

GRAPEVINE

* * * * *

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

SOME STATE TAX GAINS IN 1960

Press reports indicate that at least four states raised the tax on cigarettes in 1960. Alabama boosted it from 4 to 6 cents a pack; Michigan and Rhode Island from 5 to 6, and Texas from 5 to 8 cents. Virginia's newly-adopted cigarette tax of 3 cents a package will go into effect August 1, 1960.

Gasoline taxes were also stepped up in at least three states. Alaska went from 5 to 8 cents a gallon; Rhode Island and Virginia from 6 to 7 cents.

It is worth repeating that Kentucky became the 34th state to enact a general retail sales tax; and it went into effect at the rate of 3 cents on the dollar a few weeks ago.

GAIN IN TAX FUNDS FOR HIGHER EDUCATION

In this issue of GRAPEVINE, page 129, Table 90, reports from correspondents in 16 states indicate a weighted average gain of about 30 per cent over a period of 2 years in annual appropriations of state tax funds for operating expenses of higher education.

The fact that the states can and do continuously improve their financial support of higher education is again convincingly demonstrated. The federal partnership in this enterprise is also increasing, and will continue to increase.

THE ROLL OF THE STATES

<u>Arizona</u>129	<u>Georgia</u>129	<u>Maryland</u> ...129	<u>New York</u>129
<u>California</u> ..129	<u>Hawaii</u>129	<u>Michigan</u> ...129	<u>Ohio</u>128
<u>Colorado</u> ...129	<u>Illinois</u> ...126	<u>Mississippi</u> .129	<u>Rhode Island</u> .128,129
<u>Connecticut</u> .126,128	<u>Kansas</u>129	<u>Nevada</u>129	<u>Vermont</u>129
<u>Florida</u>126	<u>Kentucky</u> ...127, 129	<u>New Jersey</u> ..127, 129	<u>Virginia</u>129

Statement of ownership and circulation of GRAPEVINE appears on page 126 (reverse hereof).

CONNECTICUT. On June 14, 1960 the Supreme court of Errors and Appeals sustained the constitutionality of the act of 1957 which authorizes local communities, by referendum, to furnish school bus service to pupils in nonprofit private schools. The cost of this particular service in such cases must be paid wholly out of local tax funds; state aid can not be so used, and the feature of the act which permits this is held unconstitutional. This matter is of comparatively small import, however, because state funds for transportation are small, and the attorney general had already promulgated an opinion forbidding their use for private school pupils.

Chief Justice Raymond E. Baldwin, writing for the majority of the court, is quoted as having said the statute "aids the parents in sending their children to a school of their choice, as is their right. It protects the children from the dangers of modern traffic and reduces the hazards of contracting illness in bad weather."

A dissenting opinion was entered by Justice Samuel Mellitz, whose view is that every man has a right to provide for the religious instruction and training of his own children; but if he chooses a school that combines secular and religious instruction, then he is "faced with the necessity of assuming the financial burden which that choice entails."

The case arose as a result of a 1958 vote of the residents of Newtown, who determined, by a narrowly divided vote, to furnish transportation for pupils of a Roman Catholic parochial school. Local opponents of that practice initiated the effort to have the statute declared invalid; and they have announced that the case will be carried to the United States Supreme Court.

FLORIDA. State tax funds available for state aid to operating funds of local public junior colleges for fiscal year 1960-61 are reported as \$4,149,455, an increase of about 64½% over the comparable figure for fiscal year 1958-59, two years ago.

The 1960-61 allocation for state aid for capital outlays by local public junior colleges is \$2,282,849.

Technically the two foregoing items are not appropriations. In the case of state aid for operating expenses, the amount stated for 1960-61 is the anticipated amount to be made available on the basis of the formula in effect. In the case of the state aid for capital outlays, the amount stated for 1960-61 is the anticipated amount to become available during that year, out of an appropriation made for the biennium 1959-61.

ILLINOIS. On June 14, 1960 the Board of Trustees of the University of Illinois made public some features of the projected budget of the University for the fiscal year 1960-61. The total operating budget for the year will be about \$94 million, which is \$5 million higher than that of the preceding year, and \$13 million higher than that of 1958-59. About 60% comes from state tax funds, already appropriated for the biennium 1959-61. The total of state tax funds appropriated for the biennium for operating expenses of the University of Illinois was \$111,810,000 (GRAPEVINE, page 55).

About 72% of the total budget will be spent at the Champaign-Urbana campus, and the balance at the Chicago units chiefly.

Although any attempt to compare the operations of a large university with any other institution, even another large university, is largely futile and self-defeating because of the enormous variations in

GRAPEVINE is owned and circulated by M. M. Chambers. It is not a publication of the University of Michigan or of any other institution or association. Responsibility for any errors in the data, or for opinions expressed, is not to be attributed to any organization or person other than M. M. Chambers. GRAPEVINE is circulated chiefly to persons in position to reciprocate by furnishing prompt and accurate reports from their respective states regarding tax legislation, appropriations for higher education, state support for elementary and secondary schools, and legislation affecting education at any level. Address communications to M. M. Chambers, U.H.S. 4200-G, University of Michigan, Ann Arbor, Mich.

