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GRAPEVINE

Reports on state tax legislation; state appropriations for universities, colleges, and junior colleges; legislation affecting education beyond the high school.

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Statement of ownership and circulation of GRAPEVINE is on page 958 (reverse hereof).

CALIFORNIA. The 1970 Regular Session of the legislature enacted a measure reconstituting the California Coordinating Council for Higher Education, reducing its membership to eleven, to consist of six "representatives of the general public" and one representative of the private colleges, all seven to be appointed by the governor with the consent of the senate; and three additional members, one each chosen by the Board of Regents of the University of California, the Board of Trustees of the State Colleges, and the Board of Governors of Community Colleges. An eleventh member will be appointed by the State Board of Education.

Prior to the enactment of the foregoing change, the Council consisted of six "public" members and twelve others-- three from each of the four "segments" of higher education-- university, state college, community college, and private institutions. "Public" members were in the minority. Obviously the change puts the "public" members appointed by the governor in the majority and gives them control of Council if they act in concert.

This is one of the most recent steps toward the "laicizing" of statewide coordinating councils. "Restructuring" of a council so as to empower the governor to appoint all or a majority of the members is a familiar powerplay. In California the governor's appointees to the Coordinating Council serve for four-year terms, while the other members, now a minority, serve for one year.

CALIFORNIA. (Con'd from preced'g column)

Amplifying Table 58, GRAPEVINE page 917, Table 73 shows allocations of appropriated funds to 19 state colleges.

Table 73. Allocations of appropriated funds for operating expenses of California state colleges, fiscal year 1970-71, in thousands of dollars.

Institutions (1)	Sums allocated (2)
California State Colleges -	
San Jose	\$27,950
San Diego	27,509
Los Angeles	27,210
Long Beach	25,718
San Francisco	22,905
San Fernando Valley	22,484
Fresno	19,634
San Luis Obispo	18,294
Sacramento	18,345
Fullerton	15,012
Hayward	14,826
Chico	14,747
Kellogg-Voorhis (Pomona)	13,869
Humboldt	9,715
Sonoma	7,560
Dominguez Hills	4,888
San Bernardino	4,649
Stanislaus	4,474
Bakersfield	2,934
Chancellor's office	3,737
Statewide programs	3,417
Temporarily unallocated	720
<u>Total</u>	<u>\$310,597</u>

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CONNECTICUT. Early press reports indicate that the 1971 session may be lengthy. The new Governor Thomas J. Meskill is the first Republican governor in 16 years, and both Houses of the legislature are controlled by the Democratic party. Governor Meskill is reported to have said that \$800 million in new taxes must be obtained in the next two years, to offset a \$250 million deficit and provide operating funds.

Connecticut is at or near the top in the ranking of the 50 states according to per capita personal incomes, but has no personal income tax. A good graduated income tax could be a major source of revenue. The Speaker of the House, William R. Ratchford, has been quoted as saying, "We have reached the point where an income tax, as distasteful as it is to many people, is inevitable."

The session will be complicated by an obligation to accomplish legislative reapportionment; and observers think solution of the state's revenue problem will probably be delayed until late in the session.

Over the decade 1960-1970 Connecticut's appropriations of state tax funds for annual operating expenses of higher education were increased by 554 per cent-- the fifth highest rate of gain among the 50 states, exceeded, however, by three adjacent and nearby states (Massachusetts (601), Maine (674), and New York (696), as well as by Hawaii (742). The New England surge for state support of higher education continues, but yet has far to go.

In 1968 Connecticut stood forty-first among the 50 states as to appropriations for higher education per citizen (\$20.87), and forty-sixth as to the ratio of this amount to total personal income-- the ratio being exactly one-half of one per cent.

INDIANA. The Speaker of the House, Dr. Otis R. Bowen, speaking to a student club at Indiana University declared that the legislature will not act vengefully or vindictively toward the universities, and that "Indiana University's budget will not be cut because of malice toward any one student, group of students, or the student body as a whole."

In the 1969 legislature Speaker Bowen led an almost-successful effort to raise Indiana's low tax rates on sales and net incomes (the rates are two per cent for both) to enable the state to support its services on a scale above the austerity level insisted upon by the present governor. The 1971 legislature is scheduled to be in session through April 30.

