

**RENTERS' TAX RELIEF—Continued**

penditures under this program for the 1977-78 through 1979-80 fiscal years. The large increase (14.4 percent) forecast in the budget year reflects (1) a continuation of historical growth in the renter population (3.8 percent) and (2) expanded eligibility due to Chapter 569, Statutes of 1978 (10.6 percent). Chapter 569 allows renters who receive public assistance to receive the full amount of the renters' credit. Formerly, such persons could claim only a portion of the credit based on the number of months during which they did not receive public assistance. This change is expected to result in an additional 378,000 persons claiming renters' tax relief totaling \$14.0 million.

**Table 1**  
**Renters' Tax Relief Program**  
**Summary of Claimants and Expenditures**

	<i>Actual</i> 1977-78	<i>Estimated</i> 1978-79	<i>Proposed</i> 1979-80
<i>Claimants</i>			
Number .....	3,468,000	3,561,000	4,074,000
Percent increase over prior year .....	7.8%	2.7%	14.4%
<i>Expenditures</i>			
Amount .....	\$126,471,603	\$135,000,000	\$148,000,000
Percent increase over prior year .....	3.1%	6.7%	9.6%

**FEDERAL REVENUE SHARING**

Item 432 from the Federal  
Revenue Sharing Fund

Budget p. 1209

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Requested 1979-80 .....	\$276,200,000
Estimated 1978-79 .....	276,200,000
Actual 1977-78 .....	215,000,000
Requested increase—None	
Total recommended reduction .....	None

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**ANALYSIS AND RECOMMENDATIONS**

*We recommend approval.*

The State and Local Fiscal Assistance Act of 1972 (general revenue sharing) was enacted on October 20, 1972.

The act was designed to give financial aid to state and local governments. The allocation of general revenue sharing funds among the recipient governments for each entitlement period is made according to statutory formulas using data such as population, general tax effort, and income tax collections.

The State and Local Fiscal Assistance Amendment of 1976 extended the program to September 30, 1980. No substantive changes were made to the allocation formulas. The new law, however, requires recipient governments to hold public hearings on proposed uses of the funds.

Table 1 gives a breakdown of (1) the total federal revenue sharing funds

generated and (2) state expenditures made since inception of the program. In fiscal year 1973-74, federal revenue sharing funds were appropriated for educational apportionments and for welfare costs of the State Supplementary Payment program (SSP). For fiscal years 1974-75 through 1977-78, funds were appropriated to the State School Fund for public school apportionments. In fiscal year 1978-79, funds were appropriated solely for the support of the SSP program in order to ensure compliance with federal requirements for an "audit trail" and nondiscrimination in the use of revenue sharing funds.

In 1979-80, the Governor's Budget proposes that \$276.2 million in federal revenue sharing funds again be expended solely for the SSP program (Item 284 of the Governor's Budget). This is slightly more than the \$273.4 million expected to come into the Federal Revenue Sharing Fund during the budget year, and consequently will reduce the fund's available surplus from nearly \$278 million to about \$275 million. This amount is available for appropriation at any time, provided all federal requirements have been met.

#### **Effect of Lower "Tax Effort" Under Proposition 13**

The lower property tax revenues (and thus lower "tax effort") brought about by the passage of Proposition 13 (Article XIII A of the State Constitution) will not affect the state's allocation of federal revenue sharing funds in the budget year because the data that will be used to compute the allocation through the end of the current revenue sharing program were collected prior to the effective date of the proposition. However, if the federal revenue sharing program is extended beyond the current termination date of September 30, 1980, and the allocation formulas remain the same, lower post-Proposition 13 property tax revenues will cause a significant reduction in the state's allocation of revenue sharing funds. The federal Office of Revenue Sharing has estimated that, if property tax revenues as reduced by Proposition 13 had been used to compute California's allocation for the 1978 entitlement period, state government's share of that allocation would have been reduced by about \$23 million, or approximately 9 percent.

#### **Maintenance of State Transfers**

An even more significant effect on the state's revenue-sharing allocation could result from changes over time in the amount of intergovernmental transfers from the state to local governments. Under *present* law, a reduction of state transfers below the level of transfers during the prior 24-month period results in a *dollar-for-dollar* reduction of the state's revenue-sharing allocation. Because of the state "bail-out" of local governments, local assistance has been increased substantially from historical levels. (This increase has been offset somewhat by substantial reductions in the homeowners' and business inventory exemption subventions that resulted from Proposition 13.) If the revenue-sharing program is extended and the maintenance of state transfers provision remains the same, any substantial reduction of total state assistance to local governments would result in a significant reduction in California's revenue-sharing allocation.

**Table 1**  
**Federal Revenue Sharing**

	<i>Actual 1972-73</i>	<i>Actual 1973-74</i>	<i>Actual 1974-75</i>	<i>Actual 1975-76</i>	<i>Actual 1976-77</i>	<i>Actual 1977-78</i>	<i>Estimated 1978-79</i>	<i>Estimated 1979-80</i>
<b>A. State Receipts and Interest Earned</b>								
Receipts from federal government .....	\$234,833,484	\$219,008,366	\$217,012,192	\$218,771,374	\$232,443,652	\$245,941,629	\$256,345,442	\$259,468,000
Interest received from surplus money .....	251,393	12,371,343	13,406,539	9,714,382	9,708,254	10,687,086	13,780,586	13,970,000
Total .....	\$235,084,877	\$231,379,709	\$230,418,731	\$228,485,756	\$242,151,906	\$256,628,715	\$270,126,028	\$273,438,000
<b>B. State Expenditures</b>								
Budget Act Appropriations .....	—	\$215,000,000	\$215,000,000	\$215,000,000	\$215,000,000	\$215,000,000	\$276,200,000	\$276,200,000
Financial legislation .....	—	65,000,000 <sup>a</sup>	—	—	—	—	—	—
Total .....	—	\$280,000,000	\$215,000,000	\$215,000,000	\$215,000,000	\$215,000,000	\$276,200,000	\$276,200,000
<b>C. Surplus Funds</b>								
Surplus available for appropriation .....	\$235,084,877	\$186,464,586	\$201,833,318	\$215,369,074	\$242,117,257	\$283,745,972	\$277,672,000	\$274,910,000

<sup>a</sup> Chapter 1216, Statutes of 1973, appropriated \$65 million for state supplementary payments under Title XVI of the Social Security Act. Chapter 1200, Statutes of 1973, appropriated \$6 million for senior citizens property tax assistance, but this money was not spent.

## HEALTH BENEFITS FOR ANNUITANTS

Item 433 from the General  
Fund

Budget p. 1220

Requested 1979-80 .....	\$27,079,900
Estimated 1978-79.....	24,383,000
Actual 1977-78 .....	17,781,758
Requested increase \$2,696,900 (11.1 percent)	
Total recommended increase .....	Pending

### SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS

*Analysis  
page*

1. *Funding for Premium Increase. Augment by a yet unspecified amount.* Recommend funding for part of the anticipated premium increase. 1382

### GENERAL PROGRAM STATEMENT

This appropriation provides the state's contribution toward payment of monthly health insurance premiums for annuitants of retirement systems to which the state contributes as an employer. These systems include the Judges', Legislators', Public Employees' and Teachers' Retirement Systems. For the latter two systems, this health insurance contribution is limited to retired state employees.

This program offers a degree of post-retirement security for employees and their dependents by paying one of the following amounts toward the monthly premium of a state-approved insurance plan: (1) \$38 for the annuitant only, (2) \$72 for an annuitant with one dependent, and (3) \$92 for an annuitant with two or more dependents. These contribution levels, effective July 1, 1978, were authorized by Chapter 844, Statutes of 1978 (AB 1605). The prior state contribution rates were \$32, \$53 and \$66, respectively.

### ANALYSIS AND RECOMMENDATIONS

The budget proposes \$27,079,900 from the General Fund for payment of health insurance premiums for retired employees in 1979-80. This is an increase of \$2,696,900 or 11.1 over the estimated current year expenditures.

An anticipated growth in the number of annuitants, increased state contributions to the Contingency Reserve Fund, and state payments for Medicare Medical insurance account for the \$2.7 million growth in the proposed budget-year appropriations, as shown in Table 1.

**Table 1**  
**Annuitant and Health Benefit Cost Projections**

<i>Retirement System</i>	<i>Number of Annuitants</i>			<i>State Cost (thousands)</i>		
	<i>1978-79</i>	<i>1979-80</i>	<i>Percent Change</i>	<i>1978-79</i>	<i>1979-80</i>	<i>Percent Change</i>
Judges' .....	381	410	7.6%	\$280.2	\$311.2	11.1%
Legislators' .....	83	90	8.4	62.5	69.4	11.0
Employees' .....	39,003	41,984	7.6	23,878.5	26,519.6	11.1
Teachers' .....	247	265	7.3	161.8	179.7	11.1
Totals .....	39,714	42,749	7.6%	\$24,383.0	\$27,079.9	11.1%

**HEALTH BENEFITS FOR ANNUITANTS —Continued**

These state contributions are funded initially from the General Fund. Special fund agencies are assessed prorata charges for their retired employees which are then credited to the General Fund.