ILLINOIS (Continued) the detail of the institutional functions (not merely in the methods of accounting and reporting), yet a brief and simple exhibit of some of the sources of income and classification of expenditures of a large university is not without its uses. Tables 87 and 88 are adapted from press reports and may require some rectification, but at least they afford some notion of how one large university operates in 1960-61.

Table 87. Main sources of operating income of the University of Illinois, fiscal year 1960-61, in thousands of dollars.

Sources	Amounts	Percentages
(1)	(2)	(3)
State tax funds	\$56,057	59.7
Federal appropriations	3,181	3.4
Student fees	4,230	4.5
Sales and services	3,608	3.8
Gifts, contracts, endowments	12,985	13.8
Auxiliary enterprises	10,539	11.2
Student aid and non-educational funds	1,459	1.6
Carryover reserve	1,900	2.0
Totals	93,959	100.0

Table 88. Main classifications of operating expenditures of the University of Illinois, 1960-61, in thousands of dollars.

Classifications	Amounts	Percentages
(1)	(2)	(3)
Administration and genl	\$5,342	5.7
Security benefits	2,211	2.3
Instruction	29,245	31.0
Instruc-related activ	7,035	7.5
Organized research	16,582	17.7
Extension and pub serv	9,699	10.3
Libraries	2,167	2.3
Physical plant	9,156	9.8
Auxiliary enterprises	10,539	11.2
Student aid and non-ed	1,827	2.0
Totals	93,803	100.0

Column 3 of Tables 87 and 88, setting forth percentages, should be read with awareness that the totals in both tables include, besides the several items falling under "Educational and general" purposes,

the additional classifications entitled "Auxiliary enterprises" and "Student aid funds". This causes the percentages in Column 3 for all other items to be somewhat smaller than they would be if computed from "Educational and general" totals alone. The inclusion of the very substantial "Organized research" item contributes further to the same type of distortion, and takes much of the meaning out of any attempted comparisons with other institutions wherein this item may be proportionately larger, smaller, or entirely absent. However, "Organized research" appears to be a growing and probably a permanent feature of the budgets of most universities, and we shall become accustomed to the fact that its presence may seriously invalidate comparisons among institutional budgets unless that possibility is kept constantly in mind.

It should be added that the item "Extension and public service" is one which is substantial in the budgets of most state universities, but which is often entirely absent in those of smaller institutions, particularly small private colleges. Consequently it is often excluded in exhibits intended to afford reasonably meaningful comparisons among the principal items of operating expenditure in institutions of diverse types. All this is said to emphasize that the percentages in Column 3 can not be sensibly compared with such percentages in any other institution without the most careful and painstaking examination of the base from which they are computed in each instance.

KENTUCKY. The 1960 legislature provided for 2 commissions to study education on a statewide scale. One commission of 9 members appointed by the governor has a broad mandate to study problems and evaluate programs at all levels of education. Another educational commission was established to investigate the need for and the possible locations of new institutions of higher learning.

NEW JERSEY. Appropriations of state tax funds for operating expenses of the state-supported institutions of higher education

NEW JERSEY (Continued) for the fiscal year 1960-61 are reported as in Table 89.

Table 89. State tax-fund appropriations for higher education in New Jersey, for operating expenses, fiscal year 1969-61, in thousands.

Institutions (1)	Sums appropriated (2)
Rutgers, the State U	\$9,515
Douglass College	1,605
Ag Experiment Sta	2,819
Newark Coll of Engineering	1,302
Montclair State Coll	2,069
Trenton State Coll	2,054
Glassboro State Coll	1,435
Paterson State Coll	1,344
Newark State Coll	1,250
Jersey City State Coll	1,034
Totals	24,427

Appropriations for capital outlays were limited to \$15,000 for Rutgers, the State University; \$5,000 for the Agricultural Experiment Station; \$5,000 for Douglass College; and \$150,000 to be allocated among the 6 state colleges. These negligible sums are no doubt thus because of the approval by the people in November 1959 of a bond issue of \$66,800,000 for capital improvements at the 8 state institutions of higher education. (GRAPEVINE, page 73).

The total of \$24,427,000 for operating expenses is an increase of 22% over the comparable figure for 1958-59, two years ago. It appears to be a little over 5½% of the total of state appropriations for all purposes, which is reported as \$431,783,000.

Total of appropriations for state aid in operating expenses of local elementary and secondary schools is reported as \$81,055,000, an increase of 10½% over the comparable figure of two years ago.

Appropriation of 700,000 for state aid for operating expenses of local public junior colleges is the same as for the preceding fiscal year, and its predecessor.

OHIO. The Ohio State University has recently obtained a loan of \$2,550,000 from the Community Facilities Administration in Washington, which, added to funds from other sources, will be used to finance

student housing estimated to cost only slightly under \$6 million.

