

Ventura School for Girls—Continued

and a deletion of the portion of the repair item commented on at that point.

Recreation, additional (Budget page 239, line 21)----- \$2,350
7 Television sets with master antenna and lead-ins—\$2,350

In line with our comments in the equipment section of our general summary at the start of the Youth Authority analysis we recommend deletion of this item.

EDUCATION

State Financing of Education

Before discussing the budget requests of the agencies which administer the educational programs of the State of California, we would like to call to the Legislature's attention certain problems in the field of public education. None of these problems are new, indeed many are very old, but we are particularly aware of them this year because of the recently developed enrollment projections which indicate that some of the unsolved problems will become increasingly acute, unless some action is taken. In two instances at least, material is being prepared which we hope will present sound and reasonable solutions to the issues.

State expenditures for education in the 1955-56 Fiscal Year total approximately \$599,500,000, which represents 39 percent of total state expenditures and 64 percent of the expenditures from the General Fund. In rounded figures, they are as follows:

Support of the public schools-----	\$428,500,000
Interest on public school building program-----	8,900,000
University and state colleges-----	119,500,000
Department of Education and special schools-----	10,700,000
Teachers' retirement -----	25,600,000
Free textbooks -----	5,700,000
Miscellaneous -----	600,000
	\$599,500,000

To view properly the pressing educational problems it is necessary to consider the recently completed projections of public school and higher education enrollments. It appears that by 1960, with the present system of support, the cost of support of public schools will reach \$562,000,000. There is good reason to estimate that expenditures for the university and state colleges will not be less than \$150,000,000. By adding other educational costs it appears that the educational expenditures for 1960 will be nearly equal to the total General Fund revenue for the current year. One cannot predict with precision the revenue to the General Fund in 1960, but it is a fact that both the school age population (0-20) and the aged population (65 and over) are growing faster than other population groups (20-64). Expressing the same fact but with different data, in 1950 there were slightly under 300 school age children (5-17) per 1,000 adults age 20-64. In 1960 it appears that there will be 400 school age children per 1,000 adults. Realistically, it is safe to assume that there will be public pressures to increase the level of state expenditures for education. It should also be noted that other state programs will grow because of increased population. For example, from all indications, inmates in prisons and mental hospitals will grow at

Problems of Education—Continued

a faster rate than the 20-64 age group. Tables included in the section of this *Analysis* devoted to capital outlay requests show the growth in students and inmates in state institutions compared with normal population growth.

Expenditures for education are admittedly one of the most effective long-range investments which the State can make. The provision for public schools and higher education is essentially a state responsibility and should have a high priority in state budgets. However, because of its size and its position in state financing, everything possible must be done to achieve maximum utilization of the educational dollar and in the case of the public schools maximum utilization of local resources.

In the sections which follow there is discussed, briefly, a few problem areas and an indication of what has been or what can be done about them.

School District Organization

A recent tabulation showed that there are 1,978 school districts in California and there are 1,226 districts with less than 300 a.d.a. and 928 elementary districts with less than 150 a.d.a. Among professional educators it is generally agreed that 300 a.d.a. represents the minimum desired size for a single elementary school, not a district. It is generally maintained by educators that a small district cannot provide an "adequate" instructional program and there is ample evidence to indicate that a small district is generally an expensive district. No one, to our knowledge, can show with precision the optimum size for a district but school administrators generally agree that California is a long way away from approaching the general range of optimum size. There is reason to believe that if school districts were organized into a good system of unified districts the number of districts could be reduced to approximately one-fourth of the present total.

The problems of size are only slightly more important in some areas than the problems of shape and overlapping. For example, it is not uncommon to find busses from two or more districts traveling along the same road collecting children. This is obviously expensive. We have seen maps of gerrymandered districts which have long "shoestrings" reaching into another district complicating transportation problems, cutting into attendance centers, and often disrupting the tax base. There have been reported incidents of separate school districts building schools within a block or two of each other. Many times schools are built in small attendance centers.

A partial analysis of the recently completed school facilities survey indicates that if all school districts in the nine counties studied to date, representing about one-half of the a.d.a. in the State, were combined into unified districts, the amount of state school building aid loans to local districts could be reduced by \$50,000,000 over a six-year period. It is roughly estimated that 75 percent of this amount could be financed from local resources and 25 percent represents the cost of building that would be unnecessary with a better system of organization.

Our system of school district organization creates administrative and legal problems. It is necessary to have a complicated set of laws for administering state apportionments and to devise a number of foun-

Problems of Education—Continued

dition programs. Accounting systems at the state and local level are complex and costly.

Many districts are impoverished because they have a low assessed valuation per pupil. Many of these districts, however, are adjacent to districts with extremely high valuations per pupil representing unused local resources. If such districts were combined, local resources could be better utilized and state funds could perform a far better service.

We agree with the Associate Superintendent of Public Instruction in charge of school administration who recently said in a speech before the Western Governmental Research Association:

"There is not a single educational program or situation in California which is not made more complicated and costly and less effective by the antiquated system of school district organization prevailing in the State today. California is paying a heavy price for its present system of overlapping, complicated, ineffective school districts. It cannot continue to pay this price indefinitely. The system is costing not only dollars, both directly and indirectly, but is wasting vast potential benefits which are now denied the boys and girls of our State. Schools exist for the education of our children. Let's do the best job we can with the resources available."

In fairness to the Department of Education it should be said that they are encouraging reorganization and have made some progress.

Our position is that school districts will not reorganize sufficiently under the present voluntary plan and with the present system of incentives. While reducing some of the extra state payments to small districts which tend to perpetuate the small district and increasing financial incentives for reorganization might speed the process, we believe that the State, particularly in view of the projected enrollments and costs, cannot afford to continue with the present system. We therefore recommend that legislation be passed that will hasten the process of securing better school district organization in California.

Unequal Assessment Ratios and Their Effect on School Apportionments

Equalization of county assessment ratios has been discussed in the Legislature on many occasions and the Legislature has passed laws pertaining to the subject. To review briefly, the California system of granting subventions to schools is tied directly to local assessed value, the value of assessed property being the factor which determines local ability to finance schools and consequently one of the factors that determines the amount of aid from the State. To the extent that local assessments are unequal among counties; that is to say, to the extent that the ratio of assessed value to true values varies from county to county, state apportionments for equalization, transportation, school building construction, and other purposes will be inequitably distributed.

To illustrate, assume three poor school districts with the same a.d.a. and identical true property value. The apportionment system, to be equitable, should give the three districts the same amount of equalization aid. However, if the assessment ratios are 26 percent, 40 percent, and 46 percent, respectively, the district with the 26 percent ratio will receive the largest amount, or \$320,000 in equalization aid; the district with 40 percent ratio will receive the next largest amount, \$210,000; and the 46 percent district will receive the smallest amount, \$180,000. The net result is to reward the district that is assessed at a low

Problems of Education—Continued

ratio and penalize the district assessed at high ratio. Such a pattern is repeated throughout the State and in other educational subvention programs.

Before there can be a fair and accurate method of aiding school districts, there must be an accurate measure of local tax-paying ability. Three possible alternatives might be suggested. One would be to require equal assessment ratios. A second would be to shift from assessed value as a measure of local ability to some other factor or combination of factors such as total income reported, personal income, bank deposits, total retail sales, etc., and three, would be to leave assessment ratios as they are and introduce a correction factor to equalize assessment ratios for school apportionment purposes.

Adult Education

It is estimated that the state cost of adult education in the public schools will be \$7,793,610 in the 1955-56 Fiscal Year. This does not include the \$601,211 for adult education in institutions.

The Constitution requires that the Legislature shall apportion not less than \$180 per pupil in average daily attendance in the public schools. The definition of a pupil in average daily attendance has been left to the Legislature to determine, and through the years the Legislature has adopted a series of varying definitions. For example, a pupil in average daily attendance in grades 4 through 12, inclusive, is 240 minutes (four hours) for 175 days and an adult in average daily attendance is 180 minutes (three hours) for 175 days. The definition assumes considerable importance if we consider the fact that if the adult definition were the same as the grades 4 through 12 definition, the cost to the State would be \$2,700,000 less for adult education in the 1956-57 Fiscal Year. The variance in definition means that the State pays 34.3 cents for each hour of adult attendance as against 25.7 cents per hour for attendance of pupils in grades 4 through 12, inclusive.

Consideration should be given to the possibility of reducing state costs of adult education by shifting part of the cost to the adults who are benefiting from the adult education classes. A charge to adults of 8 cents per class hour might not be unreasonable.

County School Service Fund

In our analysis of the 1953-54 Budget we noted a number of deficiencies and problems concerning the financing and operation of the County School Service Fund. During the 1953 Session of the Legislature a subcommittee of the Assembly Ways and Means Committee conducted a series of hearings concerning the financing of this fund. Largely as a result of these hearings, the amount set aside in the apportionment bill for the operation of the service fund was reduced from \$4 per a.d.a. to \$3.57 per a.d.a. and an appropriation of \$35,000 was made to finance a study. Of this amount, \$20,000 was allocated to the Department of Education for a general study and \$15,000 was allocated to the Personnel Board for a salary and classification study. The study made by the Personnel Board has been completed. The Department of Education has worked in cooperation with committees

Problems of Education—Continued

representing the county superintendents. The Department of Education portion of this survey is nearing completion and should be ready for presentation by March, 1955.

It is not our purpose at this time to discuss the published report since we believe it advisable to consider both of the studies together. We do wish, however, to suggest to the interested legislative committees that they will have documents before them relating to an important phase of school financing which has importance in and of itself, and in many ways affects other areas of school finance. This part of the education budget needs very careful review.

Survey of Higher Education

During the 1953 General Session, the Legislature authorized a two-year study of higher education which has been conducted under the general supervision of the Liaison Committee of the Regents of the University of California and the State Board of Education with immediate direction by the joint staff of that committee. The joint staff was augmented by a paid professional staff and by the services of many educators in public and private institutions and by the assistance of a number of lay people. The survey represents a direct investment of \$112,500 in state appropriations, plus the indirect investment of the time of many state employees and an appreciable donation of time and manpower by public and private institutions. When completed it will represent a comprehensive analysis of a majority of the problems facing higher education in California and will contain recommendations for improving areas of deficiency and for planning educational programs.

It is not our intention to attempt to anticipate the findings or recommendations of the study. However, we do feel that it is important to suggest to the Legislature that no matter what suggestions are made in the report to correct deficiencies, what policies are recommended to improve operations, and what plans are proposed to guide the development of higher education in the coming period of expansion, the deficiencies will not be properly corrected, the policies will not be adequately implemented, and the plans will not be carried forward unless the administrative organization and staffs of the segments of public higher education are adequate for the task.

Because of legal provisions the actual administration of the University and the junior colleges is less under the purview of the Legislature than are the state colleges. Junior colleges are, of course, administered by local boards of education and are operated largely as independent local colleges. The University, because of its constitutional position, is subject only to broad controls. The state colleges, while technically governed by the State Board of Education, are controlled in the same manner as any other state agency.

The Legislature has given the State Board of Education and the Department of Education certain regulatory powers over junior colleges and has charged the Department of Education with providing leadership and advice to the junior colleges. It is our opinion that in order to bring better coordination and more effective use of resources

Problems of Education—Continued

in the junior college system, the State Board of Education and the Department of Education will have to pay greater attention to and develop more leadership for the junior colleges. We feel that this is particularly true in the curriculum area.

The University of California does have a strong and forceful organization. However, an independent study by a nationally recognized firm of management experts has pointed out deficiencies in organization structure. To some extent these have been corrected. However, it may well be that the university is still somewhat overcentralized.

