classroom teaching time, or could the assigned time be apportioned for use as a central coordinator?
- 5) Who will fill the coordinator positions . . . placement counselors or faculty members?

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

6) Could several campuses, or perhaps major disciplines from several campuses, use the same position?

We believe these questions should be resolved before a systemwide program is approved. We recommend a three campus pilot based upon the funding levels in the Trustee's proposal. Specifically, the proposal would provide positions as follows:

Over 15,000 FTE—1.5 positions

7,500–15,000 FTE—1.0 position

Under 7,500 FTE—0.5 position

Each campus would also be allocated 0.5 clerical positions. We would recommend a two year pilot with the Chancellor's Office authorized to select the specific campuses. A progress report describing the implementation of the program should be submitted by March 1, 1979 with a final report by March 1, 1980. We estimate that a three campus pilot would require \$85,000 annually, resulting in a 1978–79 General Fund savings of \$201,933.

6. EMPLOYEE AFFIRMATIVE ACTION

We recommend a General Fund reduction of \$186,176 for the costs of administrative overhead in the employee affirmative action program.

We further recommend that the Chancellor's Office present a plan during legislative budget hearings on the proposed selection process for the intern program.

The 1978–79 Governor's Budget proposes a General Fund expenditure of \$510,510 for a new Administrative Intern Program "aimed at ensuring that women and minorities are given equal opportunity for placement and advancement in administrative and managerial positions in the CSUC." The proposal would establish one intern position on each campus to be filled by candidates selected from among lower level faculty or administrative candidates. The interns would be assigned a variety of administrative responsibilities as well as participate in a structured in-service training program.

Table 38 summarizes a 1977 CSUC survey of female, male and minority participation in administrative and managerial positions.

Table 38
1977 Participation Rates in CSUC Administration

	Number	Percent
Caucasian Males.....	352	88.7%
Caucasian Females	19	4.8
Minority Males	24	6.1
Minority Females	2	0.4
Total	397	100.0%

Reservations

We have reviewed the CSUC proposal and agree that a need exists for an employee affirmative action program and that this particular proposal may meet that need. However, we have reservations in two areas, the selection process and administrative overhead.

(a) *Selection Process.* In analyzing the CSUC proposal, we reviewed a similar intern program sponsored by the American Council on Education (ACE). Our major concern was in establishing a nondiscriminatory link between participation in an intern program and future job placement in permanent administrative positions. ACE staff emphasized that the crucial element in any such program was the selection of outstanding interns, people who would both learn from the experience and be in demand at the completion of their internship. Without this element, the program may have more cosmetic symbolism than practical effect.

At the time we reviewed the CSUC proposal, the Chancellor's Office staff indicated that they had not yet established specific selection criteria or a selection process (they were awaiting assurance that the program funds were in the Governor's Budget). Because we believe this selection process is essential to the success of the program, we recommend that CSUC present its selection plan at the legislative budget hearings including: the pool of eligible candidates, the criteria by which they will be selected and a determination of who will make the selection.

(b) *Administrative Overhead.* The appropriation proposed in the 1978-79 Governor's Budget totals \$510,510. However, the amount directly associated with the salaries and fringe benefits of the intern positions is only \$294,434, or 58 percent of the total. The remaining 42 percent is primarily administrative overhead including a program director and clerical assistance (one clerical position for the director and 0.5 position for each intern) for a total of \$142,636 in salaries and fringe benefits. We believe this is unnecessary and excessive. We see no need for a full-time director because the interns will be working under the supervision of campus personnel. There has also been no workload submitted to justify the new clerical positions. If additional clerical staffing is deemed to be necessary by individual campuses, we believe it is appropriate that they make a fiscal commitment (\$6,000) to the program from their own resources. Consequently, we recommend that the program be reduced by \$186,176, resulting in a revised program total of \$322,334. This will provide for the salaries and fringe benefits of the interns and reasonable associated costs such as equipment and travel.

It should be noted that these are to be "working" interns performing necessary functions. Therefore, we will be monitoring the program to see if additional savings result from the workload absorbed from existing positions.

7. EMPLOYEE BENEFITS

Industrial Disability Leaves (IDL)

We recommend that 1978-79 expenditure projection for Industrial Disability Leaves be reduced by \$100,000 to accord with latest available data.

The Berryhill Total Compensation Act (Chapter 374, Statutes of 1974), provides for industrial disability leaves (IDL) for state employees who are members of the Public Employees' Retirement System or the State Teachers' Retirement System. Table 39 compares the amount budgeted with the actual program cost.

CALIFORNIA STATE UNIVERSITY AND COLLEGES—Continued

Table 39
Industrial Disability Leaves (IDL)

<i>Year</i>	<i>Budgeted</i>	<i>Actual Cost</i>	<i>Surplus</i>
1974-75	\$138,000	\$81,000	\$ +57,000
1975-76	500,000	188,102	+311,898
1976-77	500,000	293,746	+206,254
1977-78	500,000	—	—
1978-79	600,000	—	—

Table 39 indicates that the IDL has been continually overbudgeted. CSUC justifies this because the program is relatively new and employees aren't fully aware of the differences in benefits between IDL and the Workers Compensation program.

The 1978-79 Governor's Budget provides \$600,000, an increase of (a) \$100,000 over the amount budgeted for 1977-78 and (b) \$306,254 or 104 percent above the amount actually expended in 1976-77. We believe this proposed increase is excessive.

After three full years of experience, we believe the program has stabilized sufficiently to make reasonable projections of future expenditures. Based upon the latest information available, IDL expenditures for the first quarter of 1977-78 totaled \$97,221. This is an increase of 38 percent over the first quarter of 1976-77. Assuming this same percentage increase continues through 1977-78, total current year expenditures will total only \$404,693 (compared to the \$500,000 budgeted).

Accordingly, we recommend a reduction of \$100,000 in the 1978-79 budget appropriation. This will provide \$500,000 for the IDL program, an increase of \$95,000 above the amount projected by the latest available data.

Nonindustrial Disability Insurance

The Nonindustrial Disability Insurance (NDI) program provides benefits to employees who suffer a disabling illness or injury that is not work related. The NDI program became effective on October 1, 1976. Table 40 displays the amount appropriated and the estimated cost.

Table 40
Nonindustrial Disability Insurance

	<i>Budgeted</i>	<i>Estimated Cost</i>
1976-77	\$556,000	\$ ^a
1977-78	556,000	—
1978-79	600,000	—

^a The only actual data show \$103,253 expended in the initial three month period. This projects to a full year cost of approximately \$415,000.

The Governor's Budget proposes a support level of \$600,000 in 1978-79. The budgeted cost estimates are based upon the first three months experience and project to a full year cost of \$415,000. However, because the program is new costs may increase well beyond the projected level. Therefore, we withhold recommendation on this expenditure until budget hearings so that the final appropriation may be determined using the latest available data.

