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GRAPEVINE

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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"There has been an ethos of public support of higher education. If this ethos does not change profoundly, and I predict it will not, governors and legislators who strive for stringently tightened fiscal policies affecting higher education, denying opportunity and quality, will not finally be supported."

-- Arthur G. Coons, late president of the California Coordinating Council for Higher Education.

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CALIFORNIA. The proposed constitutional amendment to limit real property taxes to one per cent of true market value was heavily defeated in the election of November 5, 1968. Adopted, however, was a much more moderate alternative proposal which will give homeowners a \$750 exemption on the assessed valuation of their homes. This will save the average homeowner about \$70. Renters, already allowed to deduct \$500 from taxable incomes, will be given another \$500 deduction, amounting to an average tax saving of about \$30.

Defeated at the same election was a state bond issue of \$250 million, intended to provide \$200 million for University of California and State College buildings, and \$50 million for renovating and replacing public school buildings erected since 1943 in large cities.

The electors also rejected a measure that would have authorized revision of several articles of the Constitution, including the education article.

MICHIGAN. Voters rejected a proposed constitutional amendment to permit a graduated income tax. The state now has a flat-rate income tax, enacted in 1967 after years of effort.

NEBRASKA. Electors voted by an overwhelming margin to continue the state income tax enacted by the 1967 legislature. The rate is fixed annually by the State Tax Commission as a percentage of the taxpayer's obligation under the federal income tax law, thus making administration of the tax simple and economical. The current rate is 10 per cent of the federal income tax obligation.

NEW JERSEY. A proposed state bond issue aggregating \$990 million for various state purposes was approved by a wide margin. An undetermined but substantial portion of the proceeds is expected to be allocated to capital improvements at the state institutions of higher education.

OHIO. Electors approved a state bond issue including about \$50 million for capital improvements at state universities and colleges. It is thought the 1969 legislature will be asked to authorize some type of "revenue bonding" for academic buildings, and possibly to establish a "Building Authority" empowered to borrow for this purpose without creating a debt against the state.

OREGON. The ballot at the election of November 5, 1968, carried a proposal to limit property taxes to 1½ per cent of true cash value. This was defeated by a vote of approximately 2 to 1. (Compare with the similar California proposal described above.)

The measure would have deprived the state of \$150 million of revenue annually. It was actively opposed by labor organizations and business men, who believed it would cripple public schools and fire and police protection. The tax rate in the city of Portland is currently only slightly less than 3 per cent. Governor Tom McCall is reported to be considering a proposed reduction of property taxes that would not become effective unless and until a companion act to provide more state revenue were passed. As to the latter, two possibilities are said to be under examination as alternatives to each other:

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a 3 per cent sales tax, and higher income tax rates (both to be on the ballot, but if both pass, only the one receiving the highest vote to be effective).

If Oregon enacts a sales tax, it will be the 45th state in that column, leaving only five small states without that large and speedy revenue-producer.

TENNESSEE. Voters approved the calling of a constitutional convention in 1971 to consider major tax reforms.

VIRGINIA. Permitting state borrowing for the first time in recent history, the electors approved a state bond issue of \$81 million to provide \$67 million for state university and college buildings, and \$14 million for mental hospitals.

Table 48. TWENTY-THREE UNIVERSITIES FOR WHICH \$15 MILLION TO \$20 MILLION OF STATE TAX FUNDS WERE APPROPRIATED FOR OPERATING EXPENSES FOR FISCAL YEAR 1968-69