**Premium Cost Increase Not Budgeted**

*We recommend a General Fund augmentation of an unspecified amount to fund the anticipated, but as yet unknown increase in health insurance premiums. We recommend that the amount of the increase be such as to maintain the state's share of annuitants' health insurance at the current levels.*

Current law expresses legislative intent to pay an average of 100 percent of health insurance costs for annuitants and 90 percent of health insurance costs for their dependents. As premium costs for this insurance rise, the state's contribution must also increase proportionally to maintain the same percentage of state contributions.

The amount proposed for this item in 1979-80 does not provide for an increase in health insurance premiums. At this writing, the Public Employees' Retirement System (PERS) anticipates a health insurance premium increase of about 10 percent for 1979-80. However, the precise amount of this increase will not be known until May or June 1979, when the new premiums are adopted.

**MISCELLANEOUS LEGISLATIVE MANDATES**

Item 434 from the General Fund

Budget p. 1228

Requested 1979-80 .....	\$4,832,716
Estimated 1978-79 .....	—
Actual 1977-78 .....	—
Requested increase \$4,832,716	
Total recommended reduction .....	\$339,553

**SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS**

*Analysis page*

1. Deficiency Appropriations. We withhold recommendation on the \$3,393,163 requested for deficiency appropriations pending receipt and analysis of additional data. 1383
2. Split Roll Preparation Costs. We recommend legislation to secure statutory authorization to expend the \$1,100,000 requested for reimbursement of costs incurred by county assessors in preparing split assessment rolls. 1384
3. *County Formation Costs. Reduce Item 434 by \$339,553.* Recommend deletion of reimbursement of new county formation costs in Los Angeles County. 1385

**ANALYSIS AND RECOMMENDATIONS**

This item provides a total of \$4,832,716 for reimbursement of costs incurred in the *current and prior years* by local agencies as a result of legislative mandates. Funds for reimbursement of mandated costs to be incurred in the *budget year* are included in related departmental budgets and summarized for informational purposes in the text of this item. The majority of the funding provided in this item (\$3,393,163) is intended to fund deficiencies in prior-year appropriations, while the balance (\$1,439,553) is for reimbursement of costs incurred under two specific legislative mandates for which no initial appropriation was provided. Table 1 provides a breakdown of the proposed funding.

**Table 1**  
**Item 434 Funding Detail**

<i>Deficiency Appropriations</i>			<i>Amount</i>		<i>Requested</i>
<i>Chapter</i>	<i>Statutes</i>	<i>Subject</i>	<i>Appropriated</i>	<i>Claims Filed</i>	<i>Deficiency</i>
					<i>Appropriation</i>
454	1974	Signatures in lieu of Candidate Filing Fees .....	\$212,762	\$354,033	\$141,271
1330	1976	Local Coastal Program .....	400,000	450,000	50,000
1155	1977	Suisun Marsh Local Protection Program .....	9,800	242,023	232,223
854	1976	Health Planning .....	120,960	275,935	154,975
954	1973	Students of Radiologic Technology .....	126,011	246,610	120,599
453	1974	Sudden Infant Death Syndrome .....	8,497	9,005	508
835	1975	Cystic Fibrosis .....	15,900	1,932	(13,968)
1202	1976	Nursing Assistants .....	19,080	52,062	32,982
1061	1973	Short-Doyle Mental Health Program .....	283,660	1,911,847	1,628,187
1048	1977	Indigent Defendants Investigation Funds .....	500,000	784,979	284,979
965	1977	Suspension of Pupils in Schools .....	61,690	725,944	664,254
1123	1977	Probation: Fines and Restitutions .....	17,475	114,628	97,153
Total, Deficiency Appropriations .....			\$1,775,835	\$5,168,998	\$3,393,163
<b>Other Appropriations</b>					
24	1978	Split Roll Costs .....	—	1,100,000	1,100,000
1392	1974	County Formation Costs .....	—	339,553	339,553
Total, Other Appropriations .....			—	\$1,439,553	\$1,439,553
Total Appropriations .....			\$1,775,835	\$6,608,551	\$4,832,716

**Deficiency Appropriations**

*We withhold recommendation on the \$3,393,163 requested for deficiencies in prior-year appropriations pending receipt and analysis of data supporting the requested amounts.*

Each year, the budget act provides an appropriation for the ongoing cost of those legislative mandates which are enacted with authorizations for state reimbursement of local costs. To obtain reimbursement for costs incurred as a result of these mandates, local agencies are required to file claims with the State Controller's office. These claims are then paid by the Controller out of the appropriations contained in the departmental budg-

**MISCELLANEOUS LEGISLATIVE MANDATES—Continued**

ets. In some cases, the original appropriation is insufficient to allow full payment of all claims received, and a proration of the available funds amongst the eligible claims is then required. In addition, the Controller is required to inform the Department of Finance and the chairmen of the fiscal committees in each house of the Legislature of the situation in order that an appropriation for payment of the deficiencies may be obtained. In the past, this has always been accomplished through passage of legislation sponsored by the Department of Finance.

This year, the department proposes to fund these deficiencies through a budget act appropriation. As shown in Table 1, there are 11 enactments for which deficiency appropriations are being requested, and one enactment for which there is a positive balance which may be expended to help pay the deficiencies in three related statutes. The amounts listed in the column titled "claims filed" represent the total amount claimed by local agencies, and do not necessarily represent the amounts that would ultimately be reimbursed if funds are provided. This is due to the fact that the Controller normally performs a desk audit of the claims prior to payment, and this often results in disallowance of some amounts which had been claimed.

There is little information available to support the request for these funds. If the deficiency sought were small relative to the original appropriation, it would seem reasonable to attribute the difference to an underestimation of the original amounts required. However, the deficiencies sought for certain of these legislative mandates far surpass the original appropriations and should be subjected to a more critical examination. These mandates, and the deficiencies associated with them, are:

1. Chapter 454, Statutes of 1974 (\$141,271)
2. Chapter 1155, Statutes of 1977 (\$232,223)
3. Chapter 854, Statutes of 1976 (\$154,975)
4. Chapter 954, Statutes of 1973 (\$120,599)
5. Chapter 1061, Statutes of 1973 (\$1,628,187)
6. Chapter 965, Statutes of 1977 (\$664,254)

Because data required for this examination are not available at the present time, we are withholding recommendation on the requested appropriation for these deficiencies.

**Preparation of the Split Property Tax Roll**

*We recommend that legislation be enacted to provide an authorization to expend the \$1,100,000 requested for reimbursement of county costs of preparing a split assessment roll.*

Chapter 24, Statutes of 1978 (SB 1), required counties to prepare a split assessment roll and authorized reimbursement of the costs associated with making this change. This requirement and the authorization for reimbursement were in effect from the time of enactment in March of 1978 until June of 1978, when passage of Proposition 13 caused its repeal. Due to a drafting error, the provision of SB 1 which specified that the bill would be repealed if Proposition 13 passed did not exclude the section authorizing reimbursement. An additional authorization was created subsequent

to enactment of SB 1 by Chapter 123, Statutes of 1978, for the same purpose, but this was also inadvertently repealed due to the fact that Chapter 123 also contained language repealing itself upon passage of Proposition 13. Consequently, there is no statute presently in effect that provides the necessary authorization for the expenditure of the \$1,000,000 requested to reimburse counties for the expenses they incurred prior to adoption of Proposition 13.

The State Controller's office has indicated that it believes the funds can be spent without specific authorization, due to the fact that an obligation for reimbursement was created by the activities required of local assessors under SB 1. In order to eliminate the possibility of legal problems at a later date, we recommend that a specific statutory authorization be enacted.

#### **New County Formation Costs**

*We recommend deletion of \$339,553 in funding provided for reimbursement of new county formation costs.*

Chapter 1392, Statutes of 1974, significantly modified the procedures to be followed for the purpose of creating a new county. The County of Los Angeles has alleged that this change in procedures has resulted in several costly formation attempts which would not have occurred had the procedures remained unchanged. Therefore, the county maintains that the costs which it has incurred are state-mandated costs.

The state has previously provided \$234,594 in reimbursement funding for a 1976 county formation attempt ("Canyon County") in Los Angeles County. These funds were contained in Chapter 808, Statutes of 1977, (SB 1074, Holden). That statute provided reimbursement funding, but did not clarify whether Chapter 1392 contained a mandate, or the specific costs which were to be considered reimbursable. This budget item would provide \$339,553 for 3 new county formation attempts: South Bay, Peninsula, and a second attempt to form a "Canyon County." We are advised by the county that the amount requested for these attempts should have been \$624,521.20 rather than the amount actually included in the budget.

Recent changes in state law now provide a procedure whereby local agencies may file claims for reimbursement of alleged state-mandated costs with the Board of Control. These claims receive a hearing before that board and, if approved, are included in the local government claims bill. The procedure provides a means for examining the claims received, so that decisions on reimbursement of local agencies may be made in a consistent fashion and according to principles adopted by the board. We believe that this procedure is the appropriate method for handling of Los Angeles County's claim for costs associated with Chapter 1392.



**Provision for Employee Compensation  
CIVIL SERVICE, EXEMPT, STATUTORY, ACADEMIC AND  
NONACADEMIC EMPLOYEES AND JUDGES**

Item 435 from the General  
Fund

Budget p. 1232

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Requested 1979-80 .....	\$1,708,000 <sup>a</sup>
Total recommended change .....	Pending

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<sup>a</sup> Represents increases for judges only.

