

JANUARY 1959

GRAPEVINE FROM TWENTY STATES

Tax legislation; State budgets for higher education, junior colleges, and state school aid; Legislation regarding higher education and schools at all levels.

State revenue systems will get a good deal of overhauling. Several states may enact new personal and corporate income tax acts. In some states sales tax rates may be slightly increased. Legislators in general believe state budgets for education are due to be substantially increased.

ALASKA. A comprehensive study of school finance, and a recodification of education statutes are being recommended to the legislature.

COLORADO. A bill to provide state matching of local funds for the construction of public junior college buildings has been introduced. A subcommittee on education beyond high school, of the Colorado legislative council, has begun a study which will continue two years, with emphasis on the educational needs of all high-school graduates.

CONNECTICUT. The state board of education recommends that the state's present contribution of about 25% of public elementary and secondary school operating costs be increased toward the national average of 40%. It advocates bond issues of \$9,120,000 for educational buildings at the four state teachers colleges, and of \$3,156,000 for self-liquidating auxiliary service facilities at three of the colleges; also \$12,035,000 for construction of vocational schools and technical institutes at 8 towns. The board endorses a bill to permit local boards of education to establish and maintain "community undergraduate colleges" upon approval by a majority of the voters and subject to licensing and accreditation by the state board. Local boards may charge fees to local students not exceeding the per student cost of instructional and administrative salaries.

GEORGIA. On its opening day January 9, the Assembly was greatly concerned about legislation to maintain segregation in higher education in view of the recent federal court decision holding unlawful the denial of admission to three Negro applicants by the Georgia State School of Commerce.

ILLINOIS. Being considered in some quarters and (1) a 2% tax on personal incomes, which would yield \$370 million; (2) a 4% tax on corporation net incomes, yielding \$105 million; (3) a 1/5¢ per bushel tax on grain futures sold on the Chicago market, which would produce \$22 million; and (4) several other new taxes or tax increases. Adding 1/4¢ to the present 3¢ retailers' occupation tax would yield \$51 million additional.

MAINE. Governor Clinton A. Clausen, in his combined inaugural and budget message, says "We must continue to improve our system of public education. The University of Maine and our teachers colleges are in obvious need of expanded and improved facilities." He recommends a state bond issue of \$10 million, of which about \$4 million would be allocated to the university and about 2.75 million to the five teacher-education institutions. As additional operating funds in excess of appropriations for the preceding biennium, he asks \$1,034,500 for the university and \$261,547 for the other institutions. He urges

MAINE (Cont'd.). that \$50,000 be appropriated for a study of state and local tax structures in Maine.

MARYLAND. The state board of education has recommended a minimum salary schedule of \$3,600 to \$5,400 for elementary and secondary school teachers, and the present legislature will probably enact it. A budget request to increase state aid to public junior colleges from \$150 to \$200 per student per year has been made, and is expected to be approved. In 1958 both the personal income tax and the sales tax were raised from 2% to 3%. A new tax of 3¢ a pack on cigarettes produces \$12 million, all of which is used to increase salaries of public school teachers.

MASSACHUSETTS. An act applying the withholding feature to the state income tax, retroactive to January 1, 1959, will probably become law. There is also a good chance of the enactment of a limited 3% sales tax, with the revenue therefrom to be shared with the 351 municipalities. The state gasoline tax may be increased by ½¢ per gallon. Leading legislators have badgered the governing boards into increasing tuition fees at the state institutions of higher education from \$100 to \$200, effective July 1959. Legislation to increase faculty salaries at all the institutions is considered likely to pass.

MICHIGAN. In his inaugural address, Governor Williams said: "With additional research facilities, our universities can be industrial magnets in the age of space, of electronics, of atomic energy and of machines so marvelous they seem almost to possess intelligence." A legislative study committee is strongly recommending a graduated income tax on personal and corporate net incomes, which would bring in \$140 million of new revenue.

revenue. The governor's budget proposes \$34.3 million for the University of Michigan, an increase of 4² million over last year; \$28.4 million for Michigan State University (increase 3.1 million); and \$15,425,000 for Wayne State University (increase of 5.7 million partly due to termination of support by Detroit board of education). The operating budget of the state department of public instruction would be raised to \$1.1 million by an increased of \$589,000, including \$302,170 to match federal funds for strengthening science and mathematics. The state school aid fund would get \$46.7 million as a supplement to provide for additional enrollment and to increase the allowance per pupil. Total state budget for public education at all levels would be \$152.8 million, which is \$37 million larger than last year.

MINNESOTA. Governor Freeman asks for tax revisions to produce \$83.5 million of new revenue during the biennium. Most of this would come from increasing the rates of the graduated personal income tax. He wants \$11.6 million to strengthen faculty salaries at the University of Minnesota and the five state colleges, and to maintain state support to junior colleges at \$200 per student per year, for increased enrollments. He advocates a \$53 million capital outlay program to be paid for over 200 years out of property taxes. Of this the university would get \$14 million for new buildings. His proposed shift to the withholding system for the income tax would produce a one-time windfall for 1959, and of this he would allocate \$6 million as state aid for junior college construction.

