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SINCE 1958 ELEVANTH YEAR
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(Second of Two Issues This Month)

GRAPEVINE
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A newsletter on state tax legislation; state appropriations for universities, colleges, and junior colleges, legislation affecting education at any level. There is no charge for GRAPEVINE, but recipients are asked to send timely newsnotes regarding pertinent events in their respective states.

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Statement of ownership and circulation of GRAPEVINE is on
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FORTY-SEVEN STATES, 1969-70
(Three in addition to 44 previously reported)

Table 7. Appropriations of state tax funds for annual operating expenses of higher education for fiscal year 1969-70 and in previous years 1959-60 and 1967-68, in 47 states, in thousands of dollars, with dollar gains and percentage gains over most recent two years and over ten years.

States	Fiscal years ending in even numbers			1968-70		1960-70	
	1959-60	1967-68	1969-70	2-year gain		10 year gain	
(1)	(2)	(3)	(4)	\$	%	\$	%
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Forty-four states previously reported -- (Table 99, GRAPEVINE page 838)							
44 states	990,494	3,143,568	4,342,103	1,198,535	37-1/2	3,351,610	336-1/2
California	188,604	534,075	749,162	215,087	40-1/4	560,558	297-1/4
N Carolina	28,419	106,550	175,931	69,381	65	146,310	494
Wisconsin	37,834	131,505	165,851	34,346	26	128,017	338-1/2
47 states	1,245,351	3,915,698	5,433,047	1,517,349		4,187,697	
Weighted average percentages			-	-	39		336

Three states are yet unreported -- two of them among the largest -- Pennsylvania, Texas, and Louisiana. GRAPEVINE will report them in its October issue, if possible. The annual summary of Appropriations of State Tax Funds for Operating Expenses of Higher Education, 1969-70, is being prepared as promptly as possible. It will be an offset document of 30 to 40 pages, reproduced and distributed as in past years by the Office of Institutional Research of the National Association of State Universities and Land-Grant Colleges, 1785 Massachusetts Avenue, N.W., Washington, D.C. 20036. Some of the data will appear simultaneously in the Chronicle of Higher Education, the weekly published by Editorial Projects for Education, Inc., 3301 North Charles St., Baltimore, Maryland 21218.

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CALIFORNIA. Appropriations of state tax funds for operating expenses of higher education, fiscal year 1969-70:

Table 8. State tax-refund appropriations for operating expenses of higher education in California, fiscal year 1969-70, in thousands of dollars.

Institutions (1)	Sums Appropriated (2)
U of California	\$314,427
For salary increases	15,401
Subtotal, U Cal -	\$329,828*
California State Colleges	275,046
For salary increases	13,148
Subtotal, St Colls -	\$288,194**
Hastings College of Law	981
California Maritime Academy	788
State aid to comm colls (est)	114,000
Bd of Govs for Comm Colls	790
Coordinating Council for H E	542
WICHE	15
Scholarship and Loan Commission	14,024
Total***	749,162

* This is the sum appropriated, after Governor Ronald Reagan reduced it by \$1.6 million by exercise of the item veto.

** After item veto reduction by \$440,000.

*** The original legislative act, before the exercise of the governor's item veto, appropriated a total of \$751,205,000.

Allocations to the separate campuses of the University of California, and to the separate state colleges, had not been made when this report went to press.

The statewide total for fiscal year 1969-70 appears to be a gain of 40-1/4 per cent over the comparable sum appropriated for fiscal year 1967-68, two years earlier.

The ten-year gain since fiscal year 1959-60 is 297-1/4 per cent, just short of quadrupling.

MASSACHUSETTS. This state has the nation's highest income tax on manufacturing corporations-- 8.55 per cent. The 1968 legislature passed a bill to reduce the rate, but it was "pocket vetoed" by former Governor John A. Volpe.

The 1969 legislature again passed a measure which would have reduced the rate to 7.98 per cent, effective in 1970. This bill has been vetoed by the present Governor Sargent, who said the state is in a financial crisis.

A spokesman for the governor was quoted as saying the tax loss would have been \$6 million a year; but the Associated Industries of Massachusetts estimated it at only \$3.6 million. One of the two figures must be wide of the mark.