Universities	1960-61	1966-67	1967-68	1968-69	Apparent 8-year gain	
					\$	%
(1)	(2)	(3)	(4)	(5)	(6)	(7)
U of Cal (San Diego)*	-	12,331	15,832	19,973	-	-
San Fran S C (Cal)	8,367	14,937	17,932	19,911	11,544	138
U of Alabama	8,653	17,917	16,357	19,646	10,993	127
NY Upstate Med. Ctr*	2,578	13,771	16,901	19,523	16,945	657
Kansas State U	8,624	15,159	16,124	19,416	10,792	125
Oregon State U	10,850	17,285	18,766	19,030	8,180	75½
Virginia Poly Inst	7,906	13,119	14,268	18,821	10,915	138
Illinois State U	5,202	13,161	18,185	18,185	12,983	249½
Arizona State U	5,770	11,863	14,853	17,890	12,120	210
Kent State U (Ohio)	4,658	9,593	15,330	17,655	12,997	279
U of Wis (Milwaukee)	-	-	11,766	17,478	-	-
U of Oklahoma	9,780	13,679	15,303	17,470	7,690	78½
Texas Technological U	4,324	10,408	15,383	17,423	13,099	303
Oklahoma State U	9,705	13,648	15,189	16,784	7,079	73
San Fernando S C (Cal)	3,803	11,874	13,737	16,639	12,836	337½
University of Houston	-	10,608	14,547	16,545	-	-
University of Utah	6,286	12,453	16,521	16,521	10,235	162½
Ohio Univ (Athens)	4,658	8,690	14,353	16,485	11,827	254
U of Cal (Riverside)*	-	13,825	14,521	16,446	-	-
Western Michigan U	4,880	14,495	14,879	16,165	11,285	231
Auburn U (Ala)	7,887	15,140	15,601	15,601	7,714	98
Colorado State U	5,065	11,280	13,661	15,523	10,458	206½
Ball State U	4,284	10,391	13,769	15,129	10,845	253
Totals		285,627	353,778	404,259		
Weighted average percentage of gain over eight years						171

* One campus of a multi-campus organization already entered in a previous table of this series.

STATE TAX SUPPORT OF THE BIG STATE UNIVERSITIES TENDS TO LAG BEHIND
THAT OF THE ENTIRE STATEWIDE COMPLEXES OF EDUCATION BEYOND HIGH
SCHOOL DURING THE EIGHT YEARS 1961-1969

One of the simple, obvious, and massive facts observable by inspection of nine years of appropriations of state tax funds to public institutions of higher education is that the large and well-established state universities -- the leaders in the field -- have had markedly smaller rates of gain in state tax support than the institutions of medium and smaller size and lesser repute.

The weighted average rate of gain over the eight years 1961-1969, for all the fifty state complexes, was 233 per cent, with a range from 95 per cent to 509 per cent. However, if we shift our gaze from the state complexes as a whole to the institutions, beginning with the larger ones, it is immediately apparent that the weighted average gain for these larger institutions is substantially less.

It can only be said that we have selected fifty-six state institutions each receiving \$15 million or more of state tax funds for annual operating expenses in fiscal year 1968-69. We have dropped a dozen universities of the same class in order to reduce somewhat the effects of complex multi-campus organization, and achieve an approach to the concept of the large, well-established state institution having either no branches or having outlying campuses that are comparatively few and not overwhelmingly large.

Any knowledgeable observer can disagree with our classification; but it serves the purpose of disclosing, more fully than any other available exhibit, how the larger state institutions are faring in comparison with their smaller sister institutions.

In truth, the picture is so diverse and complicated in detail that no pretense of uniformity should be made or attempted.

The composite weighted average rate of gain over eight years for these 56 larger state institutions is 157½ per cent. Compare this with 233 per cent for the 50 state complexes, and you see that the primacy of the larger institutions has been declining.

What is the point of this showing that 56 of the larger state universities and colleges have gained state support at a slower rate than the gains of their smaller sister institutions over the past eight years?

Certainly not that the big institutions should form an alliance against the rest of the field. Surely not that jealous rivalries between the two types should be encouraged. Assuredly institutions of all sizes and types should and will work together as a team to achieve the highest levels of educational productivity for each dollar invested.

The point is that in each state the complex of public education beyond the high school must indeed expand horizontal-ly, to make facilities accessible to increasing numbers of qualified citizens. This means junior colleges and/or university branches and/or new state colleges.

But it must not be overlooked that the statewide complex of higher education must expand vertically, too. This means building higher the peaks of the current scene to yet higher academic and scientific eminence. The principal state universities that are already world-renowned centers of advanced

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learning must continue upward. To stand still is to retrogress.

As enrollments increase in advanced graduate and graduate-professional studies, as the progress of the state and the nation require, but where the necessary instruction and research is many times more costly than at the undergraduate or fifth-year levels, care needs to be taken that the universities are not financially pinched or penalized for developing their services at the top ranges.