**ANALYSIS AND RECOMMENDATIONS**

The Governor's Budget includes:

1. \$1,708,000 to provide a 5 percent salary increase for judges, as prescribed by law.
2. No funds for compensation increases for civil service and related employees.
3. No funds for compensation increases for University of California (UC) or California State University and Colleges (CSUC) employees.

The budget states that:

1. Because bargaining units have not yet been established and negotiations have not taken place, no amounts are included for employee compensation increases, other than for judges (whose increases are provided for by existing law).
2. Upon completion of the negotiations for civil service employees, and in consideration of the President's wage and price standards, amendments to the 1979-80 financial plan will be proposed to the Legislature for all employees other than judges.
3. When the 1979-80 financial plan is amended, in addition to the funds provided to the UC for salary increases, the UC will be given authority to use any savings in its normal operating budget resulting from economies of consolidation or elimination of activities to provide for salary increases beyond that specifically provided.

**No Salary Increases in 1978, Except for Judges**

The 1978 Governor's Budget proposed:

1. An average salary increase of 5 percent for civil service and related employees and all employees of the University of California (UC) and the California State University and Colleges (CSUC) and
2. The equivalent of a 2 percent salary increase for civil service and related employees and nonacademic employees of the UC and CSUC for "equity adjustments, low income adjustments, employee benefits or salary increases."

After the passage of Proposition 13, however, the Legislature reduced the budget to provide for:

1. A 2.5 percent across-the-board salary increase for all civil service and related employees and all employees of the UC and CSUC.

2. Maintaining the state contribution rate for health insurance at an average of 85 percent for coverage of employees and 60 percent for coverage of dependents.

The Governor subsequently eliminated the 2.5 percent across-the-board increase for civil service and related employees and employees of the UC and CSUC. The compensation program as approved by the Governor and reflected in the 1978 Budget Act provided for maintaining the state contribution rate for employee health insurance. (It also provided for a 5 percent increase in judges' salaries and a ten percent increase in legislators' salaries, as prescribed by existing law.)

Subsequent to the passage of the 1978 Budget Act, Chapter 844, Statutes of 1978 (AB 1605), was enacted which increased the proportion of employee health insurance costs which the state contributes from an average of (1) 85 percent to 100 percent for coverage of state employees (and annuitants) and (2) 60 percent to 90 percent for coverage of their dependents. The measure also extended nonindustrial disability insurance coverage to part-time state employees and broadened this coverage to include women who are temporarily unable to work because of normal pregnancies. The act appropriated \$37,260,000 to pay for the cost of benefits provided by it during the 1978-79 fiscal year.

#### **JUDICIAL SALARY INCREASE (Item 435)**

##### **Five Percent Increase**

*We recommend approval.*

The budget requests \$1,708,000 to provide a 5 percent salary increase for judges and justices of courts of record.

Pursuant to Chapter 1183, Statutes of 1976 (AB 3844), judicial salaries are adjusted each July 1 by (1) the percentage increase in the California Consumer Price Index (CCPI) during the prior calendar year or (2) 5 percent, whichever is lower.

The amount budgeted is appropriate, because the increase in the CCPI during the 1978 calendar year exceeded 5 percent.

##### **Comparative Salary Increases**

Table 1 presents a comparison of annual salary increases received by superior court judges, state civil service, state statutory officers (whose salaries are specified by statute) and state legislators from fiscal years 1967-68 through 1978-79. Table 2 shows both the amount and the percentage by which the 1978-79 salary level exceeds 1967-68 level for each such group in relation to the percentage change in the California Consumer Price Index (CCPI). Table 2 indicates that while the CCPI increased by 96.7 percent during this 11-year period, judges' salaries increased 106.5 percent while salaries of state legislators and statutory officers increased by less than 60 percent.

Table 1

Comparison of Annual Salary Increases Received by Judges, State Civil Service, Statutory Officers and State Legislators  
From 1967-68 through 1978-79

Fiscal Year	Superior Court Judges		Civil Service Percent Increase		Statutory Employees Percent Increase	State Legislators	
	Salary <sup>a</sup>	Percent Increase	Increase in Total Payroll	Average Increase per Employee		Salary	Percent Increase
1967-68	\$25,000	—	4.9%	5.1%	—	\$16,000	—
1968-69	30,572	22.3%	5.3	5.7	5.0%	16,000	—
1969-70	31,816	4.1	5.6	5.6	11.5	16,000	—
1970-71	33,407	5.0	5.0	5.2	—	19,200 <sup>d</sup>	20.0%
1971-72	35,080	5.0	—	—	—	19,200	—
1972-73	36,393	3.7	8.3	9.0	5.0	19,200	—
1973-74	37,615	3.4	12.9	11.7	12.5	19,200	—
1974-75	40,322	7.4	5.3	5.0	5.0	21,120 <sup>e</sup>	10.0
1975-76	45,299	12.3	7.1 <sup>b</sup>	6.7 <sup>b</sup>	—	21,120	—
1976-77	49,166	8.5	6.6	<sup>c</sup>	1.9	23,232 <sup>f</sup>	10.0
1977-78	49,166	—	7.5	7.1	7.5	23,232	—
1978-79	51,624	5.0	—	—	—	25,555 <sup>g</sup>	10.0

<sup>a</sup> Increases effective each September 1 until 1977-78. Pursuant to Chapter 1183, Statutes of 1976 (1) judicial salaries in effect January 1977 were frozen until June 30, 1978 and (2) subsequent increases (beginning in 1978) become effective each July 1, based on the percentage increase in the California Consumer Price Index during the prior calendar year. However, any such increase is not to exceed 5 percent.

<sup>b</sup> Does not include one-time bonus of \$400 paid to employees having a maximum salary of \$753 or less on July 15, 1975.

<sup>c</sup> Not calculated by State Personnel Board because of flat salary increase.

<sup>d</sup> Effective January 1971.

<sup>e</sup> Effective December 1974.

<sup>f</sup> Effective December 1976.

<sup>g</sup> Effective December 1978.

**Table 2**  
**Comparison of Amounts by Which 1978-79 Salaries**  
**Exceed 1967-68 Salaries for**  
**Judges, State Civil Service, Statutory Officers and Legislators**  
**In Relation to the Increase in the California Consumer Price Index**  
**During that Period**

	<i>Superior Court Judges</i>	<i>State Civil Service<sup>a</sup></i>	<i>Statutory Employees<sup>b</sup></i>	<i>State Legislators</i>	<i>California Consumer Price Index</i>
1978-79 salary level .....	\$51,624	\$30,968	\$25,451	\$25,555	201.0 <sup>c</sup>
Less: 1967-68 salary level .....	<u>25,000</u>	<u>16,000</u>	<u>16,000</u>	<u>16,000</u>	<u>102.2</u>
Amount of Increase .....	\$26,624	\$14,968	\$9,451	\$9,555	98.8
Percentage Increase .....	106.5%	93.6%	59.1%	59.7%	96.7%

<sup>a</sup> Based on hypothetical employee (1) earning \$16,000 on June 30, 1967 and (2) receiving annual increases equivalent to the average increases for the total civil service payroll. (Civil service salaries actually are adjusted individually on a class-by-class basis.)

<sup>b</sup> Based on a hypothetical statutory officer earning \$16,000 on June 30, 1967. (All statutory officers presently receive the same annual percentage increases.)

<sup>c</sup> Estimated.

## CIVIL SERVICE AND RELATED EMPLOYEES' SALARIES

### Recommendation Deferred

*We defer making a recommendation regarding civil service compensation increases until the administration submits its proposal for such increases to the Legislature.*

It is not clear as to the number, if any, of state civil service employees whose July 1979 compensation adjustments will be subject to collective negotiations, because it is not yet known (1) when the unit determination process will be completed and (2) how many employees will be in bargaining units represented by exclusive bargaining agents. We defer making a recommendation regarding adjustments in civil service compensation so as not to interfere with the negotiation process.

The cost of providing various levels of salary increases to the various major categories of employees, other than judges, is indicated in Table 3. (Judges are excluded because they are budgeted to receive a 5 percent salary increase, as required by law.)

**Table 3**  
**Cost of Providing Various Levels of Salary Increases**

<i>Employee Group</i>	<i>Fund</i>	<i>Amount of Increase (thousands)</i>				
		<i>1 Percent</i>	<i>2.5 Percent</i>	<i>5 Percent</i>	<i>10 Percent</i>	<i>15 Percent</i>
Civil service and related.....	General	\$12,362	\$30,905	\$61,810	\$123,620	\$185,430
	Special	5,802	14,505	29,010	58,020	87,030
	Other	7,972	19,930	39,860	79,720	119,580
(Total civil service & related) .....		(\$26,136)	(\$65,340)	(\$130,680)	(\$261,360)	(\$392,040)
University of California (UC)						
Academic .....	General	\$3,564	\$8,910	\$17,820	\$35,640	\$53,460
Nonacademic .....	General	3,129	7,822	15,645	31,290	46,935
(Total University of California) .....		(\$6,693)	(\$16,732)	(\$33,465)	(\$66,930)	(\$100,395)
California State University and Colleges (CSUC)						
Academic .....	General	\$4,213	\$10,533	\$21,065	\$42,130	\$63,195
Nonacademic .....	General	2,287	5,717	11,435	22,870	34,305
(Total CSUC).....		(\$6,500)	(\$16,250)	(\$32,500)	(\$65,000)	(\$97,500)
Total Cost .....		\$39,329	\$98,322	\$196,645	\$393,290	\$589,935
	General	(25,555)	(63,887)	(127,775)	(255,550)	(383,325)
	Special	(5,802)	(14,505)	(29,010)	(58,020)	(87,030)
	Other	(7,972)	(19,930)	(39,860)	(79,720)	(119,580)

**Legislation Replaces Prevailing Rate System With Good Faith Negotiation Procedures**

Traditionally, state civil service salaries and benefits have been adjusted on the basis of (1) State Personnel Board (SPB) surveys of salaries and benefits received in nonstate employment, (2) salary and benefit increase recommendations contained in the board's annual report to the Governor and Legislature, (3) budget action by the Governor and Legislature, and (4) allocation of funds appropriated for salary increases by the board on a class-by-class basis.