8. CAMPUS PHYSICAL PLANNING AND DEVELOPMENT STAFF

We recommend that the building coordinator position on the seven campuses with the lowest enrollments be deleted for a General Fund savings of \$205,764.

Currently, 16 of the 19 CSUC campuses are authorized to have three Physical Planning and Development staff members; an executive dean, a building coordinator, and a clerical assistant (three campuses have slightly lower staffing levels as a result of a 1976-77 reduction by the Department of Finance). The activities performed by these individuals tend to fall into one of two major categories, facility planning or space management.

Facility planning involves working with faculty and administrators to determine (1) how much and what type of space will be needed for the future, and (2) the priorities and specifications for individual projects. Space management involves (1) the scheduling of classes, (2) the assignment of faculty offices, and (3) planning the necessary short-term space alternations.

The rationale for having three Physical Planning and Development staff members on each campus was developed a number of years ago. In 1970 when CSUC enrollments were predicted to reach 354,000 this may have been a proper staffing level. But today, with enrollments scheduled to peak at 242,000, this is no longer the case.

Since much of the staff workload is generated by new construction planning, a look at the recent CSUC capital outlay budgets, shown in Table 41, helps to illustrate why a lower level of staffing may now be warranted.

Table 41
CSUC Capital Outlay Budget, 1973-74 through 1978-79^a

<i>Year</i>	<i>Capital Outlay Budget</i>
1973-74.....	\$60,641,000
1974-75.....	41,894,000
1975-76.....	19,030,000
1976-77.....	23,340,000
1977-78.....	18,731,000 ^b
1978-79 (Proposed)	6,203,000

^a Dollar values have been adjusted to 1973-74 base to provide constant comparison.

^b 40 percent of capital outlay budget was for one project at San Luis Obispo campus.

The 1978-79 capital outlay budget is only 10 percent of that provided in 1973-74 (adjusted for constant dollars). In addition, our staff estimates that the CSUC capital outlay budgets in the next few years will not exceed the 1978-79 level. A look at Table 9 explains why. Systemwide, CSUC currently has the capacity space to serve an additional 27,810 FTE students. According to CSUC data, this is sufficient capacity space to meet the peak enrollment needs of 1982-83.

Table 42
Comparison of Facilities

	1978-79 Budgeted Enrollment (FTE students)	Existing Capacity in excess (+) of projected peak year enrollment (1982-83)	Faculty offices ^b			Instructional Rooms ^c (Lecture and Laboratory)		
			Current faculty offices	% of statewide campus average	% of Long Beach campus	Instruc- tional rooms	% of systemwide campus average	% Long Beach campus
Bakersfield	2,480	+1,549	202	28%	17%	96	41%	26%
Stanislaus	2,600	+1,579	158	22	13	63	26	17
San Bernardino	3,350	-342	200	28	17	74	32	20
Sonoma	4,800	+1,404	335	47	28	119	50	33
Dominguez Hills	5,000	+2,296	320	45	27	99	42	27
Humboldt	6,700	-516	404	57	34	148	63	41
Hayward	7,600	+5,914	527	74	44	169	72	46

^a Obtained by subtracting 1982-83 projected FTE student enrollments (adjusted for off-campus workload) from current capacity space.

^b Based on 1978 capacity.

^c Based on Fall 1976 data, which is the most recent available.

Reevaluation Needed

Because of the decline in new construction since 1973-74 and the anticipated continuation of the trend in the near future, we believe that it is appropriate to reevaluate the need for campus physical planning staff. Recommendations for reductions in campus physical planning staff need to be based on a campus by campus analysis. For this reason we have prepared Table 42, shown on page 892, which provides some relevant statistics for the seven CSUC campuses with the lowest student enrollments.

One of the most important tasks of the campus Physical Planning and Development staff is coordinating the planning for new facilities. But Table 42 shows that five of the seven campuses listed already had more capacity space for 1976-77 than will be needed for the projected peak enrollment year of 1982-83. This does not mean that construction will be halted on any of these campuses, but clearly it will be very limited; probably a very small fraction of the level of construction over the previous 5 years.

The second major task of campus Physical Planning and Development staff is space management. To show how widely the space to be managed varies from the small to large campuses, Table 42 also presents data on the number of faculty offices and total instructional rooms. In both categories, faculty offices and instructional rooms, five of the seven campuses listed have less than half the systemwide campus average and all seven campuses have less than half the space to be managed at Long Beach, the third largest campus. Yet all campuses are authorized three positions.

The statistics presented indicate that the smaller campuses do not require the same level of staffing as the larger campuses. Consequently, we recommend that the building coordinator position on the seven smallest campuses be eliminated for a General Fund saving of \$205,764. This will leave these seven campuses with two staff positions each, an executive dean and a clerical assistant, while the 12 largest campuses will each retain their currently authorized three staff positions.

9. TECHNICAL ADJUSTMENT

We recommend a reduction of \$63,032 to adjust for the difference between the total budget appropriation and the amount required to fund the proposed positions fully.

The Governor's Budget contains \$63,032 above the amount required to fully fund the positions and programs proposed for 1978-79. This difference is basically a technical adjustment reflecting the difference between the estimated cost of a) initial budget decisions to increase or decrease programs and b) the specific fiscal impact of these decisions when computed by the budget formulas.

Because of the timing constraints of budget submission, the estimated total appropriation cannot always be accurately adjusted to reflect the computed impact of a number of interrelated decisions. Therefore, a "balancing factor" is used to reconcile the cumulative cost of the individual decisions with the total appropriation. Because the remaining difference of \$63,032 is not justified by the budgetary decisions, we recommend that it be deleted.

Table 43
Independent Operations Expenditures

<i>Program Elements</i>	<i>Personnel</i>			<i>Expenditures</i>			<i>Change</i>	
	<i>1976-77</i>	<i>1977-78</i>	<i>1978-79</i>	<i>1976-77</i>	<i>1977-78</i>	<i>1978-79</i>	<i>Amount</i>	<i>Percent</i>
1. Institutional operations	631.5	612.5	732.8	\$17,004,547	\$15,514,712	\$18,229,257	\$2,714,545	17.5%
2. Outside agencies	676.8	636.7	734.9	47,084,583	47,711,454	49,254,960	1,543,506	3.2
Continuing program costs	1,308.3	1,249.2	1,467.7	\$64,053,130	\$63,226,166	\$67,484,217	\$4,258,051	6.7%
<i>General Fund</i>	—	—	—	—648,458	—	—	—	—
<i>Reimbursements—other</i>	1,292.3	1,244.3	1,462.9	23,519,508	21,634,151	25,914,452	4,280,301	19.8
<i>Reimbursements—federal</i>	—	—	—	1,385,018	—	—	—	—
<i>Parking Account, Dormitory Revenue Fund</i>	7.1	4.9	4.8	258,294	279,015	256,765	—22,259	—8.0
<i>Foundations—federal</i>	—	—	—	24,272,323	25,485,000	25,485,000	—	—
<i>Foundations—other</i>	—	—	—	11,759,463	12,345,000	12,345,000	—	—
<i>Auxiliary organizations—other</i>	—	—	—	3,318,432	3,483,000	3,483,000	—	—
<i>Continuing Education Revenue Fund</i>	8.9	—	—	228,550	—	—	—	—

VII. INDEPENDENT OPERATIONS

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

Table 43 on page 894 shows the estimated expenditures for 1978-79.