The organization and administration of the state colleges as a state college system leaves much to be desired. It is our opinion that the central administration of the state colleges has not been sufficiently strong in its administration to date, and is not adequate for the job ahead. Whether this is a matter of administrative policy or organization is difficult to say. At any rate clearer policy formulation and administration is needed.

As the findings and recommendations of the Restudy of Higher Education will be of considerable financial importance, particularly in view of the rapidly expanding enrollments, we recommend that the Assembly Ways and Means Committee and the Senate Finance Committee consider the findings and recommendations of the restudy prior to completing study of the 1955-56 Budget requests of the University of California and the state colleges.

Department of Education
GENERAL ACTIVITIES

ITEM 76 of the Budget Bill

Budget page 242
Budget line No. 6

For Support of General Activities From the General Fund

Amount requested	\$2,538,804
Estimated to be expended in 1954-55 Fiscal Year	2,425,547
Increase (4.7 percent)	\$113,257

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$77,833	\$32,893	\$44,940	259	9
Operating expense	97,064	47,064	50,000	259	10
Equipment	13,708	13,708	---	259	11
Less:					
Increased reimbursements	—75,348	—75,348	---	259	15
Total increase	\$113,257	\$18,317	\$94,940	259	28

RECOMMENDATIONS

Amount budgeted	\$2,538,804
Legislative Auditor's recommendation	2,408,200
Reduction	\$130,604

Education

— 332 —

Department of Education—Continued

Summary of Proposed Reductions and Increases

<i>Division</i>	<i>Amount</i>	<i>Budget page</i>	<i>Line No.</i>
Departmental administration -----	—\$17,850	244	31
	—9,840	244	32
School administration -----	+10,000		
	—15,000	248	43
	—26,068	249	23
State colleges and teacher education -----	—53,186	257	62
	—6,672	257	32
	—2,916	257	33
	—2,422	257	58
Special schools and services -----	—6,650	258	33

	—\$130,604		

ANALYSIS

In the proposed budget for the 1955-56 Fiscal Year the Department of Education is requesting \$2,538,804 which is \$113,257 or 4.7 percent greater than the estimated expenditures for the current year. Most of the bureaus and units are budgeted at the same level of service. However, the Administrative Unit of the Division of School Administration, the Administrative Unit of the Division of Instruction, the Bureau of Special Education, and the Administrative Unit and the Credential Unit of the Division of State Colleges and Teacher Education are requesting augmentations or new services. A summary of the General Activities Budget is as follows:

<i>Division</i>	<i>1954-55</i>	<i>1955-56</i>	<i>Changes from</i>	
			<i>1954-55</i>	<i>Percent</i>
Departmental administration ----	\$550,440	\$513,146	—\$37,294	—6.8
School administration -----	667,379	659,496	—7,883	—1.2
Instruction -----	574,219	664,478	90,259	15.7
State colleges and teacher education -----	443,306	506,733	63,427	14.3
Special schools and services -----	190,203	194,951	4,748	2.5
Totals -----	\$2,425,547	\$2,538,804	\$113,257	4.7

Division of Departmental Administration

GENERAL SUMMARY

There are two principal units in this division. The Administrative Unit includes the office of the Superintendent and Deputy Superintendent of Public Instruction and the general administrative, legal, fiscal and personnel staffs. The Bureau of Education Research performs research work in the areas of finance, curricula, evaluation, testing and other related fields for the Department of Education and the public schools.

Administrative Unit

The amount requested for support of the Administrative Unit is \$409,687 which is \$37,673 or 8.4 percent less than the estimated expenditures for this year. This decrease is due to the fact that technical adjustments have been made by the Department of Finance in the method of charging special fund agencies for administrative services. These changes have the effect of increasing the reimbursements to the Administrative Unit by approximately \$56,000 and will be reflected as increased costs in other Department of Education budgets.

Department of Education—Continued

With the exception of a \$6,000 increase in the amount for bulletin printing there are no other changes of consequence in this unit's program.

In line with the policy recommendation of this office concerning the central ownership of automotive equipment in order to achieve the maximum benefits of fleet ownership, central maintenance and central pool operation, we are recommending that all cars, with the exception of the car assigned to the Director of the Department of Education, be transferred to the Department of Finance.

To effect this plan we recommend that lines 31 and 32 on budget page 244 be reduced by \$17,850 and \$9,840 respectively. We recommend deletion of this amount with the appropriate adjustment of the agency budget by the Department of Finance to permit the payment of mileage for rental of cars from the Department of Finance. We also recommend augmentation of the Purchasing Revolving Fund in amounts sufficient to permit the furnishing of adequate service to the department either through pool operation or assignment of automobiles.

Education Research

The budget request of \$108,877 is \$379 greater than the estimated expenditures for the current year. There is no change in the program. We recommend approval as submitted.

Division of School Administration

GENERAL SUMMARY

The Division of School Administration under the direction of an associate superintendent of public instruction administers the school apportionment function, the school lunch, surplus property, and free textbook programs, it approves educational institutions of veterans training, assists in the reorganization of school districts, provides advisory services in school finance and school planning and participates in the administration of the school building aid program.

Administrative Unit

An associate superintendent, an assistant division chief, two staff positions and clerical help are in this unit.

The budget request of \$82,676 is \$17,644 or 27.1 percent greater than the estimated expenditures for the current year. With the completion of the survey of the County School Service Fund, one position of field representative, temporary help, some operating expenses and the reimbursements from the Department of Finance for this study are eliminated from this budget. The major item of increase is for \$14,000 in the bulletin printing program. In reviewing the department budget we have noted an increase in the cost and size of its bulletin printing program.

Department of Education—Continued

The details are as follows:

Division	1954-55		1955-56		Increase	
	Cost	No. of bulletins	Cost	No. of bulletins	Cost	No. of bulletins
Department Administration	\$17,000	2	\$23,000	3	\$6,000	1
School Administration	8,000	6	22,800	13	14,800	7
Instruction	30,800	18	36,775*	25	5,975	7
State Colleges and Teacher Education	3,500	2	8,652	5	5,152	3
Totals	\$59,300	28	\$91,227	46	\$31,927	18

* Excludes \$50,000 for "Teachers Guide to Education in Later Childhood" which should be considered separately.

We do not have any criticism of the publications which are proposed. We do, however, question the necessity of publishing many of them separately and believe there is a possibility that a number could be included in "California Schools," the official monthly publication of the Department of Education with some savings in cost. We recommend that the Department of Education give consideration to this proposal and report to the Legislature during this session.

Development of a Business Management Series

In our review of the bulletin printing program we noted four publications which represent a sound program which could save money for taxpayers of the State and improve the efficiency of school district business management. Two of the proposed publications which will cover procedures and methods for property and supply, inventory and control, and a result of deficiencies in many districts which were noted in the school district audit reports. The other two publications which deal with methods of handling student body funds and the problems of insurance coverage are in answer to requests from the schools for guidance in these areas. All of these reports are being developed cooperatively by the Department of Education and the Association of School Business Officials.

As a result of the general work of this office in the field of education and of the recent study of the County School Service Fund which we have followed, it is our opinion that in many cases school administrators are not sufficiently acquainted with modern concepts of business administration and are often times using inefficient methods or not taking advantage of many methods of effecting economies. To cite one example of the latter point, until recently one medium sized school district which operated a large fleet of busses was purchasing gasoline at retail prices.

In our judgment, the Division of School Administration in the Department of Education working cooperatively with the Association of School Business Officials and utilizing some outside professional help could develop a series of publications on business management which could include explanatory material, and suggest policies, guide lines, and practices. A list of topics for this series might well include automotive management, purchase and operation of school busses, cafeteria management, fiscal reporting, budget preparation and administration, records management, plant operation and maintenance, purchasing procedures and others. Publications containing information and recommen-

Department of Education—Continued

dations in these areas would represent a sound investment of time, money, and effort.

As a means of realizing an accelerated and expanded business advisory service through the use of publications, we recommend that the budget for the administrative unit be increased by \$10,000 and that of this amount \$2,000 be used for printing costs and \$8,000 be used to hire part-time professional assistance on a contractual basis.

Educational Agency for Surplus Property

In our analysis last year we pointed out that this agency which was established to distribute surplus property to schools and other eligible institutions still retained the \$100,000 in working capital which was advanced from the General Fund. In our opinion these funds did not need to be kept for working capital. The Department of Education and Department of Finance agreed with our position. We recommended that the Director of Finance return by executive order \$50,000 at the end of the 1953-54 Fiscal Year and a like amount at the end of the 1954-55 Fiscal Year. We understand that no action has been taken. *We recommend that the full amount be returned to the General Fund.*

Administrative Service Bureau

The function of this bureau is to provide advisory services to school districts on matters of child welfare and attendance, accounting and some business matters, and school records. The three positions and related expenses totaling \$19,847 previously budgeted for the administration of child care centers have been deleted in line with the elimination of the centers as a state program.

The request of \$86,723 is \$16,896 or 16.3 percent less than the estimated expenditures for the 1954-55 Fiscal Year. With the above exception there are no changes in program.

Bureau of School Apportionments and Report

It is the duty of this bureau to apportion the funds for support of the public school, to verify reports of school districts, and to compile statistics and data concerning the finances of the public schools. The budget request of \$116,068 is \$798 more than estimated expenditures for the current year. There is no change in program.

We recommend approval as submitted.

School Lunch Program

In this section, the department provides the necessary administrative staff for the Federal School Lunch Program, apportions federal funds for school lunches to school districts, and maintains a consulting service on nutritional problems. The requested budget of \$111,325 is \$1,202 or 1.1 percent greater than the estimated expenditures for the current year. There is no change in program.

We recommend approval as submitted.

Bureau of Textbooks and Publications

This bureau, editing and publishing a number of Department of Education publications, is responsible for editorial policy of department bulletins, administers the free textbook programs, and assists the curriculum commission in adopting textbooks. The budget request

Department of Education—Continued

of \$106,796 is \$6,161 or 6.1 percent greater than the estimated expenditures for the current year. The increase is due primarily to the fact that one stock clerk at \$3,630 has been transferred from the Division of Departmental Administration. Normal salary increases and a slight increase in equipment make up the balance of the increase.

On page 248, line 43 of the Budget, is an item of \$15,000 for the purchase of textbooks for review as part of the textbook adoption program. In our analysis last year we pointed out that \$15,000 had been considerably in excess of the actual expenditures for a number of years and recommended a reduction in the item.

When considering textbooks for adoption, the Department of Education requires publishers to submit 100 copies of the type under consideration free of charge. In addition, in cases when it is considered desirable to try some of the books in actual classes, the department will buy extra copies out of the funds under consideration here. It is our understanding that the number purchased will not as a rule exceed 125 copies from each publisher for each type. It is our position that the supplying of adequate samples of the merchandise is a legitimate cost of business for the publishing houses, that 200 to 225 free copies of a given text is not an excessive number of samples, and that this item could be deleted from the budget without hindering the textbook adoption program in any manner.

We therefore recommend the deletion of the item of textbooks for review, as shown on line 43, page 248, at a saving of \$15,000.

Readjustment Education

The Bureau of Readjustment Education was established during the 1944-45 Fiscal Year. It was an agency created to meet an urgent problem of the postwar period. The problem that was posed was one of seeing that the educational courses given to veterans at the government's expense were legitimate and given by a reputable school. In addition, it was necessary to see that the charges against the government were proper.