Chapter 1159, Statutes of 1977 (SB 839), which became operative July 1, 1978, provides for a formal, bilateral employee relations system for most state civil service employees. Under its provisions, the Governor or his designee is required to "meet and confer in good faith" with employee organizations which have been selected by a majority of employees within individual bargaining units in an effort to reach agreement relative to "wages, hours and other terms and conditions of employment." Such agreements are to be formalized in memorandums of understanding. Any provision in such a memorandum requiring the expenditure of funds (for example, negotiated salary or benefit increases) is subject to approval by the Legislature. Mediation is required if the parties are unable to reach agreement.

The Public Employment Relations Board (PERB) is responsible for (1) determining appropriate bargaining units (that is, designating the specific civil service classifications which are to be combined in separate units for representation by individual employee organizations) and (2) conducting elections to determine which, if any, of the competing employee organizations will serve as the exclusive bargaining agent for each such unit. The PERB is presently engaged in the unit determination process and it is not clear at this time when this process will be completed. However, if the process requires as much time as the determination process required in New York State, collective negotiations are unlikely to begin prior to 1981.

Under Chapter 1159, the SPB will continue to adjust salaries of state civil service employees who (1) are designated as "management," "supervisory," or "confidential" employees or (2) are not in bargaining units represented by exclusive bargaining agents.

**Difficulties in Budgeting for Compensation Increases**

In the 1978 Analysis (pages 182-183) we discussed a number of significant problems faced by both the Governor and Legislature in budgeting for employee compensation increases as a result of the enactment of Chapter 1159.

**CIVIL SERVICE, EXEMPT, STATUTORY, ACADEMIC AND  
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One major problem which we noted was the dilemma the Governor faces in deciding whether to budget a specific amount for compensation increases. If such an amount is not specified (as it has not been in this year's budget), the Legislature will not be able to evaluate the total state fiscal plan. On the other hand, budgeting a specific amount for this purpose will undermine the negotiation process, because it will tend to be (1) a floor to employee organizations which will then be unable to settle for less, and (2) a ceiling which the Governor's negotiating team will not be able to exceed without compromising the integrity of the budget.

We also noted that it will be difficult for the Legislature to evaluate and act on negotiated increases in a meaningful manner. The SPB, pursuant to legislative direction, has continued collecting data on comparable non-state salary rates. Although these data will be useful for evaluating negotiated agreements, they will not be conclusive, given the spirit of Chapter 1159.

Moreover, if the Legislature has reservations about a specific negotiated agreement reached late in the budget process, it may be confronted with the dilemma of either (1) granting approval despite its reservations or (2) disapproving the agreement, thereby requiring further negotiations and possibly extending completion of the entire budget process.

**President's Wage Guidelines**

The voluntary standards issued in December 1978 by the federal Council on Wage and Price Stability for implementing the President's antiinflation program limits the annual rate of compensation increases to 7 percent above those rates in effect during the third quarter of the 1978 calendar year.

The 7 percent limit does not apply to each individual employee, but rather to average pay rates for "employee units," as defined (such as employees in a particular bargaining unit).

The overall increase in salary costs resulting from merit salary adjustments (MSAs) is counted as a pay raise under the guidelines, thereby reducing the maximum average salary increase allowed.

Increased employer costs for (1) maintaining existing levels of employee benefits or (2) increasing benefits as mandated by existing law are not counted as pay increases. However, such costs for benefit increases not required by existing law (such as improving health benefit coverage) *would* be counted as pay increases, thereby reducing the amount permitted for salary increases.

The SPB is in the process of determining more precisely the amount and nature of compensation increases which would be permitted for state civil service employees under the President's wage guidelines if the state chooses to follow them.

**POSTSECONDARY EDUCATION SALARIES**

**Academic Salaries**

A decision on 1979-80 faculty salary increases for the University of California (UC) and the California State University and Colleges (CSUC) must be deferred until the California Postsecondary Education Commission (CPEC) publishes its final projections in April showing the academic salary increases necessary for UC and CSUC to achieve parity with their comparison institutions.

Senate Concurrent Resolution No. 51 of the 1965 General Session directed the Coordinating Council for Higher Education (CPEC since April 1, 1974) to submit annually to the Governor and the Legislature a faculty salary and fringe benefit report. The report compares California faculty salaries to those in a selected group of postsecondary education institutions.

These institutions are selected on the basis of a functional classification system developed by the American Association of University Professors (AAUP). Category I includes institutions which conferred in the most recent three years an annual average of 15 or more earned doctorates covering a minimum of three nonrelated disciplines. Category IIA includes institutions awarding degrees above the baccalaureate but fewer doctorates than awarded by Category I institutions. All UC institutions are in Category I; CSUC institutions are in Category IIA, however most of their comparison institutions are in Category I.

The comparison institutions applicable to UC are:

**UC Comparison Institutions**

<i>Institution</i>	<i>AAUP Functional Classification</i>
1. Harvard University .....	I
2. Stanford University .....	I
3. Yale University .....	I
4. State University of New York at Buffalo .....	I
5. Cornell University .....	I
6. University of Illinois .....	I
7. University of Michigan .....	I
8. University of Wisconsin at Madison .....	I



**CIVIL SERVICE, EXEMPT, STATUTORY, ACADEMIC AND NONACADEMIC EMPLOYEES AND JUDGES—Continued**

The comparison institutions applicable to CSUC are:

**CSUC Comparison Institutions**

<i>Institution</i>	<i>AAUP Functional Classification</i>
1. State University of New York at Albany .....	I
2. State University of New York College at Buffalo .....	IIA
3. Syracuse University .....	I
4. Virginia Polytechnic Institute and State University .....	I
5. University of Southern California .....	I
6. University of Hawaii .....	I
7. University of Nevada .....	I/IIA
8. University of Oregon .....	I
9. Portland State University .....	IIA
10. University of Colorado .....	I
11. Illinois State University .....	I
12. Northern Illinois University .....	I
13. Southern Illinois University .....	I
14. Indiana State University .....	I
15. Iowa State University .....	I
16. Wayne State University .....	I
17. Western Michigan University .....	I
18. Bowling Green State University .....	I
19. Miami University (Ohio) .....	I
20. University of Wisconsin at Milwaukee .....	I

**CPEC Preliminary Report**

A preliminary report was prepared by CPEC in December 1978 for use in formulating the Governor's Budget. A second report, corrected for actual current year salaries at comparison institutions, will be published in April 1979.

The preliminary report indicates that salary compensation for faculty at UC must be increased by 12.15 percent in order to maintain salary parity in 1979-80 with the University's comparison institutions. The required increase for CSUC is 8.82 percent.

**Segmental Requests and Governor's Budget**

Table 4 compares the various 1979-80 salary increase proposals from the two segments of higher education and CPEC.

**Table 4**  
**Faculty Salary Data Comparisons**  
 (dollars in millions)

Factor	UC		CSUC	
	Percent	Amount	Percent	Amount
Parity .....	13.42%	—	—	—
1978-79 Inflation for Assistant Professors .....	0.24	—	—	—
Recoup real earnings .....	2.34	—	—	—
Segment's Request .....	16.00%	\$57.0	14.4%	\$60.7
Governor's Budget .....	—	—	—	—
CPEC Report .....	12.15	43.3	8.82	37.2

#### Status of California Faculty

UC and CSUC contend that their faculty are at a disadvantage compared to faculty nationally. Our review of relevant data does not support this conclusion. In fact we believe that California faculty—particularly those in the University of California system—are receiving an extremely high level of support from the taxpayers of California that compares most favorably with faculty in other states. This conclusion is supported by a review of:

- The current year (1978-79) salary situation
- Actual 1977-78 salaries paid to comparable *public* institutions
- Actual 1977-78 salaries paid at the comparable eight institutions when ranked campus by campus with UC
- The patterns of faculty transfer to other institutions

#### Estimated Current Year Salary Lags by Faculty Rank

In using CPEC salary data to assess salary levels in the UC and CSUC systems, two features of the data must be kept in mind. First, the CPEC data provide estimates of the lag which would occur in 1979-80 if no salary increases were granted California faculty on July 1, 1979. Second, CPEC's estimate of the lag is based on all faculty ranks, combined, and thus hides salary differences at individual ranks (such as assistant professor).