CALIFORNIA MARITIME ACADEMY

Item 338 from the General
Fund

Budget p. 918

Requested 1978-79	\$2,346,270
Estimated 1977-78.....	2,243,909
Actual 1976-77	2,046,467
Requested increase \$102,361 (4.6 percent)	
Total recommended reduction	None

GENERAL PROGRAM STATEMENT

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

In response to legislation (Chapter 1069, Statutes of 1972), CMA prepared a five-year academic plan designed to expand the curriculum, provide accredited degrees in marine and maritime sciences and increase the number of graduates. This plan was approved and funded in the 1974-75 fiscal year.

The academy has accelerated its enrollment plans and has reached its full complement of 468 students. Its four-year academic program includes three 10-week sea-training periods, a two-week internship and a final seminar to prepare for license board examinations. Students major in either Marine Engineering Technology or Nautical Industrial Technology.

Sea-training periods are conducted each year aboard a merchant-type ship loaned to California by the Federal Maritime Administration (MARAD). Students, upon successful completion of the entire program, must pass a U.S. Coast Guard examination for either a third mate or third assistant engineer license before they receive a bachelor of science degree.

CMA is governed by an independent seven member board of governors

CALIFORNIA MARITIME ACADEMY—Continued

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

ANALYSIS AND RECOMMENDATIONS

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

Table 1**Maritime Academy Budget Summary**

<i>Programs</i>	<i>Actual 1976-77</i>	<i>Estimated 1977-78</i>	<i>Proposed 1978-79</i>	<i>Change</i>	
				<i>Amount</i>	<i>Percent</i>
1. Instruction.....	\$874,408	\$958,525	\$967,512	\$8,987	0.9%
2. Academic support.....	436,778	534,540	591,624	57,084	10.7
3. Student services.....	880,646	1,143,953	1,191,694	47,741	4.2
4. Institutional support.....	1,122,948	1,131,891	1,195,498	63,607	5.6
TOTALS.....	\$3,314,780	\$3,768,909	\$3,946,328	\$177,419	4.7%
<i>Funding Sources</i>					
<i>General Fund.....</i>	<i>\$2,046,467</i>	<i>\$2,243,909</i>	<i>\$2,346,270</i>	<i>\$102,361</i>	<i>4.6%</i>
<i>Reimbursements.....</i>	<i>838,784</i>	<i>1,001,578</i>	<i>1,092,906</i>	<i>91,328</i>	<i>9.1</i>
<i>Federal funds.....</i>	<i>429,529</i>	<i>523,422</i>	<i>507,152</i>	<i>-16,270</i>	<i>-3.1</i>
TOTALS.....	\$3,314,780	\$3,768,909	\$3,946,328	\$177,419	4.7%
<i>Positions.....</i>	<i>114</i>	<i>125.2</i>	<i>127.8</i>	<i>2.6</i>	<i>2.1%</i>

Although Table 1 indicates a net increase of 2.6 positions, 6.6 new positions are actually being requested. The difference results from the administrative establishment of four positions during 1977-78. Of these, 0.3 positions are proposed for continuation, plus an additional 6.3 new positions. Included in these positions (partly funded by student fee reimbursements) are a laboratory technician, two food service positions, a library technician, a financial aids clerk, and a physical plant maintenance position.

Enrollment

Table 2 summarizes CMA applications, enrollment, and graduates for a five-year period. It indicates that enrollment is scheduled to remain at the full complement of 468 in 1978-79.

Table 2**CMA Enrollment Statistics**

	<i>1974-75</i>	<i>1975-76</i>	<i>1976-77</i>	<i>Estimated 1977-78</i>	<i>Estimated 1978-79</i>
Applications.....	320	374	402	435	480
Admissions.....	152	146	180	163	150
Budgeted enrollment.....	313	360	414	468	468
Average enrollment.....	312	349	414	468	468
Graduates.....	58	99	8 ^a	96	95

^a Interim class. Most students converted to new four-year program.

Accreditation Received

During 1977, three accrediting agencies—the Western Association of Schools and Colleges, the Engineers' Council for Professional Development, and the National Association of Industrial Technology—awarded official notices of accreditation to the academy. CMA is the only existing maritime institution in the United States that has acquired all three professional and educational accreditations.

BOARD OF GOVERNORS OF THE CALIFORNIA COMMUNITY COLLEGES

Item 339, 341 from the General
Fund. Item 340 from the Cre-
dentials Fund

Budget p. 923

Requested 1978-79	\$566,718,334
Estimated 1977-78.....	512,966,539
Actual 1976-77	464,459,634
Requested increase \$53,751,795 (10.5 percent)	
Total recommended reduction	\$87,051

1978-79 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount	<i>Analysis page</i>
339	Board of Governors support	General	\$2,839,396	899
341	Extended Opportunity Program	General	16,139,919	901
—	Local District Apportionments	General	545,739,019	903
—	Special Appropriation (Chapter 714, Statutes of 1977)	General	2,000,000	—
	Total General Fund		<u>\$566,718,334</u>	
340	Community Colleges Credentials	Credentials	\$522,827	—

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS*Analysis
page*

1. *District Reorganization. Augment Item 339 by \$90,000.* Recommend study of community college district reorganization. 900
2. *Regional Adult and Vocational Education Councils (RA-VEC). Reduce Item 339 by \$177,051.* Recommend elimination of five positions and related operating expenditures for state-level assistance to the RAVECs. 901
3. *Extended Opportunity Programs and Services (EOPS).* Recommend plan for collection and analysis of data to determine the impact and funding requirements of EOPS. 902

GENERAL PROGRAM STATEMENT

The Board of Governors of the California Community Colleges, composed of 15 members appointed by the Governor for four-year terms, was created by Chapter 1549, Statutes of 1967.

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

The board serves primarily as a planning, coordinating, reporting, advising and regulating agency. It directly administers a credentialing program, the state-funded Extended Opportunity Programs and Services (EOPS), certain aspects of federally funded occupational programs, and state apportionments to the 70 local community college districts. The Chancellor's office is the administrative staff of the board. Small regional offices working under the occupational education unit are located in Los Angeles, Oakland, and Sacramento.

ANALYSIS AND RECOMMENDATIONS
Enrollment

Table 1 shows enrollment and average daily attendance (ADA) statistics since 1969. Community colleges are projecting an increase of 24,800 ADA (3.3 percent) for 1978-79.