The proposed budget for the 1955-56 Fiscal Year is the largest in the 12-year history of this war-born agency and we feel that the Legislature should reassess the role of the bureau. The following table records the growth of this agency in terms of positions and total cost with the number of veterans enrolled in California schools:

Year	Positions	Total cost	Veterans ¹
1944-45	6.0	\$15,230	---
1945-46	7.0	43,990	---
1946-47	13.9	69,142	124,755
1947-48	13.3	66,272	136,247
1948-49	14.9	65,601	122,012
1949-50	15.6	80,408	112,811
1950-51	15.6	84,112	61,639
1951-52	15.5	88,836	46,960
1952-53	15.3	98,471	34,339
1953-54	15.3	101,975	46,897
1954-55	15.5	105,970	---
1955-56	15.5	107,125	---

¹ April enrollment of PL 346 and PL 550 veterans.

Department of Education—Continued

In the immediate postwar period the problems were great. The tidal wave of veterans had to be accommodated at the institutions of higher learning immediately, and many marginal schools were being established or expanded to take advantage of the liberal educational allowances of the government.

The proposed budget would indicate that the problem in 1955-56 will be considerably greater than that of the immediate postwar years. We cannot concur with this view for these reasons:

1. The surge of veteran enrollment occurred in the immediate postwar years.
2. The problem of expansion of marginal institutions was greatest during the immediate postwar period.
3. The majority of the veterans of today are enrolled in reputable public and private universities and colleges.
4. The marginal institutions should be well-defined after a decade of review by the Bureau of Readjustment Education.

As of October 1, 1954, there were 53,820 veterans taking advantage of educational benefits in California institutions. These were distributed as follows:

Table II

<i>School</i>	<i>Number of veterans</i>
1. Public universities -----	7,309
2. Private universities -----	7,416
3. State colleges -----	7,396
4. Private colleges -----	3,170
5. Public junior colleges -----	17,549
6. Private junior colleges -----	40
Subtotal -----	42,800
7. Private, professional, semiprofessional and trade schools -----	10,940
Total -----	53,820

It is our opinion that the Department of Education should justify its expenditure of \$107,125 in public funds for this agency on this basis:

What is the bureau's responsibility toward the 7,309 veterans at the University of California? How much of its appropriation is concerned with these veterans? These same questions should be asked concerning the other schools such as Stanford, University of Southern California, the state colleges and junior colleges.

It can be seen that the greatest number of these veterans are in training in California's leading institutions. Are we expending public funds to review the courses of these leading institutions? It will be noted that advisory and other services to veterans are rendered by the Division of Educational Assistance of the Department of Veterans Affairs.

We recommend that the budget of the Bureau of Readjustment Education be curtailed. To that end we recommend that the General Fund request of \$26,068 be eliminated, leaving \$81,057 in the program as reimbursements from the Veterans Administration as shown on page 249, line 21, of the budget.

Department of Education—Continued**Bureau of School Planning**

The Bureau of School Planning provides advisory services to school districts relative to school construction, planning, design, and site acquisition. It also assists in the administration of the school building aid program. The cost of the bureau services in this latter program is transferred from the General Fund to the State School Building Aid Fund for the first time and shows as a reimbursement of \$25,800 on line 80, page 249 of the budget.

The budget request of \$83,174 is \$19,424 or 18.9 percent less than the estimated expenditures for the 1954-55 Fiscal Year. One clerical position is added in the Los Angeles office to assist in checking application forms. The total expenditure will increase by \$6,376 due to this position and other minor increases, but the budget is decreased because of the added reimbursement.

We recommend approval as submitted.

Bureau of School District Organization

It is the function of this bureau to assist county and local committees on school district reorganizations in developing data and solving problems coincident with district reorganization.

The budget request of \$46,666 is \$1,477 or 3.3 percent more than the estimated expenditures for the current year. There is no change in program.

We recommend approval as submitted.

Division of Instruction**GENERAL SUMMARY**

The Division of Instruction, which is under the direction of an associate superintendent of public instruction, is responsible for providing consultative and advisory services to the public schools in the field of instruction. It consists of nine units supported from the General Fund and the Bureau of Vocational Education which is financed by federal and state moneys. Three of the units, elementary, secondary, and adult, are organized according to the level of education, and the other six are organized according to a special curricula such as physical and health education or a special service such as audio-visual education. The requested budget of \$664,478 is \$90,259 or 15.7 percent greater than the estimated expenditures for the current year.

Administrative Unit

The Administrative Unit includes the office of the associate superintendent, an assistant in charge of several of the bureaus, and a clerical pool for the division.

The budget request of \$166,904 is \$70,097 or 72.4 percent larger than the current year's expenditures. There are two items in this request which, in our opinion, warrant special consideration. On budget page 250, lines 74 and 75, are the positions of consultant at \$7,008 and intermediate stenographer-clerk at \$2,916, a total of \$9,924, which are requested as new positions. The consultant position is to provide the existing curriculum laboratory with a professional staff and to provide a better means of assisting the smaller school districts and smaller

Department of Education—Continued

counties in developing curricula and writing teachers' guides. The theory is that by bringing curriculum experts from local schools to Sacramento, where they may work together with the curriculum consultant and other consultants of the State Department of Education, the process of curriculum development will be facilitated. As a result of the inquiry made by this office and by the Department of Education into the County School Service Fund we are aware of the unnecessary duplication of curriculum studies and teachers' guides that has occurred in the county school offices and believe that the proposed program is sound as it relates to county offices, providing that the Department of Education maintains sufficient budgetary control to prevent further duplication. With regard to the smaller local school districts we believe that the principle of coordinated curriculum development by the State is justification for this position, and expect that it may save time and money in the districts.

The other item of consideration in this unit is the amount of \$50,000 for the "Teachers Guide to Education in Later Childhood." A request for the same type of publication but for an older age group had been a part of the budget for the last two years and was deleted by the Legislature. We recommend that the amount requested be approved since it is customary to provide manuals of this kind to teachers of this younger age group.

Bureau of Audio-Visual Education

This bureau assists county offices and school districts in establishing and properly utilizing audio-visual services. In the past few years much attention has been directed toward the possibilities of educational television in California. This bureau has represented the Department of Education in exploring the potential of educational television for the State. The budget request of \$59,659 is the same as that of the current year. There is no change in program.

We recommend approval as submitted.

Bureau of Special Education

It is the purpose of this bureau to advise and consult with public schools in the development and supervision of programs for handicapped children such as the hard of hearing, deaf, blind, mentally retarded and physically handicapped. The budget request of \$115,903 is \$13,191 or 12.8 percent higher than the estimated expenditures for the current year. One position of consultant in education of the deaf and visually handicapped children at \$7,008 plus clerical assistance at \$2,916, or a total of \$9,924, are requested as new positions. With the increasing number of blind, partially sighted and deaf children in the public schools, it will be necessary to build more public school classes or expand the present state schools for the blind and the deaf. Since most districts and county offices do not have trained personnel to assist in the development of blind and deaf programs the task falls to the Department of Education. At present there is one person working in this area. In our opinion an additional position is justified and we therefore recommend approval as submitted.

Department of Education—Continued**Bureau of Physical and Health Education and Recreation**

As its name implies, this bureau consults with the public schools in matters related to physical education, health education and school recreation. The proposed budget of \$52,677 is \$1,238 or 2.4 percent more than the current year's expenditures. There is no change in program.

We recommend approval as submitted.

Bureau of Guidance

The Bureau of Guidance assists the public schools in the development and maintenance of occupational and personal counseling programs. The requested budget of \$37,389 represents an increase of \$243. There is no change in program.

We recommend approval as submitted.

Bureau of Adult Education

In addition to the customary consulting activities of the units in this division the Bureau of Adult Education also is responsible for approval of adult classes in accordance with law and regulation. The budget request of \$50,862 is \$1,083 or 2.2 percent larger than the estimate for the current year.

We recommend approval as submitted.

Bureau of Elementary Education

This bureau provides advisory services to the elementary schools of the State. The budget request of \$77,521 represents an increase of \$2,244 or 3.0 percent and is at essentially the level as in the current year.

We recommend approval as submitted.

Bureau of Secondary Education

This bureau operates in the same manner as the Bureau of Elementary Education. In addition, it, by law, provides a minimum amount of approval of courses of study. The budget request of \$76,974 is \$1,091 or 1.4 percent more than the estimated expenditures for the current year.

We recommend approval as submitted.

Vocational Education

Included in this unit are three positions which cannot be financed under the federal-state vocational education program. The requested budget of \$26,589 is \$1,049 or 4.1 percent greater than the expenditures for the current year.

We recommend approval as submitted.

Division of State Colleges and Teacher Education**GENERAL SUMMARY**

The primary function of this division is the administration of the 10 state colleges and the Maritime Academy. The largest function, which is unrelated to the state colleges, is the issuance of credentials for public school teachers. The division also exercises some general supervision over and consults with all college programs of teacher education.

Department of Education—Continued

Administrative Unit

The requested budget of \$150,211 is \$14,451 or 10.6 percent more than the estimated expenditures for the current year. The increase is due to normal salary increases, an increased bulletin printing budget, and to the inclusion of an assistant research technician at \$4,980. The additional position is requested to assist the specialist in higher education. It is a certainty that in addition to the regular work of the joint staff, the completion of the Restudy of Higher Education will create a demand to further analyze a great deal of data, to pursue many questions which inevitably will be unanswered in the restudy report, and to facilitate the implementation of the recommendations. We believe this position can be of considerable economic advantage to the State.

We recommend approval as submitted.

Credentials Unit

The budget request of \$356,522 is \$48,976 or 15.9 percent more than the estimated expenditures for the current year. Six new positions are requested in this budget. A coordinator of teacher recruitment at \$6,672 and clerical assistance at \$2,916, or a total of \$9,588, plus operating expense and equipment are requested to assist the department in coordinating the activities of various groups in the field of teacher recruitment. Two credentials technicians at \$9,960 and two clerical positions at \$5,544 are requested on a work load basis.

We would like to consider first the question of the total budget of the Credentials Unit, excluding the teacher coordinator and the clerical position, and the principle involved therein. In our analysis in the last two years we have pointed out that the credentials program is not completely self-supporting as are other licensing programs in the State.

The program for issuing credentials to teachers is essentially the same type of activity as is carried on by licensing agencies in the Department of Professional and Vocational Standards and in the Department of Investment. A teaching credential and a professional or occupational license both serve the purpose of restricting entry into the particular field to those qualified by education and/or experience. This is usually done as a means of guaranteeing minimum standards of performance and of protecting the public. The State has maintained the policy that programs in the agencies which issue and administer these licenses, such as the Departments of Professional and Vocational Standards and Investment, should be self-supporting. Costs related to the licensing and regulating of professions and occupations are paid from fees collected from applicants who wish to enter the profession or occupation.

Under the present system of issuing teacher credentials, applicants pay a four dollar fee as stipulated by Section 12500 of the Education Code. The amount of the fee was established in 1949. Since that time costs and additional services have risen to the point where the credentials program is not completely self-supporting.

Department of Education—Continued

The cost of the program and the deficits since 1951-52 are as follows:

<i>Year</i>	<i>Estimated cost of program</i>	<i>Computed revenue</i>	<i>Computed general fund deficit</i>
1951-52-----	\$229,475	\$176,796	\$52,679
1952-53-----	265,013	200,088	64,925
1953-54-----	305,795	228,160	77,635
1954-55-----	306,516	257,320 (est.)	48,696
1955-56-----	344,522	291,336 (est.)	53,186

We recommended that legislation be passed to allow the Department of Education to place this function on a self-supporting basis. This principle was approved by both the Assembly Ways and Means and the Senate Finance Committees. A bill was introduced in the 1953 Session but was not brought to committee. A bill was not introduced in 1954.

