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GRAPEVINE

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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.

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NATIONWIDE PICTURE OF STATE TAX SUPPORT OF HIGHER EDUCATION IS SHAPING UP

By June 20, when this issue "went to bed", GRAPEVINE was able to tabulate reports of appropriations of state tax funds for operating expenses of higher education in 31 states.

The figures appear in Table 45, on page 215 of this issue. The gist of it seems to be that 31 states have appropriated well over \$1 billion (\$1,028,785,000) for the fiscal year 1961-62, representing a gain of nearly \$204 million over the comparable appropriations for the fiscal year 1959-60, two years ago.

Percentagewise, the increase is very near to 25%. Examine Table 45 for details. See also Table 46, on page 216, which exhibits appropriations for 1962-63 in 13 states.

These tabulations will not be repeated in GRAPEVINE before next Autumn. Some 15 legislatures are still in session. GRAPEVINE will report them one by one as the figures become available, and show a tabulation of the 50 states in the Fall.

A good deal of the picture is yet to be unveiled. While such big states as California, New York, Michigan, Indiana, Washington, Louisiana, and Iowa appear in Tables 45 and 46, the great commonwealths of Illinois, Pennsylvania, Ohio, Texas, Florida, Minnesota, and Wisconsin are not yet reported. Very probably the aggregate of appropriations by the 50 states for the fiscal year 1961-62 will approach the \$2 billion mark.

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ARIZONA. Appropriations of state tax funds for higher education for the fiscal year 1961-62 are as reported in Table 40.

Table 40. Appropriations of state tax funds for operating expenses and for capital outlays for higher education in Arizona, fiscal year 1961-62, in thousands of dollars.

Institutions	Operating expenses	Capital outlays
(1)	(2)	(3)
U of Arizona	\$9,916	\$4,210
Arizona State U	6,537	4,061
Ariz State Coll	1,399	1,180
Totals	17,852	9,451

The total for operating expenses is a gain of just slightly under 30% over the comparable appropriations for 1959-60, two years ago.

The 1961-62 appropriation of \$300,000 for state aid for operating expenses of local public junior colleges is the same as for each of the preceding two fiscal years.

State aid for operating expenses of local public elementary and secondary school systems is reported as \$48 $\frac{1}{2}$  million, representing a gain of about 13 $\frac{1}{4}$ % over the sum available for 1959-60, two years ago.

CONNECTICUT. This year is marked by the enactment of a new "tax package" intended to produce \$122 million in new revenue during the biennium 1961-63. This is one of the biggest steps forward in the state's history. It will balance a record biennial budget of \$560 million which was agreed upon by the Democratic Senate and the Republican House in the last days of the legislative session which was required by the constitution to adjourn June 7.

The sales tax is raised from 3¢ to 3 $\frac{1}{2}$ ¢ on the dollar; cigarette taxes from 3¢ to 5¢ a package; telephone taxes from 4% to 6%; public utility taxes from 1 $\frac{1}{2}$ % to 4%; domestic insurance company taxes from one and three-fourths to 2 $\frac{1}{2}$ %; and corporation taxes from three and three-fourths to 5%.

Liquor taxes are stepped up by 40%; inheritance taxes by a 30% surcharge on present rates; and unincorporated business taxes by 30%. Passenger vehicle registration fees are increased from \$8 to \$10.

State education grants to the towns are increased by \$23 million for the biennium. Agreement has also been reached to go ahead with plans for the establishment of a medical-dental school in the vicinity of Hartford, as a unit of the University of Connecticut.

ILLINOIS. Considerable water has gone over the dam since the Commission of Higher Education released its recommendations for a "unified administration" of the six state universities, at the command of the 1959 legislature. The proposal, made public late in 1960, was discussed in some detail on pages 161-163 of GRAPEVINE. The proposed new State Board of Higher Education would have been superimposed over the present 3 institutional governing boards, and would have had substantial powers of coercion.

GRAPEVINE was not by any means the only adverse critic of this scheme. It has appeared for some weeks past that the scheme has no chance of being enacted in the present session. The six universities presented a plan of their own, and the governor also presented a somewhat different "administration bill". One of the chief differences (Continued on page 211)

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ILLINOIS. (Continued from page 210)  
between the proposal of the universities and that of the governor was that the universities' bill called for an appropriation of only \$10,000 for the biennium for the coordinating board, while the governor's bill specified \$150,000, the same sum now appropriated to the present Commission of Higher Education.