NEBRASKA. A new 1969 act of the Legislature empowers the State Board of Equalization to fix the rates annually in November for both the general sales tax and the income tax. Both the sales tax (at an initial rate of 2-1/2 per cent) and the income tax were enacted for the first time in 1967. At that time the law authorized the Board of Equalization to fix the income tax rate annually at such point as would close the gap between the state's income and expenditures. It was first fixed at ten per cent of the taxpayer's obligation to the federal government under the federal income tax law. Nebraska is experimenting with placing a wide scope of taxing discretion in the hands of the Board of Equalization.

At present there is no other state in which so much authority to determine annually the rates of the two largest revenue-producing types of state taxes is delegated to a state administrative board.

NORTH CAROLINA. Appropriations of state tax funds for operating expenses of higher education, biennium 1969-71:

Table 9. State tax-fund appropriations for operating expenses of higher education in North Carolina, biennium 1969-71, in thousands of dollars.

Institutions (1)	Sums appropriated (2)
<u>U of North Carolina (Consol)</u>	
UNC at Chapel Hill	
Academic affairs	\$46,885
Health affairs	20,500
N C Memorial Hospital	15,462
Psychiatric Center	2,620
<u>Subtotal, Ch Hill - \$85,467</u>	
<u>N C State U at Raleigh</u>	
Ag Experiment Sta	38,557
Coop Ag Exten Service	13,220
Industrial Exten Service	11,829
760	760
<u>Subtotal, NCSU - \$64,366</u>	
UNC at Greensboro	15,596
UNC at Charlotte	7,265
UNC at Wilmington *	3,175
UNC at Asheville **	2,761
UNC general administration	2,815
<u>Subtotal, UNC (Consol) - \$181,445</u>	
<u>Regional universities -</u>	
East Carolina U +	20,275
Appalachian State U +	11,541
N C Ag & Tech State U +	8,174
Western Carolina U +	9,731
N C Central University ++	7,597
Winston-Salem State U ++	3,493
Pembroke State U ++	3,262
Elizabeth City State U ++	2,743
Fayetteville State U ++	2,540
<u>N C School of the Arts</u>	1,990
<u>Subtotal, all u's & c - \$252,791</u>	
<u>State support of community colleges and technical insts</u>	
State Bd of Higher Edn -	
Administration	1,297
For allocation to insts	2,944
<u>Subtotal, S B of H E - \$4,240</u>	
Benefits for children of veterans	1,975
State Edn Assistance Authority	107
Reserve for equalization and improvement	8,269
<u>Total</u>	<u>351,862</u>

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NORTH CAROLINA (Cont'd from preceding column)

Footnotes to Table 9 -

* Former state college which became a campus of the University of North Carolina July 1, 1969.

** Former Asheville-Biltmore College, which became a campus of the University of North Carolina July 1, 1969.

+ Former state college designated a regional university in 1967.

++ Former state college designated a regional university in 1969.

The total for fiscal year 1969-70 (estimated by halving the total for biennium 1969-71), appears to be a gain of 65 per cent over the comparable figure for fiscal year 1967-68, two years ago. This percentage is somewhat overstated, however, for two reasons: (1) The 1969-71 total includes \$32 million of funds for matching Social Security and retirement contributions, in former years appropriated to another state agency and not counted as higher education operating funds. If this entire item is deducted, the two-year gain seems to be 50-1/2 per cent. (2) The appropriation for separate fiscal year 1967-68 was somewhat smaller than that for 1968-69, the second fiscal year of the same biennium. Halving the total for biennium 1969-71 probably slightly overstates the two-year gain.

The ten-year gain since fiscal year 1959-60 seems to be 494 per cent.

The legislature added seven members to the State Board of Higher Education, making its total membership 22. Added to the former membership of 15 are the governor as chairman, and six members of the legislature, being the chairmen of the separate senate and house committees on Appropriations, Finance, and Higher Education.

This linking of the central statewide board for higher education with influential members of the legislature may be a promising development. It may conduce toward wiser and prompter decision-making than where the legislative leaders and a bureaucratic unit habitually keep their distance, go their separate ways, and look askance at each other.

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OHIO. The 1969 legislature enacted a series of measures establishing a scheme for the financing of capital improvements at public institutions of higher education by issuing "revenue bonds" pledging student fees for their amortization. Projects are to be undertaken only when authorized by the legislature and concurred in by the Ohio Public Facilities Commission and the Ohio Board of Regents. The intent of the statutes seems to be that the legislature will provide appropriations of State tax funds to replace the student fees thus pledged. Hence apparently the institutions will not lose the amount of the fees pledged from their current operating funds, even though pledging them to finance buildings.