We believe that in each year the proposition was merely overlooked in the last-minute rush of business with no evidence of legislative disfavor.

In our opinion, the principle of self-support for this type of agency is sound and we therefore recommend that the budget for the Credentials Unit be reduced by \$53,186.

The Department of Education could meet this reduction in budget by reducing the number and type of credentials which are issued—a move which is long overdue—or it could sponsor legislation to increase the credentials fee.

Coordinator of Teacher Recruitment

We have been aware of the problem of teacher shortage in California and elsewhere in the United States, and have not seen any departmental plan for meeting that shortage. Certainly there has been little evidence of increased teacher production at certain of the state colleges. It appears to us that the requested position of coordinator of teacher recruitment would only result in coordination of a problem and does not represent the means of implementing any specific program. In the absence of a concrete proposal for developing means of recruiting teaching personnel we cannot recommend approval of the coordinator at \$6,672 on budget page 257, line 32, the intermediate stenographer-clerk at \$2,916 on line 33 and operating expense and equipment estimated at \$2,422.

Division of Special Schools and Services

The administrative unit of this division provides administrative control over the state special schools for the deaf, blind and cerebral palsied children, the orientation center for the adult blind, and the three workshops for the blind, and the Bureau of Vocational Rehabilitation. The field rehabilitation service for the blind counsels newly blinded persons and acquaints them with opportunities available to the blind.

Administrative Unit

The budget request of \$56,031 is \$381 more than this year's estimated expenditures. We recommend approval as submitted.

Department of Education—Continued

Field Rehabilitation Services for the Blind

The budget request of \$138,920 is \$4,367 or 3.2 percent more than the estimated expenditures for the current year. One half-time clerical position is added to furnish clerical assistance in the Los Angeles area. Other increases are due to normal salary adjustments. On page 258, line 73, is an item of \$6,650 for mileage payments for use of private cars by some of the field workers for the blind. We recommend that this amount be deleted, that the field workers use state cars, and the appropriate adjustment for automobile operation be made in the budget of the Division of Departmental Administration by the Department of Finance.

Department of Education
VOCATIONAL EDUCATION

ITEM 77 of the Budget Bill

Budget page 262
Budget line No. 41

For Support of Vocational Education From the General Fund

Amount requested	\$725,763
Estimated to be expended in 1954-55 Fiscal Year	722,127
	<hr/>
Increase (0.5 percent)	\$3,636

RECOMMENDATIONS

Amount budgeted	\$725,763
Legislative Auditor's recommendation	725,763
	<hr/>
Reduction	None

ANALYSIS

The requested General Fund appropriation is \$725,763 which is \$3,636 greater than the estimated expenditures for the current fiscal year. Expenditures for state level supervision and teacher training from the Vocational Education Fund are budgeted at \$773,621. Of this total \$371,002 is from the General Fund and \$402,619 is from federal funds. The three separate budget items for vocational education carried in previous years have been combined into a single budget act item.

In our analysis last year we recommended reductions in this budget pointing out that, in our opinion, the program created an imbalance in the state program of instructional services to local school districts and that a number of its functions could be dropped, minimized, or performed at the local level. We do not believe that many of the bureau's functions are those which should be properly performed by the State Department of Education. It is our opinion that this program has grown primarily because of the State's propensity to match federal funds.

In 1951 the Assembly Interim Committee on Governmental Reorganization recommended that: (1) the vocational education staff be subject to civil service rules and regulations, (2) the activities be limited to advisory and consultative services similar to those performed by the rest of the Division of Instruction. The committee stated that it believed that local school districts are able to promote, supervise and operate all vocational education classes. We agree with these recommendations.

Division of Libraries—Continued

	Summary of Increase			Budget page	Line No.
	Total increase	INCREASE DUE TO			
		Work load or salary adjustments	New services		
Salaries and wages -----	\$21,206	\$21,206	---	275	30
Operating expense -----	—352	—352	---	275	31
Equipment -----	3,744	3,744	---	275	32
Less:					
Increased reimbursements ---	—500	—500	---	275	36
Total increase -----	\$24,098	\$24,098	---	275	40

RECOMMENDATIONS

Amount budgeted -----	\$545,587
Legislative Auditor's recommendation -----	545,587
Reduction -----	None

GENERAL SUMMARY

The State Library is the library facility for the State Legislature, state agencies and employees. It is the main library of the State of California and as such loans materials not generally available to local public libraries, college libraries and to private libraries. By law and tradition it provides supervision, consultation, and coordination for local public libraries. It also maintains a state-wide library service for the blind, collects library statistics, and acts as a clearing house for library information.

ANALYSIS

The budget request of \$545,587 is \$24,098 or 4.6 percent greater than the estimated expenditures for the current year. Increases are due primarily to a larger amount for accessions, price increases, and the inclusion of three clerical positions totaling \$9,516, listed on budget page 274, lines 53 to 55. These positions are justified by increased work load and will also permit some minor reorganization and relieve professional librarians of clerical duties.

We recommend approval as submitted.

STATE COLLEGES

GENERAL SUMMARY

The primary function of eight of the state colleges is the training of teachers. A ninth college at Los Angeles has as its primary function the training of students in arts and sciences as related to business and industry, and also engages in the training of teachers. At California Polytechnic College technical training in agriculture, engineering and industry is the primary function. All colleges may offer liberal arts education and vocational and pre-professional courses. The California Maritime Academy is a specialized institution designed to train officers in the Merchant Marine. In addition, Fresno State College maintains an agricultural division which conducts a program similar in function to the agricultural program at California Polytechnic College.

Ten of the colleges are supported from the General Fund while California Polytechnic and Fresno State College, Division of Agriculture, are supported from special funds.

State Colleges—Continued

ANALYSIS

The total budget request, including retirement contributions, of the 11 state colleges is \$25,686,010, which is \$3,220,882 or 14.3 percent greater than the estimated expenditures for the current year. Of this amount \$22,050,703 is from the General Fund, representing an increase of \$2,954,720 or 15.5 percent. \$3,207,162 is from the Fair and Exposition Fund for California Polytechnic; \$403,145 is from the State College Fund for Fresno State College Division of Agriculture, and \$25,000 is from federal funds for the Maritime Academy.

The estimated cost per student varies from a low of \$559 at San Jose to a high of \$1,268 at Humboldt in the regular type programs. The Maritime Academy and Fresno State College Division of Agriculture which are small and specialized have extremely high cost per student figures of \$2,308 and \$2,016 respectively. It may be noted in the cost per student figures on Budget page 276 that there is an inverse relationship between the size of the regular colleges and the cost per student.

Full-time equivalent enrollment at all colleges is estimated to increase from 34,461 to 38,181 or 3,720 students representing a 10.8 percent increase.

Major Items of Increase

Faculty. 256.1 new faculty positions are added as a result of calculations of the faculty staffing formula which was first instituted in the 1953-54 Fiscal Year.

Administration. 39.6 new positions are added for student personnel services and instructional administration. These positions are added according to Department of Finance ratios.

Maintenance. 70 maintenance positions are added to staff newly constructed facilities generally according to standards such as square foot per janitor, acres per gardener, etc.

Library. 34 additional professional and clerical positions are added according to the library staffing formula and to an organizational pattern which recognizes post assignments. The increase results from additional enrollment and the completion of new facilities.

Clerical and Technical (excluding library). 106 new positions are added primarily for the instructional staff and student personnel and business offices on the basis of ratios and the judgment of the Department of Finance staff.

Admission Standards

In our "Analysis of the Budget Bill for the 1954-55 Fiscal Year," we noted what, in our judgment, were certain weaknesses in the rules for admission of high school students and junior college transfers. The principal consideration underlying our analysis was the fact that while prediction of success of applicants for admission is not an exact science, most colleges throughout the Country use various means of identifying "poor risks," that is to say students who will not succeed in a particular college. To educate those who will probably fail is sound economics and is good educational policy. It appeared to us that the state college admission requirements were not sufficiently selective, consistent, or comprehensive to indicate the students who will and will not succeed in the state colleges.

State Colleges—Continued

As a result of the discussion before the legislative committees, the state colleges appointed a committee to study the questions posed and to attempt to derive new admission standards if their research indicated that they were necessary.

For some years a number of the colleges have, by a number of ways, imposed standards for admission of high school students which are higher than those set by the State Board of Education, or have controlled enrollments by moving up the closing date for applications. The State Board of Education requirements were, in essence, either 50 semester periods (five Carnegie units) of grades "A" or "B" or the twentieth percentile on a standard college aptitude test.

This fall five of the colleges became aware that their enrollments would exceed their budgeted capacity. Because of additional requirements set by college presidents, a large number of students who would have met the State Board of Education requirements were denied admission to the state colleges.

This situation led to an opinion by the Attorney General on October 26, 1954, which stated, in effect:

1. There is no statutory restriction on enrollment at the state colleges, the Legislature having delegated the authority over admission and exclusion of students to the State Board of Education.
2. The Director of Education does not have the authority to direct the president of a college to limit enrollment to any particular figure.
3. The president of a given college may not establish admission requirements different than those established by the State Board of Education.
4. No person who meets the minimum qualifications may be denied admission to a state college.

The Superintendent of Public Instruction later requested an opinion from the Attorney General concerning the following questions:

1. May the State Board of Education establish or provide for different admission standards for the 10 state colleges? (Admission to the Maritime Academy is controlled by a board of governors under Education Code Section 21126.)
2. May the State Board of Education delegate to the Director of Education authority to add to, modify, or make exceptions to, standards adopted by the state board for admission to state colleges?

The Attorney General answered that:

1. The State Board of Education may prescribe separate standards for admission to the several state colleges and may by rule limit the number to be admitted to the individual colleges to the number for which each has facilities.
2. The State Board of Education may not delegate to the Director of Education authority to add to, modify, or make exceptions to standards adopted by the state board for admission to state colleges, but it may authorize him to act within the standards set by the board.

State Colleges—Continued

As a result of the second opinion the State Board of Education adopted a new set of admission requirements which are now in force. These standards are somewhat higher than the previous requirements and give the Director of Education authority in consultation with the college presidents to limit enrollment to the number of students for whom there are available facilities and competent instructors.

Findings of Admissions Committee

At this time the committee on admissions has not issued a final report. We have, however, studied the minutes of its meetings and the statistical data developed in the course of its work. The data developed showed rather conclusively that the standards for admission of high school students prescribed by the State Board of Education were too low and that the poor risk students, those who will probably not meet state college academic standards, were not being eliminated and that the system of admitting students on the basis of grades or college aptitude test scores was not sufficiently comprehensive. The data also indicated that except in the case of students who had 80 semester periods (eight Carnegie Units) with grades of "A" or "B," both high school grades and college aptitude test scores should be used in evaluating student potential. In no instance did the study indicate with a high degree of precision exactly what the state college admission requirements should be.

However, with the conclusions and data of the study before them, the committee proposed a set of standards for high school graduates which, in essence, required:

1. Eighty semester periods (8 Carnegie Units) excluding physical education and military science of grades "A" or "B"; or
2. Sixty semester periods (six Carnegie Units) excluding physical education and military science of grades "A" or "B" and a score of 35 on a standard college aptitude test.

These standards were not accepted by the Council of State College Presidents. The presidents recommended, in essence, these standards:

1. An *average* of "B" in any 80 semester periods (eight Carnegie Units) excluding physical education and military science; or
2. A grade of 35 on a standard college aptitude test.