The State Chamber of Commerce has reported in a recent small brochure on the subject that on May 24 supporters of the several plans agreed upon the introduction of a new measure representing something of a compromise, and embodying suggestions of the State Chamber of Commerce. In brief, this measure would create a 15-member Board of Higher Education composed of the chairman and one member of each of the 3 university governing boards (6 in all), the superintendent of public instruction, and 8 members appointed by the governor. The board would be instructed to draw up a "master plan" for higher education, including not merely the roles of the state universities, but also those of the junior colleges and the private colleges. This plan would be only in the nature of advice to the governor and the legislature, as would also be its recommendations regarding changes in institutional budgets and major additions or extensions of the programs of the universities. The bill would provide \$150,000 for a research staff for the Board of Higher Education.

This appears to be a plan for permissive coordination, not greatly different from the scheme of the present Commission, but superior to it because it would enlist the active participation of 2 members of each of the university governing boards. GRAPEVINE indulges in prophecy only rarely and warily, but it is believed this bill has a fair chance of enactment.

The Chamber of Commerce document referred to above is a 12-page printed brochure entitled Which Way for Higher Education? Presumably copies may be had on request to James W. Harris, Acting Secretary of the Education Committee of the Illinois State Chamber of Commerce, 20 North Wacker Drive, Chicago 6, Illinois.

The booklet contains short descriptions of plans of coordination in use in Indiana, California, Michigan, Minnesota, and Oklahoma. Note that in all these states except Oklahoma, the scheme is voluntary on the part of the major governing boards, and that the central agency is composed wholly or in substantial part of representatives of the institutions.

The Illinois State Chamber of Commerce apparently recognizes the indispensability of a generous degree of institutional autonomy, especially in a state having large and distinguished universities; understanding clearly that destruction of this freedom would result in immense and almost irreparable loss of efficiency in higher education and research.

KANSAS. Three separate acts were enacted to provide a beginning of state support for operating expenses of the two municipal universities and the 14 local public junior colleges.

The total of state aid to the municipal universities for 1961-62 is \$280,000. The formula calls for \$3 per credit hour of each duly enrolled student who is a resident of Kansas. This sum represents approximately one-eighth of the "educational and general" costs of serving students at the municipal universities.

Both of the acts provide that in September of each year the State Board of Regents shall designate one of its own members to serve for the ensuing year as a member of the governing board of the municipal university.

The act relating to Washburn University of Topeka contains a preamble which explains that the university is currently getting almost all its income from local property taxes and student fees in about equal proportions; that the property tax is levied at the maximum amount permissible, and that student fees are much higher than at the state universities and colleges. Hence it concludes that state aid to the municipal universities is financially advantageous to the state.  
(Continued on page 212)

KANSAS. (Continued from page 211)

The junior college aid bill also establishes a beginning basis of \$3 per student credit-hour, and the estimated total for 1961-62 is \$325,000. The act will be administered by the state superintendent of public instruction.

The newly-inaugurated state aid for municipal universities and for junior colleges is comparatively small in volume, to be sure, but it is by no means negligible; and it is thought to be very probable that this beginning will be followed by expansion of state support in both of these areas of higher education. Readers of GRAPEVINE are aware that New York State annually appropriates very substantial aid to the City University of New York, as well as to local public junior colleges throughout the state.

It may also be possible that Kansas is looking forward to eventually transforming the municipal universities into state institutions, as the state of Michigan did in the case of Wayne University in Detroit, during a 3-year transition period 1956-59. There are indications that it may soon become impossible for a 4-year or 5-year public urban university to subsist and progress if its income is largely limited to a local municipal taxing district.

MARYLAND. Legislation was enacted to authorize any local board of education to establish a community college, define what constitutes such a college, and provide for their administration and financing. State support for operating expenses per student will go up to \$225 per year or one-third of total operating expenses, beginning with the fiscal year 1962-63. Meantime, for 1961-62 the total appropriated for this purpose goes up to \$554,000, a gain of 37% over the comparable appropriation for 1959-60, two years ago.

The amount of state tax funds appropriated for operating expenses of the state institutions of higher education for 1961-62 is reported as \$26,654,000, an increase of only about half a million over the preceding fiscal year, but a gain of nearly 14% over 1959-60, two years ago. The total for 1961-62 appears to represent slightly less than 6% of a reported total state budget of \$449,383.

State tax funds appropriated to each of the institutions appear in Table 41.

Table 41. Appropriations of state tax funds for operating expenses and for capital outlays for higher education in Maryland, for fiscal year 1961-62, in thousands of dollars.