If we examine the estimated current year data (1978-79) by rank, we see that there is not a great disparity in the salaries paid, particularly at the lower associate and assistant professor levels. The current year data show UC full professors to be 7.6 percent behind, associate professors 5.0 percent behind and assistant professors 1.2 percent behind. For CSUC the figures are 4.8 percent, 3.3 percent and 1.6 percent, respectively (see Tables 5 & 6).

**CIVIL SERVICE, EXEMPT, STATUTORY, ACADEMIC AND  
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Table 5

**UNIVERSITY OF CALIFORNIA**

**Percentage Increase in UC 1978-79 All Ranks Average Salary  
Required to Equal the Comparison Group Projections for 1979-80,  
Based on Five-Year Compound Rate of Increase in Comparison Group Salaries  
(Equal Weight to Each Comparison Institution)**

<i>Academic Rank</i>	<i>UC Average Salaries 1978-79</i>	<i>Comparison Group Lag 1978-79</i>	<i>Comparison Group Projected Salaries 1979-80</i>	<i>Percentage Increase Required in UC 1978-79 Salaries</i>
Professor .....	\$29,630	\$32,060 (7.6%)	\$33,824	14.15%
Associate Professor .....	20,533	21,608 (5.0%)	22,616	10.14
Assistant Professor .....	16,964	17,163 (1.2%)	18,002	6.12
All Ranks Average.....	\$24,673 <sup>a</sup>		\$27,670 <sup>a</sup>	12.15

<sup>a</sup> Based on projected UC 1979-80 staffing including estimated separations and new appointments but excluding the effects of projected merit increases and promotions: Professor 2,557.66; Associate Professor 1,141.88; Assistant Professor 1,031.26. Total staff: 4,730.80.

Table 6

**CALIFORNIA STATE UNIVERSITY AND COLLEGES**

**Percentage Increase in CSUC 1978-79 All Ranks Average Salary  
Required to Equal the Comparison Group Projections for 1978-79,  
Based on Five-Year Compound Rate of Increase in Comparison Group Salaries  
(Weighted by Total Faculty by Rank in All Comparison Institutions)**

<i>Academic Rank</i>	<i>CSUC Average Salaries 1978-79</i>	<i>Comparison Group Lag 1978-79</i>	<i>Comparison Group Projected Salaries 1979-80</i>	<i>Percentage Increase Required in CSUC 1978-79 Salaries</i>
Professor .....	\$26,399	\$27,718 (4.8%)	\$29,220	10.69%
Associate Professor .....	20,324	21,021 (3.3%)	22,125	8.86
Assistant Professor .....	16,668	16,930 (1.6%)	17,772	7.50
Instructor .....	14,509		14,171	-2.33
All Rank Average.....	\$22,165 <sup>a</sup>		\$24,232 <sup>a</sup>	9.32%
Less Turnover and Promotions .....			-111	-0.50
Adjusted Total .....			24,121	8.82

<sup>a</sup> Based on CSUC 1977-78 staffing: Professor 5,101; Associate Professor 3,554; Assistant Professor 2,464; Instructor 203. Staff Total: 11,322.

**Other Public Institutions**

It may be somewhat surprising that California faculty salaries have stayed remarkably close to those at comparison institutions in 1978-79 despite the fact that the state did not grant inflation salary adjustments to

its employees in 1978-79. This phenomena is explained by the facts that (1) California has traditionally paid its faculty salaries which compare favorably with those paid by comparison institutions, particularly the public institutions (see Table 7 for UC comparison to other public doctorate granting-research institutions) and (2) California faculty received merit step adjustments and promotions in 1978-79.

As Table 7 shows, in 1977-78 actual salaries in California exceeded the all ranks average salary in Category I public institutions. By rank it lagged

**Table 7**  
**UC Faculty Compared to Major**  
**Public Institutions of Comparable Function**  
**1977-78 AAUP Data**  
**(dollars in thousands)**

Institution	Professor		Associate Professor		Assistant Professor		All	
	Number	Salary	Number	Salary	Number	Salary	Number	Salary
<b>California</b>								
University of California (All) .....	2,589	\$29.5	1,257	\$20.6	1,186	\$17.1	5,032 <sup>b</sup>	\$24.4
Percent .....	51.5%		25.0%		23.5%		100%	
<b>New York</b>								
Albany .....	232	29.7	211	21.5	200	16.1	643	
Binghamton .....	141	29.7	138	21.7	115	15.7	394	
Buffalo .....	309	30.8	308	21.4	188	16.2	805	
Stoney Brook .....	233	30.7	183	21.6	134	15.6	550	
All .....	915	\$30.3	840	\$21.5	637	\$15.9	2,392	\$23.4
Percent .....	38.3%		35.1%		26.6%		100%	
<b>Michigan</b>								
MSU .....	921	26.4	526	20.7	448	17.1	1,895	
UM .....	929	29.7	392	21.3	340	17.0	1,661	
Wayne St. ....	333	28.8	302	21.9	387	16.6	1,022	
West. M. ....	235	24.4	301	18.6	237	15.4	773	
All .....	2,418	\$27.8	1,521	\$20.7	1,412	\$16.7	5,351	\$22.9
Percent .....	45.2%		28.4%		26.4%		100%	
<b>Wisconsin</b>								
Madison .....	784	26.7	259	19.2	284	16.6	1,327	
Milwaukee .....	237	26.5	228	19.4	232	16.7	697	
All .....	1,021	\$26.7	487	\$19.3	516	\$16.6	2,024	\$22.3
Percent .....	50.4%		24.1%		25.5%		100%	
<b>Illinois</b>								
Urbana .....	957	28.2	590	19.9	476	16.6	2,023	
Chi. Circle .....	250	27.4	300	20.0	285	16.1	835	
All .....	1,207	\$28.0	890	\$19.9	761	\$16.4	2,858	\$22.4
Percent .....	42.4%		31.2%		26.6%		100%	
<b>Texas</b>								
Austin .....	624	\$28.1	438	\$20.3	553	\$16.7	1,615	\$22.1
Percent .....	38.6%		27.1%		34.3%		100%	
<b>Harvard<sup>a</sup></b>								
.....	512	\$33.7	94	\$20.9	219	\$16.7	825	\$27.7
Percent .....	62%		11.4%		26.6%		100%	
<b>Stanford<sup>a</sup></b>								
.....	450	\$32.2	130	\$21.9	163	\$17.5	743	\$27.2
Percent .....	60.5%		17.5%		22%			

<sup>a</sup> Major private institutions shown for informational purposes.

<sup>b</sup> AAUP data reports more positions than CPEC, however, average salaries are nearly identical.

**CIVIL SERVICE, EXEMPT, STATUTORY, ACADEMIC AND NONACADEMIC EMPLOYEES AND JUDGES—Continued**

only New York at the professor and associate professor levels and greatly exceeded all others at the entry assistant professor level.

**1977-78 UC Rankings**

These data are of importance when we examine what other states which have major public universities choose to pay their faculty. While California's position in this regard is most favorable, it continues to be impressive when we rank each UC campus with the comparison group of major public and private universities including Yale, Harvard, and Stanford.

The University of California prefers to compare salaries for its entire system only with the salaries paid at the premier campus of other systems. Thus the average salary paid to the 4,200 faculty members on all eight general UC campuses is only compared with the salary paid on the University of Michigan's Ann Arbor campus, rather than with the average salary paid in all four of Michigan's Category I institutions. Similarly, UC's systemwide average is compared only with salaries paid on New York's Buffalo campus, and not with those in all four New York Category I institutions (again see Table 7).

How does Berkeley or UCLA compare to each campus in the comparison group? Published CPEC data for 1979-80 does not answer this question. If CPEC's 1977-78 backup data is analyzed (Table 9) we see that, on an all ranks actual salary basis, the major UC campuses compare quite favorably to the all ranks salary paid at the comparison institutions, with Berkeley ranking third, Irvine fourth and UCLA fifth. In fact, the whole UC system ranks favorably—edging out Yale.

Additional data by faculty rank are shown in Tables 9, 10, and 11.

**Table 8**  
**1977-78 Actual**  
**Faculty All Ranks Weighted Average Salaries<sup>a</sup>**

<i>Institution</i>	<i>All Ranks</i>
1. Harvard (H) <sup>b</sup> .....	\$27,716
2. Stanford (A) .....	27,139
3. Berkeley .....	26,855
4. Irvine .....	25,281
5. UCLA .....	25,260
6. Wisc.—Madison (E) .....	25,003
7. UC Systemwide .....	(24,553)
8. Yale (D) .....	24,503
9. San Diego .....	24,201
10. Cornell (F) .....	23,999
11. Santa Barbara .....	23,886
12. Comp.—All .....	(23,865)
13. Buffalo (C) .....	23,761
14. Riverside .....	23,558
15. Mich.—Ann Arbor (B) .....	22,987
16. Davis .....	22,782
17. Santa Cruz .....	22,322
18. Illinois (G) .....	21,655

<sup>a</sup> Actual salaries in each rank per institution. See following tables.

<sup>b</sup> CPEC code.