Later the Council of State College Presidents modified their proposals and in December, 1954, the State Board of Education adopted them as follows:

"High School Graduates. For admission to a state college, a high school graduate, or other applicant who is judged by the appropriate college authorities to possess equivalent preparation, must, as a minimum, meet one of the following:

"(a) Have completed the equivalent of 70 semester periods (seven Carnegie Units) of course work, in subjects other than physical education and military science, with grades of A or B on a five-point scale during the last three years in high school.

"(b) Have completed the equivalent of 50 semester periods (five Carnegie Units) of course work, in subjects other than physical education and military science, with grades of A or B on a five-point scale during the last three years in high school and attained the twentieth percentile on the national norm of a standard college aptitude test.

State Colleges—Continued

"An applicant who fails to meet these standards may be admitted, if in the judgment of the appropriate college authorities, he gives promise of being able to succeed in college.

"Admission to a state college shall be limited to the number of students for whom facilities and competent instructors are available to provide opportunity for an adequate college education. The Director of Education after consultation with the president of a state college shall determine the number of students for whom there are available facilities and competent instructors at the college."

Regarding the transfer of junior college students to state colleges the data and principles developed by the committee on admissions did give the committee a basis for recommending some relatively minor changes in requirements.

The committee recommended the following standards:

"An applicant who has earned credit in an accredited junior college or degree granting colleges or universities may be admitted to a state college if he meets the standards as follows:

- "1. Be eligible for continuing his work in the institution from which he transfers and his previous record is of such quality that he would be in clear standing in the college to which he seeks admission.
- "2. Have made a grade point average of 1.0 (grade of "C" on a five-point scale) or better in all work attempted.
- "3. If the applicant has completed less than 24 semester units, he must have met the requirements established for admission as a freshman to a state college.
- "4. If the applicant has earned 24 or more semester units of work, he must have met the requirements established for admission as a freshman to a state college or present in his pattern of courses offered for admission to advance standing a minimum of 12 semester units of courses, with a grade point average of 1.0 (grade of "C" on a five-point scale) or better, acceptable toward fulfillment of the general education requirement of the state college to which he transfers.
- "5. An applicant who does not meet the above specified requirements but who does, in the judgment of the appropriate college authorities, possess essentially the same qualifications as those specified above, may be admitted on probation.

"Credit may be given for acceptable courses from accredited junior colleges in an amount not to exceed 64 semester units. No upper division credit may be allowed for courses taken in a junior college, and no credit will be allowed for professional courses in education, except for courses in *Introduction to Education*."

Neither the Council of State College Presidents nor the State Board of Education has taken any action concerning these recommendations.

Summary and Conclusions

1. The most important point is that study has shown that previously existing standards for admission of high school students were not sufficiently comprehensive and were not high enough to eliminate "poor risks."
2. The Department of Education has not developed statistics which show the effect in terms of enrollment estimates of the newly adopted requirements.
3. The Department of Finance has assumed that the original enrollment estimates submitted by the state colleges will hold and the effect of the new requirements will be to reduce enrollment in a number equivalent to the additional amount requested on the basis of the original Attorney General's ruling.

State Colleges—Continued

4. Nothing has been done to increase the requirements for junior college transfers.
5. The Department of Education should study the results of the admission standards and re-evaluate them.

Health Services

During the last fiscal year a study conducted jointly by the Department of Education, the Department of Finance, and this office, developed a plan outlining the scope of state college health services in an attempt to bring uniformity of direction and to improve services at some colleges. At that time it was not possible to determine accurately what portion of the cost was a legitimate charge to the State and what part should be charged to the students. The Department of Finance proposed that a pilot study be conducted at San Diego State College as a means of ascertaining the proper allocation of costs. This study has been in progress since September of this fiscal year. However, it is necessary for it to run a full year before any conclusions may be drawn. Consequently, it is necessary to defer action on health services until the next session of the Legislature.

Faculty Staffing Formula

The faculty staffing formula was first established in the 1953-54 Fiscal Year. Prior to 1953-54 the size of the instructional staff had been determined by the use of arbitrary ratios. The staffing formula, in essence, attempts to recognize the total college work load and the work load of each professor as a means of making a more accurate measure of the necessary faculty. The following table shows the effect of the formula in terms of actual ratios over the past three years as compared with the fixed ratios formerly applied for staffing purposes.

Comparison of Student-teacher Ratios as Result of Faculty Staffing Formula and Fixed Ratio System

College	1953-54		1954-55		1955-56	
	Ratio resulting from formula	Old ratios	Ratios resulting from formula	Old ratios	Ratios resulting from formula	Old ratios
Chico	15.3	15	14.9	15	16.3	16†
Fresno	18.4	18	19.4	18	20.2	19†
Humboldt	11.7	12	12.0	12	12.4	13†
Long Beach	14.6	15	16.2	16†	17.6	18†
Los Angeles	17.6	16	18.0	18†	19.3	18†
Sacramento	15.3	15	16.2	16†	17.3	16†
San Diego	20.0	19	21.1	19	20.8	19
San Francisco	19.4	19	18.8	19	20.4	19
San Jose	19.0	19	19.7	19	20.3	20†
California Polytechnic						
San Luis Obispo	15.9	15	15.9	15	16.1	16†
Kellogg-Voorhis	12.9	12*	12.9	12*	13.4	12*

* Actually staff was computed on basis of minimum staffing needs. Ratio of 12 to 1 gives reasonable approximation.

† Ratio has been adjusted on assumption that increased enrollment would have justified change.

It is apparent from the above table that the faculty staffing formula and the curriculum study that has accompanied it has resulted in a saving to the General Fund. It is our belief, however, that the faculty

State Colleges—Continued

staffing formula has not been as effective as it could be because of the lack of standards for approving courses and curricula.

Automobiles

In line with the policy recommendation of this office concerning the central ownership of automotive equipment in order to achieve maximum benefits of fleet ownership, central maintenance, and central pool operation, we are recommending that all passenger cars be transferred to the Department of Finance. We recommend deletion of the amounts on the following table with the appropriate adjustment of the agency budget by the Department of Finance to permit the payment of mileage for rental of cars from the Department of Finance.

Amounts to Be Deleted				
College	Amount	Item No.	Budget Page	Line No.
Chico	\$2,000	80	284	8
Long Beach	2,550	84	304	68
	1,050	84	304	69
Cal. Poly-San Luis Obispo	3,590	90	339	57
	<u>\$9,190</u>			

Student Fees

Effective July 1, 1954, the amount and nature of fees for resident students were adjusted to a minor degree by the Department of Education. The following table indicates the fees charged in 1953-54, the fee schedule used by the Department of Finance in making final adjustments for the 1954-55 Budget and the fee schedule for 1954-55 as adopted by the Department of Education.

Annual General Fees for Regular Students				
Fee	1953-54	Department of Finance 1954-55	Department of Education 1954-55	Department of Finance 1955-56
Tuition	\$13	\$13	--	--
Materials and services	15	22	\$40*	\$40*
Health	2	2	--	--
Total	<u>\$30</u>	<u>\$37</u>	<u>\$40</u>	<u>\$40</u>

* Includes placement and evaluation of transcript fees which formerly were charged only to students who used placement service or had their transcripts evaluated.

We would like to point out that consolidating fees does save some administrative costs but since only about \$26 of the \$40 can be said to be specifically earmarked for services rendered, the \$14 balance should be considered as a tuition fee.

Nonresident Fee

In the 1955-56 Budget, the Department of Finance is proposing a nonresident fee of \$150 per student. They estimate conservatively that such a fee will raise \$138,000 in additional revenue. Such a fee will require special legislation.

This office has recommended a nonresident fee for the past two years. In each year it has been approved in principle by both the Ways and Means and Senate Finance Committees. In 1953 a bill was introduced but was not taken before committee. In 1954 a bill was not introduced.

State Colleges—Continued

We recommend the passage of legislation authorizing a nonresident fee. However, in recommending a similar fee last year we estimated that it would bring in \$180,000 or \$42,000 more than estimated by the Department of Finance. We also believe that on the basis of comparability with the University of California and of fees charged in other states, there is sufficient justification for a higher nonresident fee and *recommend a fee of \$180, which would raise a total of \$216,000 or \$78,000 more than the Department of Finance has included in the state college budgets.*

Summer Session

As shown in the Governor's Budget the summer session programs at the state colleges are self-supporting. It is our understanding that many colleges and universities carry summer sessions on their books as self-supporting items financed from student fees. The cost of the program as shown in a budget may vary appreciably by merely charging or not charging certain direct or indirect costs to the summer session account. This office does not know exactly what items are charged to summer session at each college, and what proportion, if any, of certain items of cost are charged at each college. Undoubtedly, there is some subsidy from the General Fund for summer sessions in the state college system, even though they have shown a paper profit in some years. There may or may not be justification for a General Fund subsidy of summer session operation. However, it is our belief that a study should be made to ascertain what direct and indirect costs should be allocated to the summer session budgets along with a study of charges to students.

There are probably three considerations in determining a summer session fee. One is the cost of putting on the program; two, is a determination of what is a reasonable charge, and three, determination of the charges made by other competing institutions. If it is then determined that the summer programs cannot be self-supporting the amount of General Fund support should be clearly identified in the budget. We recommend that such a study be conducted by the Department of Finance prior to the next session of the Legislature.

Teacher Training

The predicted shortage of teachers for the public schools directs our attention to the primary function of the state colleges, which is to train teachers. It appears from actual teacher production figures that teacher training is not the primary function at some of the state colleges. The Department of Education should prepare for legislative consideration at the time of the budget hearings figures indicating the current teacher production in relationship to enrollment at each individual college and to explain to the Legislature what efforts, if any, are being made to increase the number of teachers being produced from the individual state colleges to meet the impending shortage of teachers in California.

Education

**Department of Education
CHICO STATE COLLEGE**

ITEM 80 of the Budget Bill

Budget page 280
Budget line No. 6

For Support of Chico State College From the General Fund

Amount requested ----- \$1,307,444
Estimated to be expended in 1954-55 Fiscal Year ----- 1,174,193

Increase (11.3 percent) ----- \$133,251

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages -----	\$122,869	\$122,869	---	285	9
Operating expense -----	6,719	6,719	---	285	10
Equipment -----	1,790	1,790	---	285	11
Plus:					
Decreased reimbursement	1,873	1,873	---	285	15
Total increase -----	\$133,251	\$133,251	---	285	21

RECOMMENDATIONS

Amount budgeted ----- \$1,307,444
Legislative Auditor's recommendation ----- 1,305,444

Reduction ----- \$2,000

ANALYSIS

The budget request of \$1,307,444 is \$133,251 or 11.3 percent greater than estimated expenditures for the current year. In accordance with our recommendation concerning automobile operation we recommend a reduction of \$2,000. Further reductions can be made by increasing the nonresident fee to \$180 per year as indicated in the summary statement on the state colleges.

**Department of Education
FRESNO STATE COLLEGE**

ITEM 81 of the Budget Bill

Budget page 286
Budget line No. 8

For Support of Fresno State College From the General Fund

Amount requested ----- \$2,213,367
Estimated to be expended in 1954-55 Fiscal Year ----- 1,974,230

Increase (12.1 percent) ----- \$239,137

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages -----	\$228,247	\$228,247	---	292	35
Operating expense -----	32,965	32,965	---	292	36
Equipment -----	-8,467	-8,467	---	292	37
Less:					
Increased reimbursement ---	-13,608	-13,608	---	292	41
Total increase -----	\$239,137	\$239,137	---	292	47

Fresno State College—Continued

RECOMMENDATIONS

Amount budgeted	\$2,213,367
Legislative Auditor's recommendation	2,213,367
<hr/>	
Reduction	None

ANALYSIS

The budget request of \$2,213,367 is \$239,137 or 12.1 percent greater than expenditures for the current year. Reductions in the budget request can be made by increasing the nonresident fee to \$180 per year.