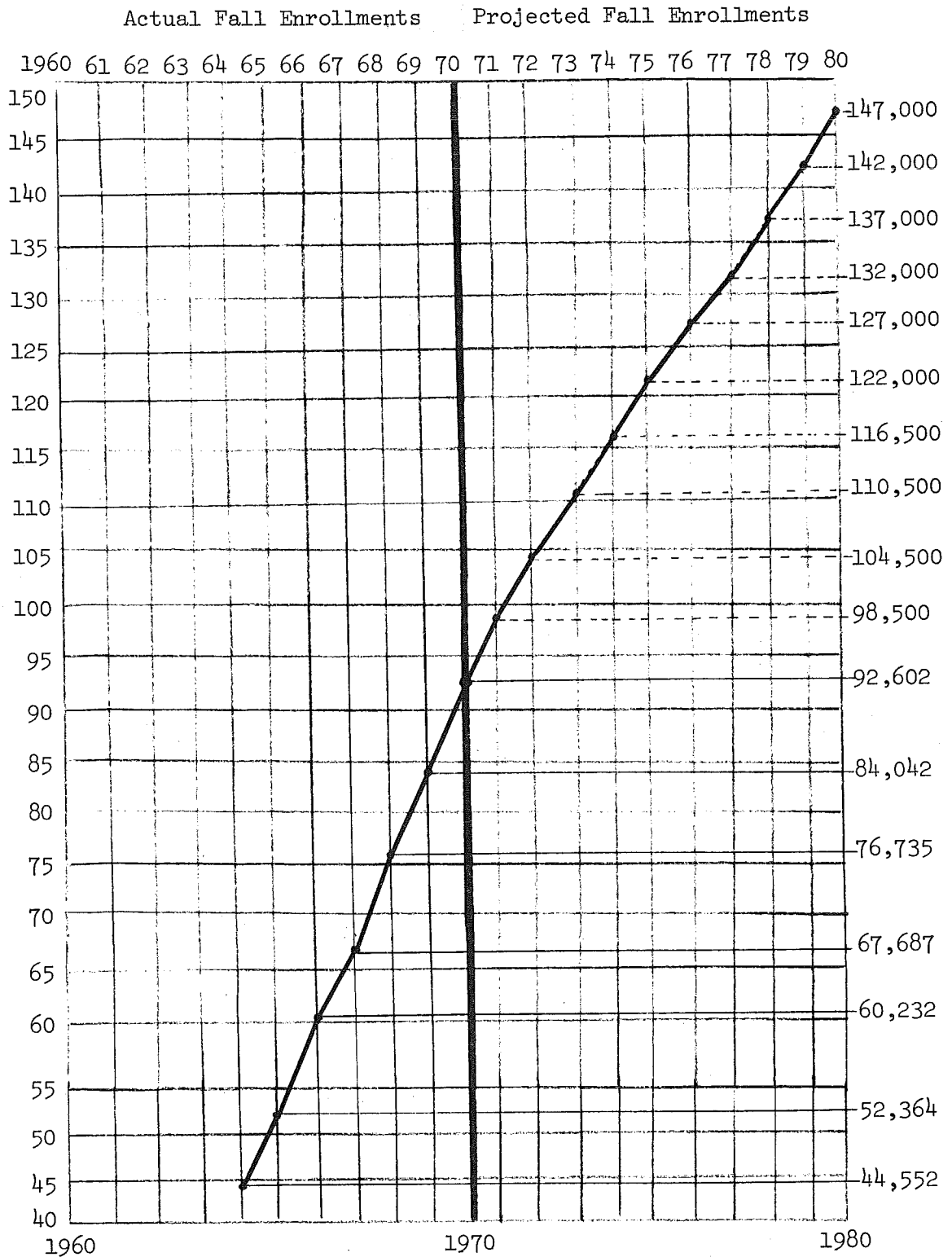
GRAPEVINE is confident that the Indiana Speaker has gauged correctly the mood of the legislature.

MISSOURI. Placed in an untenable fiscal position by the 1970 referendum defeat of an improved state income tax measure which had been enacted by the legislature, Missouri started its recovery in a Special Session during the last weeks of 1970.

To raise \$54 million a year, the former income tax rates (in brackets ranging from 1 per cent to 4 per cent) are stepped up to 1 1/2 per cent to 6 per cent. An additional \$26 million will come from boosting the flat corporation income tax to 5 per cent from the former 2 per cent.

The corporate franchise tax is raised from a minimum of \$10 to a minimum \$25, to produce another \$400,000. Taxes on alcoholic beverages are approximately doubled: liquor to \$2 per gallon from the former \$1.20; wine to 30 cents per gallon from the former 15 cents; beer \$1.83 per barrel from the former 93 cents.

ENROLLMENTS IN STATE INSTITUTIONS CONTINUE UPWARD TO 1980: In recent issues GRAPEVINE has shown projections of change in enrollments in higher education for four states: Indiana, page 858; New York, page 866; Minnesota, page 872; Pennsylvania, page 936. Here we exhibit a similar projection published by the University System of Georgia.



SOURCE: Tabulation CRM/db - 10/30/70 released by the Regents of the University System of Georgia, 244 Washington St., S. W., Atlanta, Georgia 30334.

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IOWA. The state supreme court, in a decision of September 2, 1970, sustained the constitutionality of the legislative act of 1969 which authorized the State Board of Regents to issue "revenue bonds" to finance academic buildings and use student fees to amortize the debt, with the understanding that the legislature would appropriate funds to replace the fees so used. The 1970 special session appropriated \$145,000 for that purpose, but no bonds were sold pending the court decision on the validity of the act. (GRAPEVINE, page 899, June 1970).