Institutions	Operating expenses	Capital outlays
(1)	(2)	(3)
U of Maryland	\$20,461	\$4,341
Morgan St Coll	1,908	1,103
Towson St T C	1,528	390
Frostburg S T C	914	222
Salisbury S T C	522	191
Bowie St T C	505	108
Coppin S T C	468	155
St. Mary's Sem & Jr Coll*	229	
For matching NDEA (unallocated)	120	
<b>Totals</b>	<b>26,654</b>	<b>6,510</b>

\*A state institution, not to be confused with the 9 county and local junior colleges.

MICHIGAN. The legislature adjourned June 9 after having convened for 2 days following a recess of nearly a month. An "austerity" general fund budget of about \$462 million for the fiscal year 1961-62 was provided for. However, since about 70% of Michigan's revenues are "dedicated" (earmarked) for specific purposes, it is necessary to note that the actual volume of receipts and expenditures will be of the order of \$1 $\frac{1}{4}$  billion. The total of tax receipts for 1960 (excluding other sources of revenue), was reported as \$914 million. Receipts from non-tax sources are also substantial.

No tax measures were enacted by the 1961 session; and a package of small so-called "nuisance taxes" (increased levies on beer, liquor, cigarettes, communications and certain other services, enacted temporarily for 1 year in 1960) were allowed to expire June 30.

Total appropriations of state tax funds for operating expenses of the 9 state universities and colleges for 1961-62 were only slightly more than for the preceding fiscal year 1960-61. They represent, however, (Cont'd. on page 213)

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MICHIGAN. (Continued from page 212)  
a gain of 7% over the comparable annual appropriations for 1959-60, two years ago.

Table 42. Appropriations of state tax funds for operating expenses of higher education in Michigan, for fiscal year 1961-62, in thousands of dollars.

Institutions	Sums appropriated
(1)	(2)
U of Michigan	\$35,377
Michigan State U	29,677
Wayne State U	15,582
Western Mich U	5,086
Eastern Mich U	3,203
Coll Min & Tech	3,141
Central Mich U	2,904
Ferris Institute	2,090
Northern Mich Coll	1,374
Total	98,434

There was also an appropriation of \$150,000 for the new Grand Valley State College, which now has a site 15 miles west of Grand Rapids and \$1 million in privately contributed funds. It has a 9-member board of control appointed by the governor, as authorized by a 1960 statute. (GRAPEVINE, page 121).

The sum appropriated for state aid for operating expenses of the 16 local public community-junior colleges is \$4,382,000, a gain of 21% over the comparable appropriation for fiscal year 1959-60, two years ago.

NEW JERSEY. The legislature has enacted measures to raise the gasoline tax from 5¢ to 6¢ a gallon, to produce about \$20 million in new revenue for fiscal year 1961-62; and to raise the cigarette tax from 6¢ to 7¢ per pack, to bring in about \$9 million additional.

NEW YORK. The 1961 legislative session enacted for the second time a proposal for a constitutional amendment which would authorize a state guarantee of \$500 million in bonds to finance low-cost loans to public or private colleges or universities for the construction of housing or instructional facilities. The amendment would also change the name of

the Dormitory Authority to the College Buildings Authority, in keeping with its broadened scope. The amendment will be submitted to popular vote at the election in November 1961.

The Board of Regents (State Board of Education) has recently announced that the payments under the "Scholar Incentive Plan" enacted this year and to become operative in January 1962 will be made directly to the colleges concerned rather than to individual students as hitherto supposed. The reason for direct-to-the-college payment policy is said to be that it would obviate a great deal of bookkeeping and petty clerical work.

Shortly after the announcement Governor Nelson A. Rockefeller was reported as expressing surprise and chagrin at the new policy, and saying that the principle involved would be worth more than the cost of the clerical work. Earlier it had been understood that the governor believed direct payments to sectarian colleges would be unconstitutional. The possibility exists that the entire "Scholar Incentive Act" may be tested in the courts and invalidated in whole or in part.

In GRAPEVINE'S report of appropriations for 1961-62 (GRAPEVINE page 197, Table 28), a little less than the full story is told. We are informed that in addition to the sums mentioned in Table 28, about \$7,311,354 was made available as "Maintenance Undistributed" for distribution by the Central Office to the various units of the State University of New York. The principal items are an estimated \$4 $\frac{1}{4}$  million for the faculty salary program; about \$2 $\frac{1}{2}$  million for "General State Charges" (including teachers retirement); and \$400,000 for utilities for new buildings or buildings under construction.