**Department of Education
FRESNO STATE COLLEGE**

ITEM 82 of the Budget Bill

Budget page 286
Budget line No. 23

For Support of Fresno State College Division of Agriculture From the State College Fund

Amount requested	\$386,901
Estimated to be expended in 1954-55 Fiscal Year	378,377
<hr/>	
Increase (2.3 percent)	\$8,524

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$23,241	\$23,241	---	294	64
Operating expense	-9,056	-9,056	---	294	65
Equipment	-5,677	-5,677	---	294	66
Plus:					
Decreased reimbursements	16	16	---	294	72
<hr/>					
Total increase	\$8,524	\$8,524	---	294	74

RECOMMENDATIONS

Amount budgeted	\$386,901
Legislative Auditor's recommendation	386,901
<hr/>	
Reduction	None

ANALYSIS

The budget request of \$386,901 is \$8,524 or 2.3 percent greater than estimated expenditures for the current year.

We recommend approval of the budget as submitted.

**Department of Education
HUMBOLDT STATE COLLEGE**

ITEM 83 of the Budget Bill

Budget page 285
Budget line No. 7

For Support of Humboldt State College From the General Fund

Amount requested	\$1,085,841
Estimated to be expended in 1954-55 Fiscal Year	935,000
<hr/>	
Increase (16.1 percent)	\$150,841

Education

— 356 —

Humboldt State College—Continued

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages.....	\$151,173	\$151,173	---	300	32
Operating expense	12,630	12,630	---	300	33
Equipment	—2,122	—2,122	---	300	34
Less:					
Increased reimbursement	—10,840	—10,840	---	300	38
Total increase	\$150,841	\$150,841	---	300	44

RECOMMENDATIONS

Amount budgeted	\$1,085,841
Legislative Auditor's recommendation	1,085,841
Reduction	None

ANALYSIS

The budget request of \$1,085,841 is \$150,841 or 16.1 percent greater than the estimated expenditures for the current year. This amount can be reduced by increasing the nonresident fee to \$180 per year.

Department of Education LONG BEACH STATE COLLEGE

ITEM 84 of the Budget Bill

Budget page 301
Budget line No. 7

For Support of Long Beach State College From the General Fund

Amount requested	\$1,739,740
Estimated to be expended in 1954-55 Fiscal Year	1,370,497
Increase (26.9 percent)	\$369,243

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages.....	\$341,665	\$341,665	---	305	52
Operating expense	43,585	43,585	---	305	53
Equipment.....	—1,875	—1,875	---	305	54
Less:					
Increased reimbursements	—14,132	—14,132	---	305	58
Total increase.....	\$369,243	\$369,243	---	305	64

RECOMMENDATIONS

Amount budgeted	\$1,739,740
Legislative Auditor's recommendation	1,736,140
Reduction	\$3,600

ANALYSIS

The budget request of \$1,739,740 is \$369,243 or 26.9 percent greater than the estimated expenditures for the current year. In accordance with our recommendation concerning automotive operation we recommend a reduction of \$3,600. Further reductions can be made by increasing the nonresident fee to \$180 per year.

Department of Education
LOS ANGELES STATE COLLEGE

ITEM 85 of the Budget Bill

Budget page 306
Budget line No. 6

For Support of Los Angeles State College From the General Fund

Amount requested	\$2,696,206
Estimated to be expended in 1954-55 Fiscal Year	2,169,334
Increase (24.3 percent)	\$526,872

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$330,675	\$330,675	---	310	30
Operating expense	228,682	228,682	---	310	31
Equipment	16,309	16,309	---	310	32
Less:					
Increased					
reimbursements ---	—48,794	—48,794	---	310	36
Total increase	\$526,872	\$526,872	---	310	42

RECOMMENDATIONS

Amount budgeted	\$2,696,206
Legislative Auditor's recommendation	2,696,206
Reduction	None

ANALYSIS

The budget request of \$2,696,206 is \$526,872 or 24.3 percent greater than estimated expenditures for the current year. This amount can be reduced by increasing the nonresident fee to \$180.

Department of Education
SACRAMENTO STATE COLLEGE

ITEM 86 of the Budget Bill

Budget page 311
Budget line No. 7

For Support of Sacramento State College From the General Fund

Amount requested	\$1,620,005
Estimated to be expended in 1954-55 Fiscal Year	1,316,366
Increase (23.1 percent)	\$303,639

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$281,058	\$281,058	---	315	60
Operating expense	39,650	39,650	---	315	61
Equipment	—831	—831	---	315	62
Less:					
Increased					
reimbursements ---	—16,238	—16,238	---	315	66
Total increase	\$303,639	\$303,639	---	315	72

Sacramento State College—Continued

RECOMMENDATIONS

Amount budgeted	\$1,620,005
Legislative Auditor's recommendation	1,620,005
Reduction	None

ANALYSIS

The budget request of \$1,620,005 is \$303,639 or 23.1 percent greater than estimated expenditures for the current year. This amount can be reduced by increasing the nonresident fee to \$180.

**Department of Education
SAN DIEGO STATE COLLEGE**

ITEM 87 of the Budget Bill

Budget page 316
Budget line No. 7

For Support of San Diego State College From the General Fund

Amount requested	\$2,815,040
Estimated to be expended in 1954-55 Fiscal Year	2,459,312
Increase (14.5 percent)	\$355,728

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$328,612	\$328,612	---	321	55
Operating expense	29,979	29,979	---	321	56
Equipment	6,753	6,753	---	321	57
Less:					
Increased					
reimbursements ---	-9,616	-9,616	---	321	61
Total increase	\$355,728	\$355,728	---	321	67

RECOMMENDATIONS

Amount budgeted	\$2,815,040
Legislative Auditor's recommendation	2,815,040
Reduction	None

ANALYSIS

The budget request of \$2,815,040 is \$355,728 or 14.5 percent greater than the estimated expenditures for the current year. This amount can be reduced by increasing the nonresident fee to \$180 per year.

**Department of Education
SAN FRANCISCO STATE COLLEGE**

ITEM 88 of the Budget Bill

Budget page 322
Budget line No. 22

For Support of San Francisco State College From the General Fund

Amount requested	\$3,110,648
Estimated to be expended in 1954-55 Fiscal Year	2,777,978
Increase (12.0 percent)	\$332,670

San Francisco State College—Continued

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages-----	\$272,309	\$272,309	---	327	75
Operating expense -----	48,568	48,568	---	327	76
Equipment -----	—6,205	—6,205	---	327	77
Plus:					
Decreased					
reimbursements ---	17,998	17,998	---	327	81
Total increase -----	\$332,670	\$332,670	---	327	86

RECOMMENDATIONS

Amount budgeted -----	\$3,110,648
Legislative Auditor's recommendation -----	3,110,648
Reduction -----	None

ANALYSIS

The budget request of \$3,110,648 is \$332,670, or 12.0 percent greater than the estimated expenditures for the current year. This amount can be reduced by increasing the nonresident fee to \$180 per year.

Department of Education

SAN JOSE STATE COLLEGE

ITEM 89 of the Budget Bill

Budget page 329
Budget line No. 7

For Support of San Jose State College From the General Fund

Amount requested -----	\$3,898,486
Estimated to be expended in 1954-55 Fiscal Year -----	3,513,958
Increase (10.9 percent) -----	384,528

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages-----	\$353,602	\$353,602	---	334	33
Operating expense -----	37,398	37,398	---	334	34
Equipment -----	20,134	20,134	---	334	35
Less:					
Increased					
reimbursements ---	—26,606	—26,606	---	334	39
Total increase -----	\$384,528	\$384,528	---	334	45

RECOMMENDATIONS

Amount budgeted -----	\$3,898,486
Legislative Auditor's recommendation -----	3,898,486
Reduction -----	None

ANALYSIS

The budget request of \$3,898,486 is \$384,528, or 10.9 percent greater than the estimated expenditures for the current year. This amount can be reduced by increasing the nonresident fee to \$180 per year.

Department of Education
CALIFORNIA STATE POLYTECHNIC COLLEGE

ITEM 90 of the Budget Bill

Budget page 335

Budget line No. 27

*For Support of California State Polytechnic College From the Fair and
Exposition Fund*

Amount requested	\$3,032,551
Estimated to be expended in 1954-55 Fiscal Year	2,791,602
Increase (8.6 percent)	\$240,949

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$236,390	\$236,390	---	343	55
Operating expense	25,496	25,496	---	343	56
Equipment	-1,498	-1,498	---	343	57
Less:					
Increased					
reimbursements	-19,439	-19,439	---	343	61
Total increase	\$240,949	\$240,949	---	343	71

RECOMMENDATIONS

Amount budgeted	\$3,032,551
Legislative Auditor's recommendation	3,028,961
Reduction	\$3,590

ANALYSIS

The budget request of \$3,032,551 is \$240,949 or 8.6 percent greater than the estimated expenditures for the current year. In accordance with our recommendation concerning automobile operation we recommend a reduction of \$3,590. Further reduction can be made by increasing the nonresident fee to \$180 per year.

Department of Education
MARITIME ACADEMY

ITEM 91 of the Budget Bill

Budget page 345

Budget line No. 7

For Support of Maritime Academy From the General Fund

Amount requested	\$300,821
Estimated to be expended in 1954-55 Fiscal Year	291,102
Increase (3.3 percent)	\$9,719

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$136	-\$5,096	\$5,232	348	48
Operating expense	16,036	16,036	---	348	49
Equipment	617	617	---	349	50
Less:					
Increased					
reimbursements	-7,070	-7,070	---	349	54
Total increase	\$9,719	\$4,487	\$5,232	349	59

Maritime Academy—Continued

RECOMMENDATIONS

Amount budgeted	\$300,821
Legislative Auditor's recommendation	275,000
Reduction	\$25,821

ANALYSIS

The appropriation of \$275,681 to the Maritime Academy for the 1954-55 Fiscal Year was predicated on an enrollment of 200 students. However, the estimated enrollment is now only 122 students and the final budget is \$291,102. Because of this sharp drop in enrollment, revenues from student fees and federal subsistence payments have decreased by \$41,836. Although total feeding costs were reduced somewhat, the Department of Finance felt that it was necessary to augment the academy budget from the Emergency Fund to the extent of \$15,421. The Legislature had adopted the policy last year that the total cost of food and food preparation should be met through student fees. However, the Department of Finance found that with the drop in enrollment, which was necessarily far greater proportionately than the reduction in feeding costs, the cost per student for food would be excessive and such a policy would have compounded the already serious problems faced by the academy. The net cost per student, according to our calculations, would have been \$736.50, or \$336.50 more than the estimated net cost of \$400 based on 200 students. While we agree that it would be unreasonable to charge total feeding costs under these circumstances, we cannot, on the other hand, understand why with an enrollment reduction of 78 students, further reductions were not made in the budget to offset the need for emergency funds.

The budget request for the 1955-56 Fiscal Year is \$300,821 or \$9,719 or 3.3 percent greater than the estimated expenditures for 1954-55. Enrollment is estimated to reach 150 students. Two culinary positions are dropped but one position of registrar-instructor is added at \$5,232 on page 346, line 56. *We cannot, under the circumstances, recommend this position.* If there is need for a part-time registrar one of the existing instructional positions could be reclassified.

There is a strong possibility that federal funds for support of state maritime academies will not be provided in 1955-56. If such is the case, this already expensive program will become more of a burden to the State. Even the present cost per student estimate of \$2,308 makes us question the advisability of continuing to operate this institution.