Justice Rawlings, for the majority of the court, wrote a lengthy opinion, the gist of which is: "Pursuant to legislative direction, a part of each student's enrollment fee may be segregated and earmarked for special use at the institution attended, to aid in defraying expenses attendant upon construction of academic buildings and facilities. Unquestionably the General Assembly had authority to so do." (Farrell v. State Board of Regents, (Ia.), 179 N. W. 2d 533 (1970)).

A thumbnail explanation of the plan is in the words of an administrative officer at Iowa State University: "The plan is that we will use the tuition money we collect as an insurance to the bond buyers and expect the legislature to replace it with appropriations so that we can maintain our current operating levels."

Justice Becker wrote a vigorous brief dissent, holding that the numerous earlier cases validating "revenue bonds" for self-liquidating projects (income-producing buildings and facilities) are not in point; and noting that here there will be insufficient revenue to retire the bonds. "This is simply debt management by the legislature-- the very thing the constitutional prohibition

(Continued in next column)

IOWA. (Cont'd from preced'g column)

is designed to prevent."

It will be recalled that in Ohio the 1969 legislature enacted a law similar to the Iowa statute (GRAPEVINE, pages 841 and 847, September 1969), and appropriated \$20 million for each year of the ensuing biennium to restore the pledged fees.

NEW JERSEY. Early in 1971 the State Department of Higher Education made public an ambitious plan for expansion of public higher education which might go a long way toward bringing New Jersey up from its place near the bottom of the list of states when ranked in accordance with prior and existing provisions and support of state colleges and universities.

Currently about 100,000 full-time undergraduate students attend college in New Jersey. Over the ensuing few years the projected scheme would raise this figure to 256,000. A central recommendation is for the establishing of four additional new state colleges, making a total of 12, to reach a combined enrollment of 90,000. Another is to expand the community colleges (county two-year colleges) to 75,000 students, as against the present 25,000.

Rutgers, the State University, would get two new undergraduate colleges on its campus at New Brunswick, making a cluster of five, and bringing its total enrollment, undergraduate and graduate, to 30,000.

There would be a new Graduate University of New Jersey, with two centers-- the northern in Newark and the southern at Camden. Heavily populated Newark would become the site of the state's second large university center, by accretion of institutions already operating there and by creation of additional ones.

(Continued on page 962)

NEW JERSEY (Continued from page 961)

Apparently the scheme would tend to "put the colleges where the people are." Thus facilitating attendance by local commuters unable to afford the expense of travel and maintaining themselves away from home. Apparently, also, it envisions growth at all levels-- immediately beyond high school (junior college), four-year undergraduate and five-year college, and advanced graduate and professional schools.

The proposal does not specify the means of necessary financing, leaving the consideration of this essential to the legislature after public hearings and other expressions of the popular will.

At this point, allow us to quote a paragraph from pages 246-247 of Higher Education in the Fifty States, a 453-page hardback book published by the Interstate Printers and Publishers, Inc., Danville, Illinois 61832, in 1970:

"New Jersey is on the way toward adequate facilities for public higher education. It has a long way to go. It will be able to finance the effort. In 1968 the state's investment of state tax funds per citizen in annual operating expenses of higher education was \$13.57. The ratio of this state tax investment to total personal income was 0.34 1/2 per cent. By both of these measures the state ranked forty-ninth. On both scales the state at the bottom-- Massachusetts-- was only a fraction below New Jersey. In that year the percentage of Massachusetts students in public institutions in Massachusetts may have been as low as 30 to 35 per cent. The percentage of New Jersey students in public institutions in New Jersey was certainly more than 50 and may have been more than 55 per cent."

Further: "in fiscal year 1966-67, New Jersey's total state and local

NEW JERSEY (Cont'd from preced'g column)

tax collections per \$1,000 of personal income were \$92.83, well below the national average of \$105.50, and far below those of New York, which were \$131.85. New Jersey has the resources."

NEW YORK. Governor Nelson A. Rockefeller, in the early weeks of his fourth four-year term, proposes (1) continuation of the expansion plan of the State University of New York; (2) continuation of state aid to the City University of New York on a 50-50 basis; and (3) continuation of the scheme of state aid to private colleges begun in 1969, sometimes called the "Bundy plan."

Governor Rockefeller has given much thought to necessary developments in American federalism. Among his recommendations are: gradual full federal take-over of all state and local welfare costs; a national system of universal health insurance; and some simplification of the existing structure of more than 1,000 channels for categorical federal aid grants for a wide variety of public services.

RHODE ISLAND. Early in the year Governor Licht recommended that the legislature enact a new graduated personal income tax to produce \$100 million a year-- a considerable sum for so small a state. Taxable income would be computed in the same manner as for the federal income tax, and provision would be made for withholding by employers.

The rate would be 1 per cent on taxable incomes up to \$500, and would be scaled upward in successive steps to 11 per cent on incomes over \$50,000.