OKLAHOMA. Effective July 1, 1961, wage-earners in Oklahoma will have state income taxes withheld from their wages weekly or monthly, at the rate of 5% of their federal income tax withholdings. Corporations and self-employed persons will pay on quarterly estimates of their anticipated income. (Cont'd. on page 214)

OKLAHOMA. (Continued from page 213)

The system is expected to yield \$3 million of new revenue during the biennium from increased collections, plus a \$6 million "windfall" resulting from the overlap occasioned by the change from delayed to current payments.

The new act carries an emergency clause which precludes the possibility of a referendum. A similar act passed in 1959, without an emergency clause, was subsequently suspended by referendum petitions against it.

Other new revenue measures enacted increase tobacco taxes, especially a step-up on cigarettes from 5¢ to 7¢ per pack, for an estimated increase of about \$11½ million for the biennium.

OREGON. Appropriations of state tax funds for operating expenses of higher education for the biennium 1961-63 are reported as \$66,846,509; and for capital outlays, \$9,765,750. Due to the fact that substantial portions of the operating funds are to be allocated to the several institutions by the State Board of Higher Education which is a single governing board for all of them, GRAPEVINE is not now able to show a tabulation of the operating funds available to each institution.

The total for operating expenses seems to be a gain of about 16½% over the comparable appropriations reported 2 years ago.

The 1961 legislature took a big step forward in providing for the financing of local public community-junior colleges. A 1959 act had defined a procedure for the establishment of community colleges, but committed the state to pay only one-third of operating expenses, and provided no state aid for capital outlays. With these terms, the 1959 act did not produce results. Two new 1961 acts enable the state to assume two thirds of the operating expenses per student or two-thirds of \$700, whichever is smaller; and to assume up to 75% of the cost of constructing new buildings. For these purposes, the biennial appropriations for 1961-63 are respectively \$851,822 for operating expenses and \$850,000 for capital outlay.

RHODE ISLAND. Appropriations of state tax funds for higher education for fiscal 1961-62 are reported as in Table 43.

Table 43. Appropriations of state tax funds for operating expenses and capital outlays and debt service of higher education in Rhode Island, for fiscal year 1961-62, in thousands of dollars.

Institutions	Operating expenses	Capital outlays
U of Rhode Island	\$4,350	\$884*
R I College	1,477	105
<b>Totals</b>	<b>5,827</b>	<b>989*</b>

\*Includes \$403,147 for debt service.

The total for operating expenses seems to be a gain of 30% over the comparable appropriation of 2 years ago for the fiscal year 1959-60.

UTAH. Appropriations of state tax funds for higher education for the biennium 1961-63 are reported as in Table 44.

Table 44. Appropriations of state tax funds for operating expenses and for capital outlays (the latter separately from direct appropriations and from authorized loans) of higher education in Utah for biennium 1961-63, in thousands of dollars.

Institutions	Operating expenses	Capital outlays	
		Approp	Loans
(1)	(2)	(3)	(4)
U of Utah	\$12,617	\$3,750	\$2,546
Coll of Med	1,602		
Television	319		
Geol Survey	50		
Utah State U	7,402	2,670	600
Ag Exten	1,019		
Ag Exp Sta	1,385		
Weber Coll	2,709	1,228	900
Coll of So Utah	1,021	250	
Snow College	554	278	
Carbon College	541	100	
Dixie College	410	429	210
Salt Lake Trade			
Tech Inst	819	179	
Central Utah			
Voc Sch	713	735	
<b>Totals</b>	<b>31,160</b>	<b>9,619</b>	<b>4,256</b>

The total for operating expenses is a gain of 18½% over the comparable appropriation for the preceding biennium.

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Table 45 combines, adapts, revises and extends Tables 38 and 39 on page 208 of GRAPEVINE.

Table 45. Appropriations of state tax funds for operating expenses of higher education in 31 states for 3 successive fiscal years, 1959-60 through 1961-62, with dollar gains and percentage gains for 1961-62 over 1959-60, showing change over a period of 2 years, in thousands of dollars.