Table 1
Student Enrollment and ADA in Community Colleges

Year	Total enrollment	Fall Graded students		Ungraded students	Total ADA	Percent increase ADA
		Full-time	Part-time			
1969-70	704,768	258,998	343,919	101,851	464,565	10.9%
1970-71	825,129	282,388	269,553	173,188	517,339	11.3
1971-72	873,784	295,646	399,590	178,548	552,208	6.7
1972-73	921,953	281,740	429,216	210,997	573,593	3.9
1973-74	1,010,823	306,070	546,747 ^a	158,006 ^a	609,459	6.3
1974-75	1,137,668	324,281	635,426	171,961	695,374	14.1
1975-76	1,284,407	374,473	727,075	182,859	768,902	10.6
1976-77	1,257,754	228,116	846,553	183,085	721,884	-6.1
1977-78 (est.)	1,302,680	236,444	877,286	188,950	748,400	3.7
1978-79 (est.)	1,347,860	244,826	908,384	194,650	773,200	3.3

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

The board's total proposed General Fund budget is \$566,718,334. This includes \$2,839,396 (Item 339) for the support of the board, \$16,139,919 (Item 341) for the Extended Opportunity Programs and Services, \$545,739,019 for apportionments to local community college districts, and \$2,000,000 transferred to the Instructional Improvement Fund (Chapter 714, Statutes of 1977).

In addition to these General Fund monies, the budget proposes to transfer \$522,827 from the Community College Credentials Fund (Item 340) for support of the credentialing activity and \$100,000 from a Special Deposit Fund to support a real estate education program. These funding sources, combined with \$1,434,183 in reimbursements would provide the board with a total of \$568,775,344 for expenditure and apportionment in 1978-79.

Table 2 sets forth total program expenditures, funding sources, positions and proposed changes. As shown in this table, the Governor's Budget proposes a General Fund increase of \$53,751,795, or 10.5 percent. Most of this is a result of increases in apportionments (\$49,453,245) and the EOPS

program (\$2,156,762), and establishment of the Fund for Instructional Improvement (\$2,000,000).

Table 2
Board of Governors Program Budget Summary

Programs	Actual 1976-77	Estimated 1977-78	Proposed 1978-79	Change	
				Amount	Percent
I. Board of Governors					
Support	\$3,723,747	\$4,868,101	\$6,896,406	\$2,028,305	41.7%
II. Extended Opportunity Programs and Services	11,484,027	13,983,157	16,139,919	2,156,762	15.4
III. Community College Apportionments....	450,977,353	496,285,774	545,739,019	49,453,245	9.7
TOTALS	\$466,185,127	\$515,137,032	\$568,775,344	\$53,638,312	10.4%
<i>Funding sources</i>					
<i>General Fund</i>					
1. Support Budget Appropiations	\$1,998,254	\$2,697,608	\$2,839,396	\$141,788	5.3%
2. EOPS appropriations	11,484,027	13,983,157	16,139,919	2,156,762	15.4
3. Apportionments	450,977,353	496,285,774	545,739,019	49,453,245	9.7
4. Instructional Improvement Fund	—	—	2,000,000 ^a	2,000,000	—
GENERAL FUND SUBTOTALS	\$464,459,634	\$512,966,539	\$566,718,334	\$53,751,795	10.5%
Credentials Fund	387,385	503,601	522,827	19,226	3.8
Special Deposit Fund	27,946	100,000	100,000	—	—
Reimbursements	1,310,162	1,566,892	1,434,183	-132,709	-8.5
TOTALS	\$466,185,127	\$515,137,032	\$568,775,344	\$53,638,312	10.4%
Positions	132.3	151.7	150.1	-1.6	-1.1%

^a Transferred from apportionments, as authorized by Chapter 714, Statutes of 1977.

I. BOARD OF GOVERNORS SUPPORT PROGRAM (Item 339)

New Positions

Table 2 reflects a net decrease of 1.6 positions in 1978-79. Nevertheless, 37.2 new positions are being requested. These positions do not show up as an increase in Table 2 because most of them were established in the current year, although no commitment to continue them beyond 1977-78 was made. Positions in this category include: fourteen executive positions in the Chancellor's office authorized in the Budget Act of 1977 on a one-year limited term basis (to assist reorganization); six new positions which have been administratively established using \$150,000 of unallocated funds; nine positions funded by federal funds under the Public Works Employment Act; and 3.5 positions funded by the Instructional Improvement Fund. The Governor's Budget proposes to continue these positions.

In addition to continuing these 32.5 positions, the budget proposes 4.7 new positions. These include a data processing technician for the new management information systems, an associate government program analyst to provide fiscal data and prepare reports dealing with the apportionment process, and clerical staff.

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

(The net decrease of 1.6 positions reflected in the Governor's Budget is a result of the 4.7 new positions, an additional 0.9 position due to a change in the salary savings requirement, offset by the proposed elimination of 5.4 federally funded clerical positions and 1.8 state funded clerical positions which were administratively established in the current year.)

Washington Office

Last year, the Legislature augmented the budget for the Board of Governors by \$66,474 to provide for a staff in Washington, D.C., to represent the California Community Colleges. This augmentation was subsequently vetoed by the Governor, who stated that the Washington office should be supported by local district funds.

A study conducted in 1976 by the Chancellor's Advisory Committee on Federal Affairs indicated that the state's community college districts had a low rate of participation in federal programs. Based on this report, the Chancellor's office argues that effective representation in Washington would enable the state to increase its share of federal grants and would influence federal legislation and administrative regulations to the benefit of the community colleges.

This year, the Board of Governors has arranged to enter into a cooperative effort with two organizations representing the local districts to fund jointly a Washington office at a total cost of \$80,000. The board anticipated that the state would contribute \$40,000 as its share, but these funds are not included in the Governor's Budget.

District Reorganization Study

We recommend a General Fund augmentation of \$90,000 to provide for a statewide study of community college district reorganization, to be conducted by an independent consultant or educational research firm subject to the review and approval of the California Postsecondary Education Commission (CPEC) (Item 339).

Currently, the state is divided into 70 community college districts, encompassing 105 colleges. The Chancellor's office of the Community Colleges and CPEC have acknowledged that existing district arrangements are inadequate. In several regions of the state, district boundaries serve as barriers to students' attendance in the closest community college, create significant wealth disparities between contiguous districts, and hinder the process of effective regional planning.

We recommend that the Board of Governors contract with a consultant or research organization, subject to the review and approval of CPEC, to conduct a study directed toward the resolution of these problems. In addition, the board could create a technical advisory committee consisting of representatives of the Chancellor's office, CPEC, and the Department of Finance to assist in the study. Finally, CPEC should review the study as part of its normal duties and submit its comments and recommendations to the Legislature.

The Chancellor's office indicates that such a study could be done for approximately \$90,000.

Regional Adult and Vocational Education Councils

We recommend the deletion of five positions (three consultants and two clerical) and related operating expenditures in the Regional Adult and Vocational Education Councils (RAVEC) for a General Fund savings of \$177,051 (Item 339).