We recommend that the budget be revised so as not to exceed an expenditure of \$275,000 from the General Fund for the 1955-56 Fiscal Year. To assist in reducing the cost to the General Fund we recommend that the academy revise its annual cruise schedule and plan shorter trips. We recommend that the amount of \$15,000 for fuel oil on page 348, line 24 be reduced to \$10,000 and the amount for transit of the Panama Canal of \$4,415 on page 348, line 23 be deleted.

Department of Education
SPECIAL SCHOOLS

GENERAL SUMMARY

The State maintains five residential schools for physically handicapped children. There are two schools for the deaf, two schools for cerebral palsied, and one for the blind. All of the schools are part of the Public School System except that they receive their entire support by direct appropriation from the General Fund. The schools for the deaf and blind are regular schools in the sense that they offer typical courses of instruction and that students may attend them year after year and receive a diploma. The schools for the cerebral palsied are not regular schools since their students, as a rule, attend for only 3 to 12 months for highly specialized treatment and instruction, and then return, if possible, to district schools. They are more aptly designated as primarily diagnostic, treatment and research centers and secondarily as education centers.

CALIFORNIA SCHOOL FOR THE BLIND

ITEM 92 of the Budget Bill

Budget page 349
Budget line No. 8

For Support of California School for the Blind From the General Fund

Amount requested	\$469,860
Estimated to be expended in 1954-55 Fiscal Year	464,352
Increase (1.2 percent)	\$5,508

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	—\$2,500	—\$2,500	---	352	45
Operating expense	6,521	6,521	---	352	46
Equipment	1,980	1,980	---	352	47
Less:					
Increased reimbursements	—493	—493	---	352	51
Total increase	\$5,508	\$5,508	---	352	58

RECOMMENDATIONS

Amount budgeted	\$469,860
Legislative Auditor's recommendation	467,660
Reduction	\$2,200

ANALYSIS

The budget request of \$469,860 is \$5,508 or 1.2 percent more than the estimated expenditures for the current year of \$464,352. With the exception of an increased expenditure for maintenance, most categories show a slight decrease or no change. The proposed level of service remains as in previous years.

In line with the policy recommendation of this office concerning the central ownership of automotive equipment, we recommend the deletion of \$2,200 on page 352 line 24.

At the last session of the Legislature, the Ways and Means and Senate Finance Committees requested the Department of Finance, the

California School for the Blind—Continued

Department of Education, and this office to conduct a study to determine the ability of parents of children at the schools for the deaf and blind to pay all or part of the cost of room and board according to a means test. This study has not been completed at this writing but should be ready for early consideration by the committees.

Department of Education
SCHOOL FOR THE DEAF, BERKELEY

ITEM 93 of the Budget Bill

Budget page 353
Budget line No. 7

For Support of California School for the Deaf, Berkeley, From the
General Fund

Amount requested	\$1,062,870
Estimated to be expended in 1954-55 Fiscal Year	1,033,818
Increase (2.8 percent)	\$29,052

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$16,564	\$11,918	\$4,564	356	54
Operating expense	13,955	13,955	---	356	55
Equipment	-996	-996	---	356	56
Less:					
Increased reimburse- ments	-471	-471	---	356	62
Total increase	\$29,052	\$24,406	\$4,564	356	58

RECOMMENDATIONS

Amount budgeted	\$1,062,870
Legislative Auditor's recommendation	1,062,870
Reduction	None

ANALYSIS

The budget request of \$1,062,870 is \$29,052 or 2.8 percent greater than estimated expenditures for the current year. Increases are due primarily to increased feeding costs, an increase in the number of students attending Gallaudet College for the Deaf, and to the addition of 1.2 new teaching positions. The additional staff requested consists of a full-time position to enable the school to provide a formalized business education program and 0.2 position for driver training. Both types of training are common in the public schools. There are no other changes in the program.

We recommend approval as submitted.

Department of Education
SCHOOL FOR THE DEAF, RIVERSIDE

ITEM 94 of the Budget Bill

Budget page 357
Budget line No. 7

For Support of California School for the Deaf, Riverside, From the
General Fund

Amount requested	\$848,541
Estimated to be expended in 1954-55 Fiscal Year	653,685
Increase (29.8 percent)	\$194,856

School for the Deaf, Riverside—Continued

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages -----	\$148,134	\$148,134	---	360	60
Operating expense -----	44,127	44,127	---	360	61
Equipment -----	12,459	12,459	---	360	62
Less:					
Increased reimbursements -----	—9,864	—9,864	---	360	66
Total increase -----	\$194,856	\$194,856	---	360	71

RECOMMENDATIONS

Amount budgeted -----	\$848,541
Legislative Auditor's recommendation -----	848,541
Reduction -----	None

ANALYSIS

The budget request of \$848,541 is \$194,856 or 29.8 percent larger than estimated expenditures for the current year. It is anticipated that the average student enrollment will increase by 100 to a total of 335 in this two-year-old school with the completion of three dormitories, classrooms and a vocational building. The cost per student will decline by \$263, from \$2,916 to \$2,653, indicating that the school is at a more economical size. Some further reductions in cost per student should be realized with additional enrollment.

Thirty new positions totaling \$100,644 in salaries are added to staff for the increased enrollment and additional buildings. These positions are enumerated on budget page 357, lines 42 to 64. These positions are justified by previously established ratios, in the case of teachers, by post assignments, and by work load. The amount of \$47,490 is included for normal salary adjustments. Operating expenses will increase by \$42,005, primarily because of increased instructional, feeding, and maintenance costs. The equipment budget is increased by \$12,459 which is primarily for new teaching equipment.

We recommend approval as submitted.

Department of Education

SCHOOL FOR CEREBRAL PALSID CHILDREN, NORTHERN CALIFORNIA

ITEM 95 of the Budget Bill

Budget page 361

Budget line No. 7

For Support of School for Cerebral Palsied Children, Northern California,
From the General Fund

Amount requested -----	\$324,803
Estimated to be expended in 1954-55 Fiscal Year -----	313,056
Increase (3.8 percent) -----	\$11,747

School for Cerebral Palsied Children, Northern California—Continued

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$58,521	\$58,521	---	364	38
Operating expense	—44,467	—44,467	---	364	39
Equipment	—577	—577	---	364	40
Less:					
Increased reimbursements	—1,730	—1,730	---	364	44
Total increase	\$11,747	\$11,747	---	364	48

RECOMMENDATIONS

Amount budgeted	\$324,803
Legislative Auditor's recommendation	324,803
Reduction	None

ANALYSIS

The requested budget of \$324,803 is \$11,747 or 3.8 percent greater than the expenditures for the current year. While the position count in the budget shows an increase of 12.4 positions, 9.4 of these were formerly carried under operating expenses with a contract with the University of California. Three new maintenance positions are added to provide proper coverage in the new school on the San Francisco State College Campus. Other slight increases are due to normal salary adjustments.

We recommend approval as submitted.

Department of Education

SCHOOL FOR CEREBRAL PALSIED CHILDREN, SOUTHERN CALIFORNIA

ITEM 96 of the Budget Bill

Budget page 365
Budget line No. 7

For Support of School for Cerebral Palsied Children, Southern California,
From the General Fund

Amount requested	\$329,823
Estimated to be expended in 1954-55 Fiscal Year	326,024
Increase (1.2 percent)	\$3,799

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$3,498	\$3,498	---	368	8
Operating expense	197	197	---	368	9
Equipment	19	19	---	368	10
Plus:					
Decreased reimbursements	85	85	---	368	15
Total increase	\$3,799	\$3,799	---	368	17

RECOMMENDATIONS

Amount budgeted	\$329,823
Legislative Auditor's recommendation	329,823
Reduction	None

School for Cerebral Palsied Children, Southern California—Continued
ANALYSIS

The budget request of \$329,823 is \$3,799 or 1.2 percent greater than the estimated expenditures for the current fiscal year. The school program is budgeted at the same level as in 1954-55.

We recommend approval as submitted.

Department of Education
OAKLAND ORIENTATION CENTER

ITEM 97 of the Budget Bill

Budget page 369
Budget line No. 6

For Support of Oakland Orientation Center From the General Fund

Amount requested	\$272,584
Estimated to be expended in 1954-55 Fiscal Year	251,912
Increase (8.2 percent)	\$20,672

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$8,363	\$8,363	---	372	33
Operating expense	5,347	5,347	---	372	34
Equipment	1,947	1,947	---	372	35
Plus:					
Decreased reimburse- ments	5,015	5,015	---	372	41
Total increase	\$20,672	\$20,672	---	372	43

RECOMMENDATIONS

Amount budgeted	\$272,584
Legislative Auditor's recommendation	272,584
Reduction	None

GENERAL SUMMARY

Created by the Legislature in 1951, this agency serves two functions. Its larger function is to provide residential and custodial facilities for blind persons who were residents in the old training center prior to the establishment of the Orientation Center. Since no more residents have been accepted since 1951, this part of the program will diminish and ultimately disappear. It still, however, requires 76 percent of the budget at a cost for each of the 70 residents of \$3,107. Its primary function, which is still small in scope, is to assist the newly blinded in overcoming their physical and emotional handicaps, and when possible to prepare them for employment. This program will receive 24 percent of the proposed budget at a cost for each of the 30 students of \$2,344.

ANALYSIS

The budget request of \$272,584 is \$20,672 or 8.2 percent greater than estimated expenditures for the current year. Student enrollment is estimated to increase from 18 to 30 and one teacher is added to meet the need for additional instruction in travel training. Other increases are due to normal salary adjustments, larger repair and maintenance costs, and additional kitchen equipment.

Oakland Orientation Center—Continued

Since next year will be the fifth year of operation for the Orientation Center's educational program, we believe it would be well for the Department of Education to submit a brief progress report at the next session of the Legislature giving a resume and evaluation of the program and outlining the plan for the future.

We recommend approval as submitted.

Department of Education

LOS ANGELES CENTER, CALIFORNIA INDUSTRIES FOR THE BLIND

ITEM 98 of the Budget Bill

Budget page 373

Budget line No. 7

**For Support of Los Angeles Center, California Industries for the Blind,
From the General Fund**

Amount requested	\$118,375
Estimated to be expended in 1954-55 Fiscal Year.....	114,702
Increase (3.2 percent)	\$3,673

Summary of Increase

	INCREASE DUE TO			Budget page	Line No.
	Total increase	Work load or salary adjustments	New services		
Salaries and wages	\$540	\$540	---	374	58
Operating expense	2,596	2,596	---	374	59
Equipment	537	537	---	374	60
Total increase	\$3,673	\$3,673	---	374	62

RECOMMENDATIONS

Amount budgeted	\$118,375
Legislative Auditor's recommendation	Pending

ANALYSIS

At the 1954 Session of the Legislature both the Ways and Means Committee and Senate Finance Committee accepted our recommendation that a special advisory committee of prominent business men be appointed to review the operations of the California Industries for the Blind which gave evidence of unsatisfactory performance. Accordingly, an advisory committee was appointed by the Joint Legislative Budget Committee for this purpose. The advisory committee has held regular meetings and have assigned staff members from their various organizations to review in detail the operations of the Industries for the Blind. Representatives from the Department of Education and this office have attended all meetings. Serious deficiencies in the operation of the shops has been apparent and corrective recommendations are unquestionably badly needed.

It is our recommendation that the report of the advisory committee, which will be completed in early February, be used as a basis for determining the level of support of the Industries for the Blind.