States	Year 1959-60	Year 1960-61	Year 1961-62	2-year gain	Percentage gain
(1)	(2)	(3)	(4)	(5)	(6)
Alaska*	\$2,111	\$2,323	\$3,023	\$912	43
Arizona*	13,742	15,818	17,852	4,110	30
Arkansas*	13,551	13,551	16,599	3,048	22 $\frac{1}{2}$
California*	162,065	195,312	213,983	51,918	32
Colorado*	19,796	23,282	26,099	6,303	36
Delaware*	3,731	3,734	4,368	637	18
Georgia**	24,058	26,605	29,046	4,988	20 $\frac{1}{2}$
Indiana**	45,463	50,163	55,316	9,853	21 $\frac{1}{2}$
Iowa**	34,230	34,230	38,914	4,684	13 $\frac{1}{2}$
Kansas*	25,036	27,939	29,847	4,811	16
Kentucky***	14,954	19,672	24,491	9,537	64
Louisiana*	40,062	44,557	48,316	8,254	20 $\frac{1}{2}$
Maryland*	23,413	26,088	26,654	3,241	14
Michigan*	91,979	98,016	98,434	6,455	7
Mississippi***	13,480	16,200	16,200	2,720	20
Montana**	11,230	11,231	11,160	-70	- $\frac{1}{2}$
Nevada**	3,682	4,107	4,863	1,181	32
New Jersey*	21,952	24,427	28,291	6,339	29
New Mexico**	11,165	11,239	13,002	1,837	16 $\frac{1}{2}$
New York*	75,096	89,505	111,189	36,093	48
North Dakota**	9,253	9,253	10,386	1,133	12 $\frac{1}{4}$
Oregon**	28,719	28,719	33,423	4,704	16 $\frac{1}{4}$
Rhode Island*	4,477	5,271	5,826	1,349	30
South Carolina*	12,113	13,141	14,449	2,336	19
South Dakota**	8,078	8,128	8,675	597	7 $\frac{1}{2}$
Tennessee**	17,022	17,023	21,522	4,500	26
Utah**	13,139	13,139	15,580	2,441	18 $\frac{1}{2}$
Virginia***	19,943	23,187	23,983	4,040	20 $\frac{1}{4}$
Washington**	42,007	42,008	51,757	9,750	23 $\frac{1}{4}$
West Virginia*	14,791	16,919	19,938	5,147	35
Wyoming**	4,735	4,735	5,599	864	18 $\frac{1}{4}$
Totals	825,073	919,522	1,028,785	203,712	
Approximate weighted average					25

\*Appropriations made annually.

\*\*Appropriations made biennially in odd-numbered years.

\*\*\*Appropriations made biennially in even-numbered years.

WHAT IS UPCOMING FOR 1962-63?

Some of the states which make appropriations biennially simply specify sums for the 2-year period without indicating any division between the two fiscal years, thus leaving the reporter no choice but to divide the biennial sum in half to get an approximation for one fiscal year. But some states appropriating biennially specify sums for each fiscal year of the biennium separately, usually with the appropriation for the second year substantially larger than that for the first year. GRAPEVINE is now able to tabulate appropriations of state tax funds for operating expenses of higher education for fiscal year 1962-63 in 13 states, as in Table 46.

Table 46. Appropriations of state tax funds for operating expenses of higher education in 13 states for 3 successive fiscal years, 1960-61 through 1962-63, with dollar gains and percentage gains for 1962-63 over 1960-61, showing change over a period of 2 years, in thousands of dollars.

States	Year 1960-61	Year 1961-62	Year 1962-63	2-year gain	Percentage gain
(1)	(2)	(3)	(4)	(5)	(6)
Arkansas	\$13,551	\$16,599	\$16,599	\$3,048	22 $\frac{1}{2}$
Indiana	50,163	55,316	62,709	12,546	25
Iowa	34,230	38,914	38,914	4,684	13 $\frac{1}{2}$
Montana	11,231	11,160	11,161	-70	- $\frac{1}{2}$
Nevada	4,107	4,863	5,299	1,192	29
New Mexico	11,239	13,002	14,372	3,133	28
North Dakota	9,253	10,386	10,386	1,133	12 $\frac{1}{4}$
South Dakota	8,128	8,675	8,702	574	7
Oregon	28,719	33,423	33,423	4,704	16 $\frac{1}{2}$
Tennessee	17,023	21,522	22,359	5,336	31 $\frac{1}{2}$
Utah	13,139	15,580	15,580	2,441	18 $\frac{1}{2}$
Washington	42,008	51,757	51,757	9,749	23 $\frac{1}{4}$
Wyoming	4,735	5,599	5,599	864	12
Totals	247,526	286,796	296,860	49,334	
Approximate weighted average					20

In Table 46 we have evidence that in at least one-fourth of the 50 states appropriations for 1962-63, already made, will represent an average increase of about 20% over those for the fiscal year 1960-61, just ended.