Chapter 1269, Statutes of 1975, created 72 Regional Adult and Vocational Education Councils (RAVECs) to develop regional plans for vocational education programs and eliminate unnecessary duplication of courses. State-level assistance to these councils is provided by a staff of seven consultants and one analyst split between the Department of Education and the Community Colleges. (Primary program control is with the Department of Education.) Now that the councils are fully operational, we recommend that the total state staff be reduced to two consultant positions and one analyst, housed in the Department of Education. Our recommendation is discussed under the Department of Education's budget (Item 309). Action on this Item (339) should be coordinated with the decision in the department's budget.

Fund for Instructional Improvement

Chapter 714, Statutes of 1977, established the Community College Fund for Instructional Improvement. It consists of a revolving loan and a direct grant program to support alternative educational programs including experiential learning opportunities, internships, individualized instructional approaches, independent study, and projects aimed at improving faculty teaching abilities and instructional programs generally.

Table 3 summarizes appropriations for the Fund. Funding is principally through a reallocation from total state apportionments to community colleges. The Board of Governors is to establish priorities for selecting proposals for the award of project funds in 1978-79.

Table 3
Community College Fund for Instructional Improvement

	1977-78	Proposed 1978-79
Chapter 714, Statutes of 1977	\$50,000	\$200,000
Transfer from General Fund	—	1,800,000
Less transfer to state operations	-50,000	-100,000
Total funding for projects	—	\$1,900,000

II. EXTENDED OPPORTUNITY PROGRAMS AND SERVICES (Item 341)

The Extended Opportunity Programs and Services (EOPS), implemented by Chapter 1579, Statutes of 1969, is designed to provide financial aid grants and tutoring and counseling services to disadvantaged students in community colleges. A total allocation of \$16,139,919 is proposed in the Governor's Budget, an increase of 15.4 percent over the previous year. It is anticipated that this increase will enable the colleges to serve an additional 4,634 students and to raise the average expenditure per student by 16 percent.

Table 4 summarizes the funding history of the program.

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

Table 4
Extended Opportunity Program Summary

<i>Fiscal Year</i>	<i>Annual appropriation</i>	<i>Total students served</i>	<i>Average expenditure/ student</i>
1969-70.....	\$2,870,000	13,943	\$206
1970-71.....	4,350,000	19,725	221
1971-72.....	3,350,000	19,459	172
1972-73.....	4,850,000	19,800	245
1973-74.....	6,170,500	25,083	246
1974-75.....	6,170,500	23,917	258
1975-76.....	7,656,018	27,149	282
1976-77.....	11,484,027	40,724	282
1977-78.....	13,983,157	48,679	287
1978-79 (est.)	16,139,919	53,313	303

EOPS Funding Requirements

We recommend that the Chancellor's office, in conjunction with the California Postsecondary Education Commission (CPEC), submit a plan to the Joint Legislative Budget Committee by December, 1978 for the collection and analysis of data which will help determine the impact and funding requirements of EOPS.

Available data are not sufficient to permit an evaluation of requests for additional state funding of EOPS. The 1978-79 budget request presented to the Governor by the Board of Governors would have provided (1) support services for all 171,500 "eligible" students at the same funding level as that provided for the estimated 48,679 students currently served, and (2) grants for one-third of the eligible students at the level provided in the current year. This proposed expansion plan appears unrealistic.

The board's request amounts to a 200 percent increase in state funding for EOPS. A number of questions should be answered before increases of such magnitude are considered. What are appropriate measures of need for additional EOPS funding? Are the current levels of support services and grants appropriate? Are the needs of the additional students who would be accommodated as great as those currently being served? To what extent would economies of scale be realized if the program were expanded?

The answers to such questions require a special study. It would be helpful, for example, to examine the backgrounds, performance, and persistence of a sample of EOPS students, EOPS-eligibles not being served, and non-EOPS-eligibles. In addition, the cost and utilization of each type of EOPS service should be analyzed.

Such a study should be preceded by a plan which gives consideration to the kinds of data which are desirable and available, and the manner in which these data should be collected and analyzed. We believe that the Chancellor's office, with the assistance of CPEC, should be responsible for the development of this plan.

We should point out that there are some data which suggest that the EOPS program has had a beneficial impact. A sample survey conducted

in 1975-76, for example, shows no significant differences in college grade point average reported by EOPS and non-EOPS students. While available data are limited in their usefulness, we believe the program has demonstrated sufficient effectiveness to warrant the increase proposed in the budget. Any subsequent funding increases, however, should be based on better information and evaluation.

III. COMMUNITY COLLEGE APPORTIONMENTS

The Financing System

Chapter 323, Statutes of 1976, substantially changed the system of financing community colleges. Previously, the state support system was based on the foundation program concept which is still employed in K-12 education. Under the new community college financing system, state support is primarily a function of the number of student units while local revenue is primarily a function of property values. If in the future there is a substantial increase in property values, there will be corresponding increases in local revenues for community colleges.

1978-79 Apportionments

As shown previously in Table 1, average daily attendance (ADA) in the community colleges is expected to increase by 3.3 percent in 1978-79 compared to a growth of 3.7 percent in 1977-78. Growth for the period 1979-80 through 1981-82 is projected to amount to less than 2.5 percent per year.

In addition to regular state aid to support these students, special aid is provided for (1) districts with a relatively high adult population compared to the number of community college students (this aid is referred to as demographic aid), (2) programs and services for handicapped students, and (3) the State Teachers' Retirement System for community college teachers. Table 5 presents actual 1976-77 apportionments and estimates for 1977-78 and 1978-79.

Table 5
Community College Apportionments

	<i>Actual</i> 1976-77	<i>Estimated</i> 1977-78	<i>Estimated</i> 1978-79	<i>Change</i>	
				<i>Amount</i>	<i>Percent</i>
Regular aid.....	\$423,433,016	\$473,089,620	\$526,117,430	\$53,027,810	11.2%
Demographic factor.....	3,999,999	4,000,000	4,000,000	—	—
Handicapped students.....	6,562,816	8,799,766	9,122,996	323,230	3.7
State teachers' retirement	8,433,426	8,387,723	8,298,593	-89,130	-1.1
Annexation of nondistrict territory.....	11,762,276	8,665	—	-8,665	-100.0
Adjustments.....	-3,214,180	2,000,000	—	-2,000,000	-100.0
Transfer to community college fund for instructional improvement.....	—	—	-1,800,000	-1,800,000	-100.0
	<u>\$450,977,353</u>	<u>\$496,285,774</u>	<u>\$545,739,019</u>	<u>\$49,453,245</u>	<u>10.0%</u>

Apportionments will increase by 10 percent in 1978-79, which is the same rate of increase experienced in 1977-78. The 1978-79 apportionment totals reflect the transfer of \$1.8 million to the program and operation

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

budget to provide partial support for the Instructional Improvement Program.

Average state aid per ADA for the period 1976-77 through 1978-79 is shown in Table 6. Overall state support for community college expenditures totaled approximately 42.5 percent in 1976-77. Local support was approximately 49.8 percent with the balance of aid, 7.7 percent, coming from the federal government.