**Table 9**  
**University of California**  
**Comparison Institution Data <sup>a</sup>**  
**1977-78 (Actual)**

<i>Campus</i>	<i>Professors</i>	<i>Associate Professors<sup>c</sup></i>	<i>Assistant Professors</i>	<i>All Ranks Total</i>
Institution A <sup>b</sup> —Stanford .....	3 <sup>c</sup>	1 <sup>c</sup>	1 <sup>c</sup>	—
Average Salary .....	\$32,210	\$21,847	\$17,488	\$27,139
Staffing .....	450	132	164	746
	(60.3%)	(17.7%)	(22.0%)	
Institution B—Michigan .....	8	8	4	—
Average Salary .....	\$26,666	\$19,296	\$16,473	\$22,987
Staffing .....	927	271	370	1,568
	(59.1%)	(17.2%)	(23.7%)	
Institution C—Buffalo .....	4	2	5	—
Average Salary .....	\$30,815	\$21,358	\$16,104	\$23,761
Staffing .....	309	308	188	805
	(38.4%)	(38.3%)	(23.2%)	
Institution D—Yale .....	2	5	8	—
Average Salary .....	\$32,307	\$20,540	\$15,355	\$24,503
Staffing .....	355	122	250	727
	(48.8%)	(16.8%)	(34.4%)	
Institution E—Wisconsin-Madison .....	6	4	3	—
Average Salary .....	\$29,270	\$20,888	\$16,597	\$25,003
Staffing .....	814	325	254	1,393
	(58.4%)	(23.3%)	(18.3%)	
Institution F—Cornell .....	5	6	6	—
Average Salary .....	\$30,179	\$20,493	\$16,101	\$23,999
Staffing .....	378	191	211	780
	(48.4%)	(24.4%)	(27.2%)	
Institution G—Illinois .....	7	7	7	—
Average Salary .....	\$27,980	\$19,815	\$16,071	\$21,855
Staffing .....	1,041	803	819	2,663
	(39.1%)	(30.2%)	(30.7%)	
Institution H—Harvard .....	1	3	2	—
Average Salary .....	\$33,661	\$20,928	\$16,733	\$27,716
Staffing .....	512	94	219	825
	(62.1%)	(11.4%)	(26.5%)	
<b>TOTAL</b>				
Average Salary (a) Simple:.....	\$30,386	\$20,646	\$16,365	\$24,620
(b) Weighted:.....	29,382	20,382	16,270	23,865
Staffing .....	4,826	2,246	2,475	9,547
	(50.5%)	(23.5%)	(26%)	

<sup>a</sup> Data adjusted to 9-month salaries.

<sup>b</sup> CPEC Code.

<sup>c</sup> Rank positions.

**CIVIL SERVICE, EXEMPT, STATUTORY, ACADEMIC AND  
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**Table 10**  
**University of California**  
**Average Salary**  
**1977-78 (Actual)**  
**Full-Time Filled Positions (FTE) <sup>a</sup>**

<i>Campus</i>	<i>Professors</i>	<i>Associate Professors</i>	<i>Assistant Professors</i>	<i>All Ranks Total</i>
Berkeley .....	1 <sup>b</sup>	1	1	—
Average Salary .....	\$30,741	\$20,653	\$17,323	\$26,855
Staffing .....	737.64 (66.2%)	207.23 (18.6%)	168.77 (15.2%)	1,113.64
Davis .....	7	8	5	—
Average Salary .....	\$27,883	\$20,114	\$16,888	\$22,782
Staffing .....	215.94 (45.3%)	135.25 (28.3%)	125.69 (26.4%)	476.86
Irvine .....	4	4	8	—
Average Salary .....	\$29,389	\$20,503	\$16,588	\$25,281
Staffing .....	130.06 (55.0%)	99.25 (41.9%)	7.06 (3.1%)	236.37
Los Angeles .....	3	5	2	—
Average Salary .....	\$29,700	\$20,500	\$17,195	\$25,260
Staffing .....	620.50 (58.1%)	258.52 (24.2%)	188.79 (17.7%)	1,067.81
Riverside .....	8	6	4	—
Average Salary .....	\$28,180	\$20,355	\$16,889	\$23,558
Staffing .....	119.74 (50.2%)	67.43 (28.3%)	50.96 (21.5%)	238.13
San Diego .....	2	2	3	—
Average Salary .....	\$30,399	\$20,633	\$17,087	\$24,201
Staffing .....	158.37 (46.5%)	88.65 (26.1%)	92.63 (27.4%)	339.65
Santa Barbara .....	5	3	6	—
Average Salary .....	\$28,917	\$20,538	\$16,887	\$23,886
Staffing .....	254.64 (48.7%)	164.03 (31.3%)	104.55 (20.0%)	523.22
Santa Cruz .....	6	7	7	—
Average Salary .....	\$28,517	\$20,179	\$16,819	\$22,322
Staffing .....	87.80 (37.9%)	74.75 (32.3%)	69.72 (29.8%)	232.27
<b>TOTALS</b>				
Average Salary (a) Simple:.....	\$29,215	\$20,463	\$16,960	\$24,268
(b) Weighted:.....	29,636	20,508	17,030	24,553
Staffing .....	2,318.58 (54.1%)	1,095.11 (25.5%)	872.17 (20.4%)	4,285.86

<sup>a</sup> Based on full-time "General Campus" nine-month appointments (however part-time instructors are included). Health Science faculty and faculty holding acting appointments are excluded.

SOURCE: UC Payroll figures for 12/31/77.

<sup>b</sup> Rank position.

**Table 11**  
**UC—Comparison Group**  
**Rank-by-Rank Position**  
**1977-78 Actual**

<i>All Ranks</i> <i>Average</i>	<i>Full Professors</i>	<i>Associate Professors</i>	<i>Assistant Professors</i>
Harvard \$27,716 825	Harvard \$33,661 512 (62.1%)	Stanford \$21,847 132 (17.7%)	Stanford \$17,488 164 (22.0%)
Stanford \$27,139 746	Yale \$32,307 355 (48.8%)	Buffalo \$21,358 308 (38.3%)	Berkeley \$17,323 168.77 (15.2%)
Berkeley \$26,855 1,113.64	Stanford \$32,210 450 (60.3%)	Harvard \$20,928 94 (11.4%)	Los Angeles \$17,195 188.79 (17.7%)
Irvine \$25,281 236.37	Buffalo \$30,815 309 (38.4%)	Wisc.-Madison \$20,888 325 (23.3%)	San Diego \$17,087 92.63 (27.4%)
Los Angeles \$25,260 1,067.81	Berkeley \$30,741 737.64 (66.2%)	Berkeley \$20,853 207.23 (18.6%)	UC Systemwide \$17,030 872.17 (20.4%)
Wisc.-Madison \$25,003 1,393	San Diego \$30,399 158.37 (46.5%)	San Diego \$20,633 88.65 (26.1%)	Riverside \$16,889 50.96 (21.5%)
UC Systemwide (\$24,553) 4,285.86	Cornell \$30,179 378 (48.4%)	Yale \$20,540 122 (16.8%)	Davis \$16,888 125.69 (26.4%)
Yale \$24,503 727	Los Angeles \$29,700 620.50 (58.1%)	Santa Barbara \$20,538 164.03 (31.3%)	Santa Barbara \$16,887 104.55 (20.0%)
San Diego \$24,201 339.65	UC Systemwide (\$29,636) 2,318.58 (54.1%)	UC Systemwide (\$20,508) 1,095.11 (25.5%)	Santa Cruz \$16,819 69.72 (29.8%)
Cornell \$23,999 780	Irvine \$29,389 130.06 (55.0%)	Irvine \$20,503 99.25 (41.9%)	Harvard \$16,733 219 (26.5%)
Santa Barbara \$23,886 523.22	All Comparison (\$29,382) 4,826 (50.5%)	Los Angeles \$20,500 258.52 (24.2%)	Wisc.-Madison \$16,597 254 (18.3%)



**CIVIL SERVICE, EXEMPT, STATUTORY, ACADEMIC AND NONACADEMIC EMPLOYEES AND JUDGES—Continued**

All Comparison (\$23,865) 9,547	Wisc.-Madison \$29,270 814 (58.4%)	Cornell \$20,493 191 (24.4%)	Irvine \$16,588 7.06 (3.1%)
Buffalo \$23,761 805	Santa Barbara \$28,917 254.64 (48.7%)	All Comparison (\$20,382) 2,246 (23.5%)	Mich.-Ann Arbor \$16,473 370 (23.7%)
Riverside \$23,558 238.13	Santa Cruz \$28,517 87.80 (37.9%)	Riverside \$20,355 67.43 (28.3%)	All Comparison (\$16,270) 2,475 (26%)
Mich.-Ann Arbor \$22,987 1,568	Riverside \$28,180 119.74 (50.2%)	Santa Cruz \$20,179 74.75 (32.3%)	Buffalo \$16,104 188 (23.2%)
Davis \$22,782 476.86	Illinois \$27,980 1,041 (39.1%)	Davis \$20,114 135.25 (28.3%)	Cornell \$16,101 211 (27.2%)
Santa Cruz \$22,322 232.27	Davis \$27,883 215.94 (45.3%)	Illinois \$19,815 803 (30.2%)	Illinois \$16,071 819 (30.7%)
Illinois \$21,855 2,663	Mich.-Ann Arbor \$26,666 927 (59.1%)	Mich.-Ann Arbor \$19,296 271 (17.2%)	Yale \$15,355 250 (34.4%)

**Faculty Transfers**

Much of the anecdotal discussions by faculty groups involve stories of faculty flight. However, available data does not support the reality of this phenomena. Faculty change patterns as shown in Tables 12 and 13 supports a conclusion that the profession is fairly stable.