Another 1969 act provides that Cleveland State University may enter into arrangements to acquire the property and assets of the Cleveland-Marshall Law School (a private institution) with the approval of the Ohio Board of Regents.

Section 3333.12, Revised Code of Ohio, newly enacted, directs the Board of Regents to establish a program of instructional grants to full-time undergraduate students who are residents of Ohio and enrolled in Ohio institutions of higher education. This is apparently a limited state scholarship system, funded at first on a small scale.

The grants are to be variable according to family income, with a maximum grant of \$900 a year at institutions where fees are \$1,000 or more, and a maximum of \$300 where tuition fees are under \$1,000. Obviously it is skewed in favor of the private colleges and intended to divert a limited number of undergraduates to them. This may be beneficial to all parties if kept within reasonable bounds.

PENNSYLVANIA. As this issue of GRAPEVINE goes to press, it is possible to report for fiscal year 1969-70 only the appropriations of state tax funds to the fourteen "state-owned" institutions (formerly the fourteen state colleges). It will be recalled that the Pennsylvania State University is not classified as "state-owned", but as "state-related" along with two big private universities (Temple and Pittsburgh), the three forming the "Commonwealth Segment" of higher education in Pennsylvania. Then there is the third category of "state-aided" institutions, including the Private University of Pennsylvania and a dozen smaller institutions.

Table 10. Appropriations of state funds for operating expenses of the "state-owned" institutions of higher education in Pennsylvania, fiscal year 1969-70, in thousands of dollars.

Institutions	Sums appropriated
(1)	(2)
Indiana U of Pa	\$7,786
West Chester	6,828
California	5,733
Slippery Rock	5,616
Edinboro	5,553
Millersville	5,259
Clarion	5,062
Bloomsburg	4,306
Shippensburg	4,185
Mansfield	3,953
East Stroudsburg	3,867
Kutztown	3,588
Cheyney	3,386
Lock Haven	2,919
Subtotal*	68,041*

* This is only a subtotal for 14 "state-owned" institutions. In recent years it constituted only from 20 to 30 per cent of the statewide total of appropriations of state tax funds for operating expenses of higher education.

WISCONSIN. Appropriations of state tax funds for operating expenses of higher education, biennium 1969-71:

Table 11. State tax-fund appropriations for operating expenses of higher education in Wisconsin, biennium 1969-71, in thousands of dollars.

Institutions (1)	Sums appropriated	
	1969-70	1970-71
U of Wisconsin *	\$99,641	\$107,162
Wisconsin State U's **	55,927	61,930
Vocational, Technical and Adult Education	9,550	11,454
County Teachers Colls	733	691
Total***	165,851	181,237

* Includes all campuses and all units of the University. Allocations to separate campuses by the Board of Regents had not been made when this report went to press.

** Allocations to the separate state universities had not been made.

*** The total is reported as including all state funds for student aids.

The total for fiscal year 1969-70 appears to be a gain of about 26 per cent over the comparable sum for fiscal year 1967-68, two years earlier.

In addition to the totals shown in Table 11, the legislature appropriated \$9 million (\$7 million for the University of Wisconsin and \$2 million for the Wisconsin state universities), to be held by the Bureau of Government Operations to support possible increases of enrollment during biennium 1969-71, and to be released only upon application of the respective boards of regents

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WISCONSIN (Continued from preceding column)

reporting such increased enrollments.

Excluding these conditional appropriations, the ten-year gain since fiscal year 1959-60 is 338-1/2 per cent -- very close to the average among the fifty states.

New Taxes in Wisconsin

Tax measures estimated to produce \$281 million of additional revenue for the biennium became effective September 1, 1969.

Wisconsin's "selective sales tax" (which covers so many items that it has practically the same effect as a limited general sales tax) is increased to 4 per cent from the former 3 per cent. The cigarette tax goes up to 14 cents from the former 10 cents per pack. There is a new real estate transfer fee of \$1 per \$1,000 of value. There is also a one-shot early collection of premium taxes for out-of-state insurance companies.

Governor Knowles is reported to have proposed further that a special legislative session to begin September 29 should increase taxes on personal and corporate incomes and on beer and liquors to provide another \$36 million for urban assistance and welfare programs.

He would increase the individual income tax by two-tenths of one per cent in all brackets, and raise the corporation income tax by one-tenth of one per cent. The beer tax of \$1 a barrel (unchanged since 1933) should become \$2, the governor thinks; and he would raise the tax on liquors by 25 cents per gallon. These measures would produce added revenues without hardship.