Table 6
Average State Aid Per ADA in Community Colleges

	1976-77	1977-78	1978-79
State Aid per ADA	\$589	\$635	\$684
Percent Change	—	7.8%	7.1%

New Community College Financing Study

The California Postsecondary Education Commission (CPEC) completed a study of financial support for the California community colleges in 1977. A number of recommendations were offered in the report, including a proposal that the present statutory system of state support be changed to a budgetary system that would permit annual program review by the Legislature.

The Board of Governors of the California Community Colleges, acknowledging the need for comprehensive reform legislation, has directed the Chancellor's office to undertake a study of community college finance. It is anticipated that this study will begin in 1978-79, and that the board will introduce legislation in the 1979 legislative session.

District Reserves

The supplemental language for the Budget Act of 1977 included a recommendation that the Chancellor's office undertake a study to determine the reasons community college districts had district reserves totaling approximately \$250 million and to determine a reasonable amount for districts to carry over as year-end balances.

The Chancellor's office is undertaking this study and should be able to report to the Legislature by the end of this fiscal year.

STUDENT AID COMMISSION

Items 342-344 from the General
Fund and Item 345 from the
Guaranteed Loan Fund

Budget p. 938

Requested 1978-79	\$79,416,762
Estimated 1977-78.....	70,097,718
Actual 1976-77	59,795,101
Requested increase \$9,319,044 (13.3 percent)	
Total recommended reduction	\$602,142

1978-79 FUNDING BY ITEM AND SOURCE

Item	Description	Fund	Amount	Analysis page
342	Commission Administration	General	\$3,108,178	907
343	Cal Grant Awards	General	71,780,584	907
344	Other Programs	General	3,528,000	911
	Special Appropriation (Chapter 1201, Statutes of 1977)	General	1,000,000	912
	Total-General Fund		\$79,416,762	
345	Guaranteed Loan Program	Guaranteed Loan	48,506	—

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

- | | |
|---|--------------------------|
| | <i>Analysis
page</i> |
| 1. <i>Federal Funds. Reduce Item 343 by \$602,142. Recommend General Fund reduction in Cal Grant program, offset by an increase in federal funds.</i> | 908 |
| 2. <i>Graduate Fellowship Program. Recommend awards be limited to the first two years of study.</i> | 911 |

General Program Statement

Prior to the enactment of Chapter 1270, Statutes of 1975, statewide student financial assistance was provided through the State Scholarship and Loan Commission, which was established in 1955. Chapter 1270 changed the commission's name to the Student Aid Commission, changed its composition and expanded its responsibilities.

The commission presently administers eight aid programs. Additional responsibilities include research projects and a program distributing information about financial aid opportunities.

ANALYSIS AND RECOMMENDATIONS

The commission's proposed General Fund budget for 1978-79 is \$79,416,762. This includes \$3,108,178 (Item 342) for administrative and support expenses, \$71,780,584 (Item 343) for the three Cal Grant programs, \$3,528,000 (Item 344) for other grant programs, and \$1,000,000 appropriated by Chapter 1201, Statutes of 1977, for administration and support of the Guaranteed Loan Program.

In addition to these General Fund monies, \$48,506 (Item 345) would be transferred from interest earned on federal deposits to offset administra-

STUDENT AID COMMISSION—Continued

tive costs of the Guaranteed Loan Program. The combination of these funding sources plus \$9,634,230 in federal funds would provide the commission with a total of \$89,099,498 for expenditures and awards in 1978-79.

A summary of expenditures by program, funding sources, personnel positions and proposed changes is set forth in Table 1.

Table 1
Student Aid Commission Budget Summary

<i>Programs</i>	<i>Actual</i>	<i>Estimated</i>	<i>Proposed</i>	<i>Change</i>	
	<i>1976-77</i>	<i>1977-78</i>	<i>1978-79</i>	<i>Amount</i>	<i>Percent</i>
I. Cal Grant Program:					
a. Scholarships	\$47,938,848	\$54,802,894	\$60,377,603	\$5,574,709	10.2%
b. College Opportunity Grants	14,280,522	17,585,131	20,167,350	2,582,219	14.7
c. Occupational Education Training Grants	2,403,435	3,043,127	3,426,990	383,863	12.6
II. Graduate Fellowship Program	2,106,724	2,642,950	2,826,026	183,076	6.9
III. Bilingual Teacher Development Grant Program	15,355	342,174	363,976	21,802	6.4
IV. Law Enforcement Personnel Dependents Scholarship Program	12,210	23,730	23,281	-449	-1.9
V. Supervised Clinical Training Grant Program	223,066	501,590	501,640	50	0.1
VI. a. Guaranteed Loan Program	51,204	59,344	62,006	2,662	4.9
b. Guaranteed Loan Program (Chapter 1201)	—	500,000	1,000,000	500,000	100.0
VII. Student Financial Aid Information Program	26,078	153,434	201,332	47,898	31.2
VIII. Research and Report Program	45,374	124,263	149,294	25,031	20.1
TOTALS	\$67,102,816	\$79,778,637	\$89,099,498	\$9,320,861	11.7%
<i>Funding Resources</i>					
General Fund	\$59,795,101	\$70,097,718	\$79,416,762	\$9,319,044	13.3%
State Guaranteed Loan Reserve Fund	38,928	46,689	48,506	1,817	3.9
Federal funds	7,268,787	9,634,230	9,634,230	0	0
TOTALS	\$67,102,816	\$79,778,637	\$89,099,498	\$9,320,861	11.7%
Positions	127	146.3	151.8	5.5	3.8%

Table 1, which was taken from the Governor's Budget program summary, combines administrative costs with award costs for each program. Table 2 separates these cost elements so that the amount of money going to students can be compared with the commission's administrative costs.

As indicated in Table 1, the Governor's Budget reflects a net increase of 5.5 positions in 1978-79. Actually, 6.6 new positions are requested. The difference results from the proposed elimination of 0.1 clerical positions in the budget year, and the proposed continuation of one position which was administratively established during the current year. The new positions are mainly clerical and are workload related.

Table 2 indicates an increase of 6.7 percent in the commission's administrative costs. This increase is due primarily to the new positions, increased funding for data processing and the financial aid information program (to be discussed below), and inflation. The large increase in funding for the

Table 2
Summary of Administrative and Award Expenditures

<i>Programs</i>	<i>Actual</i>	<i>Estimated</i>	<i>Proposed</i>	<i>Change</i>	
	<i>1976-77</i>	<i>1977-78</i>	<i>1978-79</i>	<i>Amount</i>	<i>Percent</i>
I. Administration	\$2,404,625	\$2,913,441	\$3,108,178	\$194,737	6.7%
II. Guaranteed Loan Programs	38,928	546,689	1,048,506	501,817	91.8
III. Awards:					
State Scholarship	46,633,893	53,362,678	58,906,660	5,543,982	10.4
College Opportunity Grant	13,540,106	16,760,852	19,289,840	2,528,988	15.1
Occupational Training	2,256,264	2,864,977	3,218,314	353,337	12.3
Graduate Fellowship	2,000,000	2,500,000	2,698,000	198,000	7.9
Bilingual Program	—	315,000	315,000	0	0
Law Enforcement Officers					
Dependents	6,500	15,000	15,000	0	0
Clinical Training	222,500	500,000	500,000	0	0
TOTAL, AWARDS	\$64,659,263	\$76,318,507	\$84,942,814	\$8,624,307	11.3%
GRAND TOTALS	\$67,102,816	\$79,778,637	\$89,099,498	\$9,320,861	11.7%

Guaranteed Loan Program can be attributed mainly to the appropriation provided by Chapter 1201.