**Table 12  
Terminations of Full-Time UC Faculty \***

Reason for Termination	Professor		Associate Professor		Assistant Professor	
	1976-77	1977-78	1976-77	1977-78	1976-77	1977-78
Death and Retirement .....	58	80	2	4	1	—
Faculty Position in Another Institution .....	12	14	11	7	12	16
Expiration of Appointment .....	—	—	—	—	43	21
Other Employment .....	—	5	7	4	20	22
Other .....	2	1	1	4	8	3
	72	100	21	19	84	62

\* Includes regular rank titles only. For purposes of this report, full-time is defined as 50 percent or more time for two or more quarters during the fiscal year. Excludes health sciences: Dentistry, Medicine, Nursing, Optometry, Pharmacy, Public Health, and Veterinary Medicine.

SOURCE: UC Academic Personnel Logs

**Table 13**  
**UC Faculty Exchange With Other Institutions <sup>a</sup>**

	<i>Professor</i>				<i>Associate Professor</i>				<i>Assistant Professor</i>			
	<i>1977-78<sup>b</sup></i>		<i>1978-79<sup>c</sup></i>		<i>1977-78<sup>b</sup></i>		<i>1978-79<sup>c</sup></i>		<i>1977-78<sup>b</sup></i>		<i>1978-79<sup>c</sup></i>	
	<i>recruited</i>	<i>resigned</i>	<i>recruited</i>	<i>resigned</i>	<i>recruited</i>	<i>resigned</i>	<i>recruited</i>	<i>resigned</i>	<i>recruited</i>	<i>resigned</i>	<i>recruited</i>	<i>resigned</i>
TOTAL—All Institutions .....	22	12	18	14	8	11	11	7	42	12	54	16
Comparison Group												
Cornell .....	—	1	1	1	—	—	—	—	2	—	—	—
Harvard .....	—	1	1	1	—	—	1	—	2	—	3	2
Stanford .....	—	—	—	2	—	—	—	—	5	—	2	1
SUNY, Buffalo .....	—	—	2	—	—	—	—	—	—	—	—	—
Illinois .....	1	—	1	1	—	—	—	—	2	—	1	—
Michigan .....	1	—	—	1	1	—	1	—	1	—	3	—
Wisconsin .....	3	1	—	—	—	—	—	—	1	—	—	2
Yale .....	1	—	—	—	1	—	2	—	—	—	2	—
SUBTOTAL .....	6	3	5	6	2	—	4	—	13	—	11	5

<sup>a</sup> Regular full-time general campus faculty only.

<sup>b</sup> Faculty recruited for 1977-78 and those who resigned in 1976-77.

<sup>c</sup> Faculty recruited for 1978-79 and those who resigned in 1977-78

**CIVIL SERVICE, EXEMPT, STATUTORY, ACADEMIC AND  
NONACADEMIC EMPLOYEES AND JUDGES—Continued**

**Morale**

Despite the data discussed previously, there is some evidence that faculty morale is low. California faculty believe that they are not being treated fairly. The substantiation of this perception is certainly debatable, yet the perception remains.

**Inflation**

CPEC's report, as directed by the Legislature, is based on the concept of parity (that is, a determination of the salaries and fringe benefits which will be equal to those paid at comparable postsecondary institutions). In recent years, it has been argued by faculty and segmental representatives, that employee compensation at UC and CSUC should more properly be based on inflation rates, and that *real* income should not be allowed to decrease.

Table 14 provides data on faculty salaries at UC and CSUC, state civil service employee salaries, and rates of inflation in California since 1960-61.

**Table 14**  
**Increases in Salaries and Inflation, 1960-61 to 1979-80**

Year	UC Faculty	CSUC Faculty	State Civil Service <sup>a</sup>	California Consumer Price Index
1960-61.....	7.5%	5.0%	6.2%	1.3%
1961-62.....	6.0	6.0	6.0	1.3
1962-63.....	—	—	1.2	1.6
1963-64.....	5.0	5.0	6.1	1.7
1964-65.....	—	—	0.8	2.0
1965-66.....	7.0	10.0	4.4	2.0
1966-67.....	2.5 <sup>b</sup>	6.6	4.5	2.8
1967-68.....	5.0	5.0	5.1	4.1
1968-69.....	5.0	7.5	5.7	5.0
1969-70.....	5.0	5.0	5.6	5.1
1970-71.....	—	—	5.2	3.7
1971-72.....	—	—	—	3.4
1972-73.....	9.0	8.4	8.95	5.8
1973-74.....	5.4	7.5	11.7	10.2
1974-75.....	5.45	5.3	5.0	10.4
1975-76.....	7.0	7.1	6.7 <sup>c</sup>	6.2
1976-77.....	4.4	4.3	6.6	7.1
1977-78.....	5.0	5.0	7.5	7.8
1978-79.....	—	—	—	6.8
1979-80.....	— <sup>d</sup>	— <sup>d</sup>	— <sup>d</sup>	(est.) 7.1

<sup>a</sup> Average increase per employee.

<sup>b</sup> An additional 3 percent was granted for a tax sheltered annuity.

<sup>c</sup> Does not include one-time bonus of \$400 paid to employees in classes having a maximum salary of \$753 or less on July 15, 1976.

<sup>d</sup> Proposed in Governor's Budget.

**Purchasing Power**

One of the difficulties in attempting to relate faculty salary increases to inflation is that the net change in real income varies depending upon which time period is being considered. This is illustrated in Table 15 which shows changes in the purchasing power of faculty and civil service salaries over several different time intervals.

**Table 15**  
**Changes in Purchasing Power of Faculty and Civil Service Salaries<sup>a</sup>**

	<i>Base Year through 1977-78</i>			
	<i>1959-60</i>	<i>1964-65</i>	<i>1968-69</i>	<i>1971-72</i>
UC .....	+0.0%	-9.6%	-14.4%	-8.1%
CSUC .....	+8.2	+0.2	-13.3	-7.0
Civil Service .....	+18.7	+5.4	-0.3	+1.0

<sup>a</sup> Based on the California Consumer Price Index.

A policy of basing salary adjustments on the principle of maintaining real income, could have several adverse effects:

- it could result in California faculty members being paid more—or less—than their counterparts at comparable institutions;
- it could result in one group of state-supported employees—faculty members—receiving considerably larger (or smaller) increases than other groups;
- it would prevent faculty members from bettering their standard of living through increased real income. On the other hand, relying strictly on the parity concept could also have adverse effects, since it ignores significant changes in the economic environment, except to the extent they are reflected in salaries paid by comparable institutions.

Finally, as pointed out in CPEC's December report "the fact that if parity had been maintained, as indicated by the figures reported by the Coordinating Council and the Postsecondary Education Commission, there would not only have been no erosion in real income, but a significant gain—11.6 percent for the University and 7.7 percent for the State University. It is therefore interesting to note that, in spite of the fact that the figures reported over the past 10 years have never taken any direct account of the annual increase in the cost of living, the comparison method has been quite successful in reflecting general economic conditions."

**Costs**

The following data show the cost of various percentage increases in faculty and nonfaculty salary, and are provided for the Legislature's reference:

**CIVIL SERVICE, EXEMPT, STATUTORY, ACADEMIC AND  
NONACADEMIC EMPLOYEES AND JUDGES—Continued**

**Table 16**  
**Funding for Salary Increases**  
**(thousand)**

Salary Increase %	UC		CSUC	
	Academic	Nonacademic	Academic	Nonacademic
1.0% .....	\$3,564	\$3,129	\$4,213	\$2,287
5.0% .....	17,820	15,645	21,065	11,435
6.0% .....	21,384	18,774	25,278	13,722
7.0% .....	24,948	21,903	29,491	16,009
8.0% .....	28,512	25,032	33,704	18,296
9.0% .....	32,076	28,161	37,917	20,583
10.0% .....	35,640	31,290	42,130	22,870
<b>CPEC Report:</b>				
8.82% .....	—	—	37,159	—
12.15% .....	43,303	—	—	—
<b>UC Request:</b>				
16.0% .....	57,024	—	—	—
12.0% .....	—	37,548	—	—
<b>CSUC Request:</b>				
14.4% .....	—	—	60,667 <sup>a</sup>	—
12.5% .....	—	—	—	28,588

\* The Trustees also requested an additional 5 percent "equity adjustment" for librarians.

**Librarians' Salaries**

In 1977, the Committee on Conference for the Budget Act recommended that CEPC submit a report on salaries of librarians employed by UC and CUSC. The commission published this analysis in April of 1978 in conjunction with the final report on faculty salaries.

The report's conclusions were:

1. Both the University of California and the California State University and Colleges are in a sound competitive position in relation to librarians' salaries paid by their respective comparison institutions. They are also competitive within the California market in spite of the higher salaries paid to California Community Colleges librarians. This position, however, is primarily the result of the fact that there is a substantial surplus of qualified librarians available for employment.
2. The salary relationship between community colleges librarians and librarians in the four-year segments is clearly inequitable. There is no evidence that the higher salaries paid in the two-year segment are justifiable on the basis of educational requirements or professional responsibilities.
3. The evidence developed in this report does not support the 5.0 percent "equity adjustment" for librarians requested by the Trustees of the California State University and Colleges for the 1978-79 fiscal year. This request was primarily justified on the basis of com-

parisons with other employees in the state university system, including those in faculty and administrative classes. There is not sufficient substantiation for the premise that the responsibilities of these classes are parallel to those of librarians.