Department of Education

OAKLAND CENTER, CALIFORNIA INDUSTRIES FOR THE BLIND

ITEM 99 of the Budget Bill

Budget page 375
Budget line No. 7

For Support of Oakland Center, California Industries for the Blind,
From the General Fund

Amount requested	\$90,408
Estimated to be expended in 1954-55 Fiscal Year	89,543
<hr/>	
Increase (1.0 percent)	\$865

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$1,499	\$1,499	---	377	44
Operating expense	-4,760	-4,760	---	377	45
Equipment	4,126	4,126	---	377	46
<hr/>		<hr/>		<hr/>	
Total increase	\$865	\$865	---	377	48

RECOMMENDATIONS

Amount budgeted	\$90,408
Legislative Auditor's recommendation	Pending

ANALYSIS

See recommendation under Item 98.

Department of Education

SAN DIEGO CENTER, CALIFORNIA INDUSTRIES FOR THE BLIND

ITEM 100 of the Budget Bill

Budget page 378
Budget line No. 7

For Support of San Diego Center, California Industries for the Blind,
From the General Fund

Amount requested	\$51,310
Estimated to be expended in 1954-55 Fiscal Year	48,921
<hr/>	
Increase (4.9 percent)	\$2,389

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$1,372	\$1,372	---	379	41
Operating expense	1,779	1,779	---	379	42
Equipment	-762	-762	---	379	43
<hr/>		<hr/>		<hr/>	
Total increase	\$2,389	\$2,389	---	379	45

RECOMMENDATIONS

Amount budgeted	\$51,310
Legislative Auditor's recommendation	Pending

ANALYSIS

See recommendation under Item 98.

**Department of Education
STATE TEACHERS' RETIREMENT SYSTEM**

ITEM 101 of the Budget Bill

Budget page 380
Budget line No. 7

For Support of the State Teachers' Retirement System From the General Fund

Amount requested	\$171,514
Estimated to be expended in 1954-55 Fiscal Year	194,800
<hr/>	
Decrease (12.0 percent)	\$23,286

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages	\$2,667	\$2,667	---	380	69
Operating expense	-26,085	-26,085	---	381	18
Equipment	132	132	---	381	24
<hr/>					
Total increase	-\$23,286	-\$23,286	---	381	29

RECOMMENDATIONS

Amount budgeted	\$171,514
Legislative Auditor's recommendation	171,514
<hr/>	
Reduction	None

ANALYSIS

The proposed budget for the State Teachers' Retirement System for the 1955-56 Fiscal Year shows a decrease of \$23,286 below the estimated amount to be expended during 1954-55. This decrease is due to a reduction in operating expenses below the current year arising from the fact that during the current fiscal year \$28,500 was budgeted for the actuarial valuation which is conducted every four years.

We recommend approval of the items budgeted.

**Department of Education
UNIVERSITY OF CALIFORNIA**

ITEM 102 of the Budget Bill

Budget page 382
Budget line No. 58

For Support of University of California From the General Fund

Amount requested	\$59,128,352
Estimated to be expended in 1954-55 Fiscal Year	56,902,714
<hr/>	
Increase (3.9 percent)	\$2,225,638

RECOMMENDATIONS

Amount budgeted	\$59,128,352
Legislative Auditor's recommendation	58,828,352
<hr/>	
Reduction	\$300,000

ANALYSIS

The General Fund budget request, excluding retirement payments, is \$59,128,352. This is \$2,225,638, or 3.9 percent greater than the estimated General Fund expenditures of \$56,902,714 for the current fiscal year.

The total expenditures from all funds for 1955-56 are estimated to be \$83,351,807 which is \$4,630,032 or 5.9 percent higher than the expenditures for the 1954-55 Fiscal Year.

University of California—Continued

The total enrollment at all campuses is estimated to increase from 34,138 to 36,651. This is an increase of 2,513 or 7.4 percent. The cost per student as computed by the University is \$1,115, excluding organized research, summer session, the new school of medicine and hospital at Los Angeles, etc. However, the General Fund appropriations are at the rate of \$1,613 per student.

Incidental Fee

The Regents of the University in November of 1953 adopted the following policies concerning the incidental fee:

1. The incidental fee should be adequate to meet the expenditures of noneducational activities.
2. The incidental fee should be uniform for all campuses.
3. The incidental fee should be inclusive of all charges, except tuition in certain professional schools, fines and penalties, and charges for special services of an individual character.

At the same time the amount of the fee was increased from \$37 to \$42 a semester.

Figures developed by this office indicate that the costs of services covered by the incidental fee are at least \$300,000 greater than the estimated revenue from the fee.

We have asked the University to compute the costs of the items which are covered by the incidental fee. However, we believe our figures to show a substantially accurate picture of the deficit. On the following table are our computations.

Expenditures for Items Covered by Incidental Fee ¹			
	1953-54	1954-55	1955-56
Health services -----	\$1,439,227	\$1,736,730	\$2,044,188
Counseling service -----	111,998	131,314	129,729
Bureau of occupations -----	130,490	136,459	136,071
Recreational facilities -----	133,460	133,460	133,460
Laboratory fees -----	802,039	802,039	802,039
Totals -----	\$2,617,214	\$2,940,002	\$3,245,487
Revenue -----	\$2,355,417	\$2,748,000²	\$2,928,720
Deficit -----	-\$261,797	-\$192,002	-\$316,767

¹ Figures for health services, counseling services, bureau of occupations and revenue from incidental fee are from the University of California budget. Figures for recreational facilities and laboratory fees for 1953-54 are from a letter from the president of the university. Since these figures are not listed separately in the university budget, we have assumed that they have remained constant; with an increased enrollment they probably have increased.

² Incidental fee raised from \$37 to \$42 per semester.

Since a deficit is contrary to the stated policy of the Regents, we recommend that if our computations are correct, the budget of the University be reduced by \$300,000 to place these services on a self-supporting basis. The Regents, of course, have the option to raise revenues.

Fair and Exposition Funds

The University receives, in accordance with Section 19626(b) of the Business and Professions Code, a continuing appropriation from the Fair and Exposition Fund. The money is unrestricted as to use but the

University of California—Continued

Regents have used the funds almost exclusively for capital outlay purposes related to agriculture. There are two apparent results of this situation; one is that the Davis campus is substantially over-built in relation to other branches, and, two, the University is partially freed from justifying its capital outlay program before the Legislature.

As of June 30, 1954, the University had \$10,516,824 of unexpended funds and unappropriated funds from this source. It is estimated that \$3,530,590 will be appropriated to the University in 1954-55 and that \$3,629,063 will be appropriated in 1955-56. A large portion of these funds is not earmarked for any specific purpose.

Elsewhere in this analysis we have discussed the nature of revenues going to the Fair and Exposition Fund and have recommended that the fund be abolished as a special fund, with all horse racing revenues going to the General Fund, and agencies and programs now supported from this source be annually budgeted from the General Fund. The special fund financing for a part of the capital outlay program of the University of California, with General Fund or Capital Outlay and Savings Fund financing for the balance makes this recommendation particularly pertinent with respect to the University.

With the above changes we recommend approval of the budget as submitted.

**Department of Education
UNIVERSITY OF CALIFORNIA**

ITEM 103 of the Budget Bill

Budget page 383
Budget line No. 8

**For Support of University of California, Air Pollution Research, From the
General Fund**

Amount requested	\$199,800
Estimated to be expended in 1954-55 Fiscal Year	154,400
<hr/>	
Increase (29.4 percent)	\$45,400

RECOMMENDATIONS

Amount budgeted	\$199,800
Legislative Auditor's recommendation	None
<hr/>	
Reduction	\$199,800

ANALYSIS

Air Pollution Research

The budget of the University of California for the current year includes a \$50,000 allocation from the Emergency Fund and a proposed deficiency appropriation of \$104,400 for air pollution research. This program was instituted by the Governor on December 1, 1954.

The 1955-56 budget request of the University includes \$199,800 for a continuation of the specific research projects that were started in the current year. In addition, state appropriations are requested for smog research in the budget request of the Department of Public Health.

The entire problem of smog control and its effect on the populace will be under consideration by the Legislature in this session. Before the State commits itself to expenditure programs we believe that more

University of California—Continued

careful review should be made of the extensive research already completed or presently in process. This research involves many millions of dollars and considerable controversy over results. We do not believe that the emergency basis upon which this study was initiated forms a sound basis for approval of the program at this time. Pending further legislative study and policy formation, *we recommend elimination of the item.*

**Department of Education
UNIVERSITY OF CALIFORNIA**

ITEM 104 of the Budget Bill

Budget page 383
Budget line No. 30

For Support of University of California, Nematode Research, From the Fair and Exposition Fund

Amount requested	\$80,000
Estimated to be expended in 1954-55 Fiscal Year	80,000
Increase	None

RECOMMENDATIONS

Amount budgeted	\$80,000
Legislative Auditor's recommendation	80,000
Reduction	None

ANALYSIS

The university is requesting \$80,000 from the Fair and Exposition Fund to continue nematode research into the third year. Provision for nematode research was amended into the Budget Act during the 1953 Session of the Legislature. At that time, \$230,000 was appropriated from the Fair and Exposition Fund. Of this amount, \$150,000 was in the capital outlay budget to permit construction of research facilities. The amount of \$80,000 was appropriated in the support budget and has been included in the budget in the two subsequent years.

We recommend approval of the item.

**Department of Education
HASTINGS COLLEGE OF LAW**

ITEM 105 of the Budget Bill

Budget page 395
Budget line No. 7

For Support of Hastings College of Law From the General Fund

Amount requested	\$49,000
Estimated to be expended in 1954-55 Fiscal Year	49,080
Decrease (0.2 percent)	\$80

RECOMMENDATIONS

Amount budgeted	\$49,000
Legislative Auditor's recommendation	49,000
Reduction	None

ANALYSIS

The budget request of \$49,000 consists of two items. One is the annual interest payment of \$7,000 which the State must make to the college under the original agreement with the founder, and two, an amount of

Hastings College of Law—Continued

\$42,000 to pay for the cost of maintenance and operation of the physical plant which is in line with the policy established by the Legislature in the 1954 Session.

The total budget for 1955-56 is \$261,465, or \$212,465 more than the state appropriation. This amount will be financed by an estimated \$84,841 in revenues from student fees, investment income, and receipts from the Federal Government for education of veterans, and by drawing on the college surplus funds to the extent of \$127,624. These surplus funds were built up largely during the immediate postwar period when receipts per student from the Federal Government for G.I. students were in excess of the cost per student. The accumulated surplus at the end of the 1955-56 Fiscal Year will be \$374,276, or perhaps enough to carry the college at approximately this level of state support for three more years.

We recommend approval of the budget as submitted.

BOARD OF CONTROL

ITEM 106 of the Budget Bill

Budget page 398
Budget line No. 7

For Support of the Board of Control From the General Fund

Amount requested -----	\$23,458
Estimated to be expended in 1954-55 Fiscal Year -----	23,370
 Increase (0.4 percent) -----	 \$88

Summary of Increase

	Total increase	INCREASE DUE TO		Budget page	Line No.
		Work load or salary adjustments	New services		
Salaries and wages -----	\$190	\$190	---	398	45
Operating expense -----	---	---	---	398	59
Equipment -----	-102	-102	---	398	65
 Total increase -----	 \$88	 \$88	 ---	 398	 67

RECOMMENDATIONS

Amount budgeted -----	\$23,458
Legislative Auditor's recommendation -----	23,458
 Reduction -----	 None

ANALYSIS

The budget request for support of the Board of Control in the 1955-56 Fiscal Year is based on the present level of service. The small increase over the current budget is occasioned by adjustments in salaries which are partially offset by a decrease in proposed expenditures for equipment.

We recommend approval of the item as budgeted.