Table 2 also reflects an increase of 11.3 percent in the amount awarded to students through the various scholarship and grant programs. These increases are discussed in the individual program analyses which follow.

I. ADMINISTRATION (Item 342)

Data Processing Master Plan

In 1976, the Department of General Services prepared for the commission a "Three Year Data Processing Master Plan Study." Recently, a feasibility study has been submitted by General Services and is being reviewed by the Department of Finance and the Student Aid Commission.

The Governor's Budget includes \$96,785 for implementation of the data processing master plan. However, we cannot make a recommendation until the commission and the Department of Finance have completed their reviews of the feasibility study.

Student Financial Aid Information Program

Chapter 1270, Statutes of 1975, directed the commission to disseminate information about financial aid programs to potential applicants. An expenditure of \$6 for each Cal Grant is authorized. Thus, a maximum of \$276,744 is authorized for the information program. However, the Governor's Budget proposes an allocation of \$201,322. This represents an increase of 83 percent over the funding level budgeted in 1977-78.

We have reviewed the proposed expenditures for this new program and support the Governor's Budget. Funding would be sufficient to print and distribute over 300,000 student aid "workbooks" and to develop additional information projects geared to low income students.

II. STUDENT AWARD PROGRAMS (Items 343-345)

General Fund allocations for the Cal Grant programs are determined by multiplying the desired average award by the estimated number of awards. The commission calculates its proposed average award for each

STUDENT AID COMMISSION—Continued

program by establishing a base figure—the current year average award—and adding an amount necessary to cover the cost of such factors as (a) an increase in the statutory limit for the award, (b) a change in the proportion of award winners at independent colleges, and (c) inflation. The resulting amount is expected to satisfy the financial needs of the award recipients. The commission projects the required number of awards by estimating the number of current-year winners who will be eligible for renewal awards and adding this figure to the number of new awards authorized by legislation.

Increase in Federal Funds

We recommend General Fund reductions of \$329,974 in Cal Grant program A, \$241,760 in Cal Grant program B, and \$30,408 in Cal Grant program C, offset by equal increases in federal funds, for a state savings of \$602,142 (Item 343).

Each year the commission receives federal funds under the State Student Incentive Grant (SSIG) program. These funds are allocated to grants offered under the state's three Cal Grant programs (State Scholarship, College Opportunity Grant, and Occupational Education Training Grant).

The Governor's Budget projects SSIG funds to total \$9,634,230 in 1978-79, the same amount received in the current year. According to the U.S. Office of Education, however, California will receive \$10,236,372 in 1978-79, an increase of \$602,142. This additional revenue may be used in lieu of state funds budgeted for Cal Grants.

Our recommendation would provide for the allocation of the additional SSIG funds to the three Cal Grant programs on a proportional basis, according to the current year allotments. Corresponding reductions are made in General Fund expenditures. There would be no effect on the number of awards or the amount of funds provided to the students.

A. State Scholarship Program (Item 343)

The State Scholarship program (Cal Grant program A) awards 14,900 new scholarships annually to academically able students who are in need of financial assistance to meet their tuition and fee costs at four-year

Table 3
State Scholarship Program Summary

	<i>Applicants</i>	<i>New Awards</i>	<i>Total Awards</i>	<i>Average Awards</i>	<i>Expenditures^a</i>
1971-72	38,363	9,214	20,154	\$829	\$16,770,866
1972-73	41,949	9,526	23,028	940	22,010,918
1973-74	43,684	11,193	27,304	972	27,496,037
1974-75	43,383	13,221	32,069	1,056	34,975,925
1975-76	60,847	13,261	36,023	1,138	42,188,181
1976-77	54,885	14,395	39,090	1,193	47,938,848
1977-78	53,936	14,900	41,820	1,276	54,802,894
1978-79 (est.)	60,000	14,900	43,561	1,352	60,377,603

^a Program expenditures include administrative costs.

institutions. A student may apply for annual renewal if he or she maintains academic eligibility and continues to meet financial need standards. The maximum award is \$2,700.

Table 3, on page 908, summarizes the program since 1971-72.

The Governor's Budget proposes an allocation of \$58,906,660 (Table 2) for grants under the State Scholarship program, an increase of 10.4 percent over estimated current-year spending. It is assumed that the budget request will fund 43,561 students at an average award of \$1,352. This represents an increase of 1,741 grant recipients (the projected increase in renewals) and an increase in the average award of \$76, or 6 percent. The commission estimates that the increase in average award will be sufficient to cover rising educational costs and a projected increase in the proportion of students attending independent (private) colleges.

B. College Opportunity Grant Program (Item 343)

The College Opportunity Grant program (COG, or Cal Grant program B) awards 6,825 new grants annually to increase access to higher education for disadvantaged students. Unlike the State Scholarship program, COG awards include support for living expenses up to \$1,100 as well as tuition and fees. First-year awards are limited to the \$1,100 subsistence allowance, and at least 51 percent of these new awards must be allocated to students attending community colleges. The maximum grant is \$3,600.

Table 4 summarizes COG participation since 1971-72.

Table 4
College Opportunity Grant Program Summary

	<i>Applicants</i>	<i>New Awards</i>	<i>Total Awards</i>	<i>Average Award</i>	<i>Expenditures^a</i>
1971-72	n/a	1,000	2,293	\$941	\$2,282,534
1972-73	n/a	2,000	3,811	1,043	4,193,912
1973-74	n/a	2,000	4,757	1,116	5,642,620
1974-75	12,700	3,100	6,695	1,032	7,330,468
1975-76	17,769	3,100	8,162	1,084	9,454,210
1976-77	22,629	6,825	12,666	1,069	14,280,522
1977-78	28,964	6,825	15,577	1,076	17,585,131
1978-79 (est.)	30,391	6,825	17,791	1,084	20,167,350

^a Program expenditures include administrative costs.

The Governor's Budget proposes an allocation of \$19,289,840 (Table 2) for grants in the COG program. This would provide a total of 17,791 awards, consisting of the statutorily authorized number of new awards and the estimated number of current winners eligible for renewal. The proposed average award is \$1,084, an increase of \$8, or 0.7 percent, over the estimated current-year average. This increase, according to the budget, reflects rising educational costs and the estimated increase in the number of award winners attending four-year colleges.