4. The salaries of library directors are reasonable in all three California segments, with directors at the University paid the most and directors in the community colleges paid the least. Given the collection sizes, numbers of staff, and administrative responsibilities involved in the three segments, the relationship appears to be appropriate.
5. The state university should continue to relieve the compaction at its lowest two ranks of the librarian structure. Although substantial progress has been made to achieve this relief, a more balanced distribution of personnel among the four ranks is desirable and should be pursued.
6. Funding for a limited number of paid leaves for creative effort should be provided for librarians at the state university. Such a program would bring this segment into conformity with the practices of its comparison institutions and would enhance the professionalism of the librarians involved. Prior to funding, the state university should develop a program for this purpose and present it to the California Postsecondary Education Commission for review.
7. Comparisons between academic librarians and public librarians are not appropriate or useful. The responsibilities and functions of librarians in these areas differ in many important respects.
8. Comparisons between academic librarians and other occupational groups in the four-year segments are also inappropriate. The functions and responsibilities of librarians are unique and cannot be directly equated to those of individuals in administrative, faculty, or other academic positions.
9. To the extent that the University and the state university are able to increase the professionalism and efficiency of their librarians by reevaluating their functions and relieving them of nonprofessional tasks, increased productivity by librarians should receive salary recognition.
10. The data available for this study neither confirmed nor disproved the argument that librarians have been subjected to salary discrimination because of the large number of female librarians.
11. The data available on the number of male and female librarians showed that male librarians generally receive higher salaries and occupy a greater percentage of the upper ranks at both the University and the state university. Although one preliminary study at one state university campus indicated that this might result from the greater experience and educational achievement of male librarians, the sample is far too small to be conclusive. Accordingly, resolution of this question will have to await further investigations.

**RESERVE FOR CONTINGENCIES OR EMERGENCIES**

Item 436 from the General Fund, Item 437 from special funds, and Item 438 from nongovernmental cost funds

Budget p. 1235

Requested 1979-80 .....	\$4,500,000 <sup>a</sup>
Appropriated by the Budget Act of 1978 .....	4,500,000 <sup>a</sup>

<sup>a</sup> In addition there is a \$2,500,000 appropriation for temporary loans. (Item 436)

**1979-80 FUNDING BY ITEM AND SOURCE**

Item	Description	Fund	Amount
436	Reserve for Contingencies and Emergencies.	General	\$1,500,000
437	Reserve for Contingencies and Emergencies.	Special	1,500,000
438	Reserve for Contingencies and Emergencies.	Nongovernmental Cost	1,500,000
Total			\$4,500,000

**SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS**

*Analysis page*

General Fund Loan Authority. Recommend control language be added to Item 436 to prohibit General Fund loans that would require repayment from future legislative appropriations.

1408

**ANALYSIS AND RECOMMENDATIONS**

Budget Items 436, 437, and 438 appropriate \$1,500,000 each to provide funds which the Department of Finance can allocate to state agencies for expenses resulting from unforeseen contingencies and emergencies not covered by specific appropriations.

Item 436 appropriates an additional \$2,500,000 to provide for temporary loans to state agencies whose operations would be curtailed because of delayed receipt of reimbursements or revenue. These loans are returned or accrued for return by the end of the fiscal year in which they are made.

The Budget Act of 1978 separately defined emergencies as those situations which in the judgment of the Director of Finance require immediate action to avert undesirable consequences or to preserve the public peace, health or safety. The Legislature is notified within 10 days of such expenditures. Contingencies were also separately defined and a new 30-day prior legislative notification procedure was established for such expenditures.

By applying the same definitions, procedures and appropriation limits to state special funds and state nongovernmental cost funds, the Budget Act of 1978 made possible, for the first time, the same level of legislative oversight for these funds as is required for the General Fund. These improved control and reporting procedures are continued for 1979-80.

**Questionable Loan Policy**

*We recommend control language be added to Item 436 to prohibit the granting of a loan that would require repayment from a future legislative appropriation.*

At the request of the Department of Finance, General Fund loan authority was increased in the Budget Act of 1978 from \$1.5 million to \$2.5 million. This level would be continued under the budget proposal.

In our Analysis last year we identified several instances in which reserves were used for nonemergency purposes that tended to compromise legislative budgetary control. For example, we cited the Department of Finance's decision to allow the Department of Health to begin spending unbudgeted General Fund moneys at a rate which could create a deficiency, thereby resulting in a de facto appropriation of money by the Executive Branch. As a result, we recommended that the Reserve for Contingency or Emergency procedures regarding both grants and loans be changed so that all nonemergency expenditures would be subject to legislative review prior to authorization. The Legislature adopted our recommendation.

We believe that the administration's continued use of the emergency loan provision for questionable purposes makes legislative oversight of state spending more difficult. Consequently, we recommend a further clarification of the circumstances in which emergency loans can be made.

A situation similar to the one involving the Department of Health last year arose in October 1978 when the Director of Finance reported an \$820,000 emergency loan to the Department of Developmental Services for capital improvements to an unknown number of state hospitals. This action was not taken in compliance with the 30-day prior notification procedure established in the 1978 Budget Act. It had the effect, however, of committing the state to a course of action which had not been reviewed or approved by the Legislature. Furthermore, repayment of the \$820,000 is now contingent upon passage of a \$6,203,893 deficiency bill to be introduced by the Department of Developmental Services.

Another example of questionable loan activity involves the Department of Health and two loans for operating funds for the San Franciscan Center. In 1977-78, \$128,200 was loaned for such purposes and in 1978-79 an additional \$11,837 was loaned. Repayment was contingent upon passage of legislation last session which subsequently failed. The Governor's Budget indicates that new deficiency legislation will be sought to repay these loans. This process preempts meaningful legislative oversight of such expenditures.

We believe that loans which require subsequent approval of deficiency legislation for repayment are inconsistent with the intended purpose of emergency loans, and constitute improper management of state funds. Loans made under the provisions of the Reserve for Contingencies or Emergencies should be limited to solving *temporary* cash flow problems.



**AUGMENTATIONS FOR PRICE INCREASES**

Item 439 from the General Fund and Items 440-441 from various funds

Budget p. 1240

Requested 1979-80 .....	\$12,825,000
Estimated 1978-79.....	10,650,000
Actual 1977-78 .....	671,879
Requested increase \$2,175,000 (20.4 percent)	
Total recommended reduction .....	Pending

**1979-80 FUNDING BY ITEM AND SOURCE**

Item	Description	Fund	Amount
439	Price Increase Augmentation	General	\$7,500,000
440	Price Increase Augmentation	Special	2,971,000
441	Price Increase Augmentation	Nongovernmental Cost <sup>a</sup>	2,354,000
Total			\$12,825,000

<sup>a</sup> Appropriated in the Budget Bill but not included in the budget totals.

**SUMMARY OF MAJOR ISSUES AND RECOMMENDATIONS**

*Analysis page*

1. Possible revisions. Withhold recommendation pending review of any revisions to this request which the Department of Finance may propose upon receipt of additional data. 1410

**Augmentation for Price Increases**

*We withhold recommendation.*

These items provide \$12,825,000 for price increases not included in the budget requests of individual agencies. The funds would be allocated to individual department budgets by the Department of Finance based on demonstrated need. Table 1 shows the distribution of the money appropriated by these items by fund and use.

**Table 1**  
**Augmentations for Price Increases**  
**(dollars in thousands)**  
**1979-80**

	<i>Total Requested</i>	<i>General Fund</i>	<i>Special Funds</i>	<i>Nongovernmental Cost Funds</i>
Increase in unemployment insurance coverage for:				
State employees .....	\$11,500	\$7,500	\$1,646	\$2,354
County and District Fair employees .....	1,325	0	1,325	0
Total .....	\$12,825	\$7,500	\$2,971	\$2,354

**Compliance with Federal Unemployment Insurance Law**

In late 1976, federal law was changed to require each state to pay the costs of unemployment insurance for state employees. Chapter 2, Statutes of 1978 (AB 644), was enacted by the California Legislature to bring California into compliance with this requirement.

Prior to this change in federal law, funding was provided by the federal government to support the full cost of unemployment insurance for state employees not covered by California law. The 1976 amendments provided for federal support to be phased out by May 1, 1979, when California will assume full obligation for its employees' unemployment insurance. Thus, 1979-80 will be the first year in which full state funding is required. Because there is no experience on which to base department budget requirements for this program, the Department of Finance has provided \$11.5 million in these items for the estimated cost of the coverage required by AB 644. This amount has been distributed among the General Fund and Special and nongovernmental cost funds based on the number of employees paid from each of these sources.

The Legislature also enacted Chapter 357, Statutes of 1978 (AB 1471), which extended unemployment insurance coverage to employees of county and district fairs. An additional \$1,325,000 is provided in special funds to support these estimated costs.

The estimates for these programs are based, in some instances, on data that are several years old. The budget indicates that if more recent data become available the proposed augmentations may be revised during the legislative process.

We withhold recommendation on these items pending our review of any revisions to the cost estimates which may be proposed by the Department of Finance.