State universities that are now "on the threshold of greatness" need support to cross the line. State institutions now in the early stages of developing advanced graduate instruction and research need redoubled support for those enterprises. It is not merely a matter of total enrollments or of average investment of tax dollars per student. What is at stake is the advancement of the frontiers of knowledge,

the stimulation of economic growth, and the elevation of the general welfare.

These same goals are also served, in different ways, of course, by horizontal expansion of educational opportunities to reach more people; and this must go on at a rapid rate. But the very obvious point not to be lost is that we shall not gain by "spreading out the lowest and pulling down the highest." Upward progress must go on at all levels.

The big university, dubbed "the city of intellect" with its vast libraries and laboratories, its distinguished professors, its immensely varied cultural opportunities, its atmosphere of discovery, its capabilities for service to the public, is now and in the oncoming decades a unique human creation, for which no substitute exists. On no account will it be allowed to languish. That is the point.

Table 49. Percentage rates of gain in appropriations of state tax funds for annual operating expenses for fifty-six selected larger state universities and colleges over eight years, 1961-1969. (Selected multi-campus "megaversities" omitted) */

RANK	INSTITUTIONS	PERCENTAGE
(1)	(2)	(3) (4)
1	University of Michigan	79½
2	Michigan State University	111½
3	Indiana University	181½
	Subtotal, above \$60 million */	Weighted average % gain - 116
4	Ohio State University	114½
5	University of Washington	139½
6	University of Maryland	155
7	Purdue University	143½
8	Southern Illinois University	237
	Subtotal, \$50 million to \$60 million */	Weighted average % gain - 150½

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*/ Half a dozen of the largest multi-campus "megaversities" are excluded because of the difficulty of separating "main campus" from "branch campuses" over the full 8-year period during which many changes occurred, and for other reasons explained in the accompanying text. Thus the University of California, the University of Illinois, the University of Wisconsin, the University of Minnesota, Pennsylvania State University, and the Consolidated University of North Carolina do not appear. A few other similar composites have also been excluded.

Table 49 (Continued from page 781)

RANK (1)	INSTITUTIONS (2)	PERCENTAGE	
		(3)	(4)
9	University of Kentucky	287½	
10	Louisiana State University	129½	
11	University of Iowa	124½	
12	University of Florida	82½	
	Subtotal, \$40 million to \$50 million		Weighted average % gain - 140
13	Rutgers, State University of New Jersey	182	
14	University of Georgia	330½	
15	Wayne State University	141½	
16	University of Massachusetts	239½	
17	University of Tennessee	221½	
18	University of Connecticut	286	
19	Texas A & M (College Station)	180	
20	University of Hawaii	320	
	Subtotal, \$30 million to \$40 million		Weighted average % gain - 223
21	Iowa State University	142½	
22	University of North Carolina (Chapel Hill)	191	
23	University of Colorado	131	
24	Washington State University	107½	
25	University of Nebraska	116	
26	West Virginia University	206	
27	University of Kansas	101½	
28	Northern Illinois University	400½	
29	University of Arizona	175	
30	University of Arkansas	112½	
31	San Jose State College (California)	118½	
32	Los Angeles State College (California)	207	
33	North Carolina State University (Raleigh)	128½	
34	San Diego State College (California)	213	
35	University of Oregon	90½	
36	Long Beach State College (California)	238	
37	Florida State University	144	
38	University of Virginia	282	
	Subtotal, \$20 million to \$30 million		Weighted average % gain - 155
39	San Francisco State College (California)	138	
40	University of Alabama	127	
41	Kansas State University	125	
42	Oregon State University	75½	
43	Virginia Polytechnic Institute	138	
44	Illinois State University	249½	
45	Arizona State University	210	
46	Kent State University (Ohio)	279	
47	University of Oklahoma	78½	
48	Texas Technological University	303	
49	Oklahoma State University	73	
50	San Fernando State College (California)	337½	
51	University of Utah	162½	
52	Ohio University (Athens)	254	
53	Western Michigan University	231	
54	Auburn University (Alabama)	98	
55	Colorado State University	206½	
56	Ball State University (Indiana)	253	
	Subtotal, \$15 million to \$20 million		Weighted average % gain - 160½
Weighted average percentage gain for the 56 selected institutions		157½	