The proposed average award is \$14 below the figure requested by the Student Aid Commission. We are supporting the budget proposal because the Commission has had a tendency to overestimate its requirements for the COG program in recent years.

STUDENT AID COMMISSION—Continued**C. Occupational Education Training Grant Program (Item 343)**

The Occupational Education Training Grant program (OETG, or Cal Grant program C) awards 1,337 new grants annually to financially needy students who desire to undertake postsecondary occupational training. Grants up to \$2,000 for tuition and \$500 for related training costs may be awarded. Table 5 provides a program summary since 1973-74 and shows the proposed changes.

Table 5
Occupational Education Training Grant Program Summary

	<i>Applicants</i>	<i>New Awards</i>	<i>Total Awards</i>	<i>Average Award</i>	<i>Expenditures^a</i>
1973-74	2,081	500	500	\$870	\$526,983
1974-75	2,953	700	977	867	1,084,092
1975-76	5,177	700	1,054	1,078	1,258,849
1976-77	12,326	1,337	1,596	1,414	2,403,435
1977-78	15,006	1,337	1,928	1,486	3,043,127
1978-79 (est.)	15,006	1,337	2,067	1,557	3,426,990

^a Program expenditures include administrative costs.

The Governor's Budget proposes to allocate \$3,218,314 (Table 2) for grants in the OETG program, providing 2,067 grants at an average award of \$1,557. This will be sufficient to accommodate the statutorily authorized number of new awards and the estimated number of current winners eligible for renewal. The proposed average award is \$71, or 4.8 percent, higher than the current-year estimate in order to reflect a projected increase in the proportion of grant recipients attending proprietary schools rather than community colleges.

D. Graduate Fellowship Program (Item 344)

The Graduate Fellowship program was increased by Chapter 715, Statutes of 1977, from the 1977-78 budgeted level of \$2,000,000 to \$2,500,000. This amount is sufficient to provide 1,090 awards at an average award level of \$2,293. The Governor's Budget proposes an allocation of \$2,698,000 for 1978-79, maintaining the existing number of awards and augmenting the average award by 7.9 percent.

Table 6 provides a program summary since 1973-74.

Table 6
Graduate Fellowship Program Summary

	<i>Applicants</i>	<i>Awards</i>	<i>Average Award</i>	<i>Award Expenditures</i>
1973-74	4,072	638	\$1,507	\$961,525
1974-75	4,253	578	1,730	1,000,000
1975-76	5,636	1,080	1,852	2,000,000
1976-77	4,132	994	2,012	2,000,000
1977-78	3,963	1,090	2,293	2,500,000
1978-79 (est.)	6,500	1,090	2,475	2,698,000

Limit Graduate Support

We recommend that Graduate Fellowship awards be limited to the first two years of graduate study, with a waiver provision for hardship cases.

The need for graduate financial assistance is greatest in the initial years of training. We believe that alternative sources of support—notably teaching and research assistantships and loans—are more readily available to advanced graduate students than to those who are in their first two years of study.

It is estimated that 512 of the 1,090 fellowships in 1978-79 will be allocated to students beyond their second year of graduate school. Thus, our recommendation would enable the budgeted level of funding to support a significant increase in the number of new awards.

In the past, we have recommended legislation to implement this proposal. The Education Code, however, states that the commission “may” renew graduate fellowships for three additional years (Section 69674). Consequently, the commission already has discretion to limit the allocation of awards in a manner consistent with our recommendation.

E. Bilingual Teacher Development Grant Program (Item 344)

The Bilingual Teacher Development Grant program awards grants to students and teachers who are studying to obtain a certificate of competence for bilingual-crosscultural instruction. Chapter 978 appropriated \$350,000 for the commission in fiscal 1977-78, consisting of \$315,000 for grants and an administrative allowance of \$35,000. The Governor's Budget proposes an allocation of \$363,976 for this program in 1978-79, maintaining the level of funding for grants at \$315,000.

Chapter 1236, Statutes of 1977, requires that at least 60 percent of the grant expenditures be awarded to certificated teachers. Previously, at least 75 percent of the funds were slated for upper division and graduate students.

F. Dependents of Deceased or Disabled Peace Officers (Item 344)

This program is to assure a college education for financially needy dependent children of peace officers totally disabled or killed in the line of duty. Awards of \$1,500 are authorized to cover the cost of tuition and living expenses. The budget includes \$15,000 for this program.

G. Supervised Clinical Training Program (Item 344)

This program provides one year of supervised clinical training in California to U.S. citizens who are graduates of foreign medical schools. The purpose of the training is to prepare participants for licensing to practice medicine in the state.

Chapter 985, Statutes of 1976, increased the number of grants authorized under this program from 30 to 50 per year and extended institutional eligibility to medical schools of independent colleges. An allocation of \$500,000 is proposed in the Governor's Budget to provide funds for 50 grants at the authorized maximum of \$10,000 per award.

STUDENT AID COMMISSION—Continued**H. Guaranteed Loan Program (Item 345)**

This program was authorized in 1966 to provide state administration for a federal loan program which provides low-interest loans to college students. All federal funds were encumbered in 1967 and since that time the federal government has directly administered its loan program. The present function of the state program is to provide necessary administrative services for collecting outstanding loans. However, Chapter 1201, Statutes of 1977, provided the commission with a General Fund loan of \$2,000,000 to establish a state guarantee agency for the Federal Guaranteed Student Loan Program. Of this amount, \$500,000 is allocated to the commission in the current year, and \$1,000,000 in the budget year.

POLITICAL REFORM ACT OF 1974

Item 346 from the General
Fund

Budget p. 957

Requested 1978-79	\$3,233,785
Estimated 1977-78.....	2,976,926
Actual 1976-77	3,022,369
Requested increase \$256,859 (8.6 percent)	
Total recommended reduction	\$8,000

SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis
page*

1. Audits. Recommend legislation to permit less than 100 percent auditing of lobbyist and campaign statements. 916
2. *Word Processing Equipment. Reduce by \$8,000.* Recommend reduction for word processing equipment as commission has not justified request. 919

GENERAL PROGRAM STATEMENT

The Political Reform Act of 1974, an omnibus elections measures, includes provisions relating to (1) campaign expenditure reporting and contribution limitations, (2) conflict-of-interest codes and related disclosure statements required of public officials, (3) the state ballot pamphlet, (4) regulation of lobbyist activity, and (5) establishment of the Fair Political Practices Commission (FPPC).

Funds to implement these provisions are budgeted for four state agencies. Support for one of these agencies, the Fair Political Practices Commission, is provided directly by the Political Reform Act of 1974. Funds for the other state agencies and any additional funds for the commission are provided by the Legislature through the normal budget process.

Chapter 1075, Statutes of 1976, requires a separate budget item indicating (1) the amounts to be appropriated to agencies other than the commission, (2) any additional amounts required to be appropriated to the