RHODE ISLAND. The 1960 legislature approved a bond issue of \$6 million for capital improvements in the state college system.

Numerous tax rate rises and increases in various license and permit fees are expected to produce an additional \$10 million of revenue for the state during the fiscal year 1960-61. The gasoline tax is raised from 6 cents to 7 cents; cigarette tax from 5 cents to 6 cents. Business corporation and bank excise tax rates go up from 5½% to 6%. A new state tax on intangibles in lieu of the present local tax of the same nature was enacted, and the act provides that 40% of these revenues will be returned to the local governments.

LAST-MINUTE ITEMS

CONNECTICUT. "What are the basic educational needs of the state and what additional funds will be required to meet them? "Would it be advisable to allow municipalities to extend their taxing power to embrace new sources of revenue, or should all needed additional funds be made available by the state?" These are among the questions which Governor Abraham A. Ribicoff has asked the Connecticut Economic and Planning Commission to answer in a report which it is to prepare for the 1961 legislature. Ellis Maxcy of New Haven is chairman of the Commission.

OHIO. Attorney General Mark McElroy has recently issued his opinion that a Protestant church-sponsored program of Bible study given in public schools in 3 northern Ohio counties is in violation of the Ohio Constitution and of the First Amendment to the United States Constitution.

In Lorain, Ashland, and Medina counties 14 Protestant churches, cooperating under the style of "Association for Religious Education in Public Schools," sponsor a 30-minute nonsectarian Bible study period once each week. The practice has been continued in some of the schools for several years. Its constitutionality may have to be tested in the courts as a result of the attorney general's adverse opinion.

* * * * *

APPROPRIATIONS OF STATE TAX FUNDS FOR OPERATING EXPENSES OF HIGHER EDUCATION,
1960

Totals of state tax funds appropriated for operating expenses of institutions of higher education in 16 states are reported in Table 90, below. This is a revision and enlargement of Table 81, which appeared in GRAPEVINE, page 119, June, 1960.

Table 90. Annual appropriations of state tax funds (in 16 states) for operating expenses of institutions of higher education, for fiscal years 1958-59 through 1960-61, in thousands of dollars, with percentages of increase for 1960-61 over 1958 (representing change over a period of 2 years).

States	Year 1958-59	Year 1959-60	Year 1960-61	2-year increase	Percentage increase
(1)	(2)	(3)	(4)	(5)	(6)
Arizona	\$11,041	\$13,742	\$15,818	\$4,777	43 $\frac{1}{2}$
California	147,421	162,065	195,312	47,891	32 $\frac{1}{2}$
Colorado	15,595	19,796	23,282	7,687	49 $\frac{1}{4}$
Georgia	21,356	24,058	26,605	5,249	24 $\frac{1}{2}$
Hawaii	4,499	6,277	7,374	2,875	64
Kansas	23,429	25,036	27,939	4,510	19 $\frac{1}{2}$
Kentucky	13,351	14,954	19,672	6,321	48
Maryland	21,383	23,413	26,088	4,705	22
Michigan	79,099	91,979	98,016	18,917	24
Mississippi	13,480	13,480	16,200	2,720	20
Nevada	2,411	3,636	4,107	1,696	70 $\frac{1}{4}$
New Jersey	20,008	21,952	24,427	4,419	22
New York	52,540	60,886	69,774	17,234	33
Rhode Island	4,221	5,026	5,918	1,697	40 $\frac{1}{2}$
Vermont	3,036	3,208	3,287	251	8 $\frac{1}{4}$
Virginia	19,606	19,943	23,187	3,581	18 $\frac{1}{4}$
Totals	452,476	509,451	587,006	134,530	
Weighted average	-	-	-	Approximately	30

State tax funds as used in Table 90 exclude institutional receipts from student fees and any other non-tax sources, regardless of whether such funds are required by law to be deposited in the state treasury and held there until appropriated. This practice varies among the several states. As a result, statistics collected by federal data-collecting agencies such as the Bureau of the Census and the Office of Education do not achieve a sharp distinction between appropriations of tax funds and appropriations of student fees or other institutional receipts from non-tax sources. This befogs many inferences drawn from federally-collected statistics.

GRAPEVINE is like a woman. You have to tell her often that you love her. At intervals of about six months we ask every recipient of GRAPEVINE to write us a letter, (1) Telling us whether you want your name continued on the mailing-list; (2) Telling us how we can make GRAPEVINE more useful to you; (3) Telling us about some recent event in your state relevant to tax legislation, financial support of education, or legislation of any kind affecting education at any level. Sometimes it helps to enclose a clipping or tearsheet, or send us a mimeographed or printed document. PLEASE LET US HEAR FROM YOU. An occasional letter is a small price for GRAPEVINE if you really prize it. GRAPEVINE should not be sent where it is not wanted. Thank you for your generous cooperation in the past.

Address M. M. Chambers, U. H. S. 4200-G, The University of Michigan, Ann Arbor, Michigan.

Not copyrighted. If you quote or paraphrase, please credit the source in suitable manner.