NEBRASKA. In his budget message, outgoing Governor Anderson recommended substantial increases for the University of Nebraska and the state colleges. Incoming Governor Brook now has the responsibility for leadership. Taxation problems will preoccupy the legislature.

NEW YORK. The State Dormitory Authority, a corporation in existence since 1944, with power to issue bonds to finance the construction of residence halls at colleges and universities, may have its powers broadened to include financing academic buildings housing classrooms, libraries and related facilities at privately controlled institutions.

NORTH CAROLINA. The legislative session will begin February 4. It has been estimated that for the 1959-59 decade, the state institutions of higher education will need \$90 million for capital improvements. The legislature may be asked to authorize a bond issue in that amount, with \$40 million allocated to projects to be authorized within the 1959-61 biennium.

OKLAHOMA. The Oklahoma Education Association shows that enrollment in Oklahoma colleges and universities has doubled in 21 years (from 1934-34 to 1956-57) and recommends adequate financing for higher education.

OREGON. A Legislative Interim Education Committee recommends that additional community colleges be founded by local initiative (the state now has one, Central Oregon College at Bend), and the state pay up to one-third of the operating cost. It is recommended that the minimum qualification for a community college district be set at \$75 million of taxable property and 1,000 resident high-school enrollment.

SOUTH DAKOTA. The incoming administration has indorsed increased state aid for elementary and secondary schools, and a state teachers' retirement program. The institutions of higher education need increased operating budgets and an augmented building program. It is said that there is some

support for a broadening of the 2% sales tax to include services and other transactions, to produce additional revenue.

TEXAS. This state is one of the few that has never had a sales tax. There is now considerable discussion of a sales tax or a state income tax or both. The legislature convened January 13.

VERMONT. The state board of education recommends additional construction and staffing at the teachers colleges, and elimination of the commitment to teach in the state as a requirement for admission to the first two years. It also wants a bond issue of \$3.5 million for state aid for the construction of public school buildings, including payment of at least 40% of the cost of high school buildings constructed to replace two or more existing high schools.

WASHINGTON. The superintendent of public instruction advocates a flat income tax levy at the rate of 2%, which would produce about \$256 million during the ensuing biennium. He would eliminate the present business and occupation tax, and remove the retail sales tax from food items and raise its rate to 4%. All these shifts would result in a net increase of revenue for the biennium of about \$144 million. A needed revision and up-dating of the junior college statute will be proposed by the state department of education.

WEST VIRGINIA. Legislature met January 14. Some consideration is being given to additional sources of revenue, such as a personal and corporate net income tax, a natural resources tax, and an extension of the present 2% consumer sales tax; but action is uncertain.

WISCONSIN. In December 1958 the superintendent of public instruction spent a full day with Governor-elect Gaylord Nelson, informing him that

WISCONSIN (Cont'd.). \$19 million more would be needed to maintain the present state aid formula for public schools through the ensuing biennium, because of increased school enrollments. The state now pays about 21% of the statewide total of school operating expenses, with poorer districts getting more than that share. The Legislative Council is recommending a new formula which would raise the percentage and require \$20 million additional state money. The League of Wisconsin Municipalities advocates increased state aid.

UNITED STATES CONGRESS. Plans are afoot to amend the National Defense Education Act. One proposed change would make specific provision for helping two-year junior and community colleges buy equipment for science, mathematics and language instruction. Expansion of the current graduate fellowship program may also be proposed, and a system of scholarships may be asked for to replace or supplement the present student-loan plan. Scholarships would stimulate progress in testing, guidance and counseling in elementary and secondary schools.

It is reliably reported that another proposed amendment will provide for \$80 million a year, probably for ten years, to public and private colleges to help finance the construction of classrooms, laboratory, research, and administration buildings.

There will also be a measure introduced to provide about \$1.2 billion in grants to the states on a fifty-fifty matching basis, to build about 60,000 classrooms for elementary and secondary public schools. Payments to the states would not be in advance of construction, but later to assist with amortization and debt-service. Thus very little federal money would be required during the remaining two years of the present administration.

Other bills for federal aid for education are in the hopper. The Murray-Metcalf bill, pushed by the National Education Association, would provide federal payments to the states of \$25 per pupil the first year, rising to \$100 per pupil the fourth year and thereafter. The money could be used either for construction or salaries. Ultimate cost would be \$4.7 billion a year.

A bill for federal allotments to the states for public elementary and secondary education, without prescribing specific purposes, bears the name of Representative Stewart L. Udall of Arizona. This form of federal aid tends to obviate fear of federal control, by refraining from any interference with the freedom of the states to develop their own programs.