

M. M. Chambers
705 Stoddard Building
Lansing 23, Michigan

Number 38

February 1962

Page 263

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.

IN THIS ISSUE

DAVID D. HENRY DEPLORES THE TUITION BARRIER.....264

Illinois is building large new campus at Congress Circle,
in Chicago's near West Side.....265

Massachusetts to have statewide survey of education.....265

Michigan's CLARENCE B. HILBERRY of Wayne State University
is President of Association of Urban Universities.....266

New York not to disturb free tuition policy of City University
and 24 units of the State University; City Board
of Higher Education asks \$67 million tax funds for
operation in 1962-63.....266

South Carolina has survey of higher education under way.....267

Virginia is considering income tax withholding plan.....267

Wisconsin enacts a large package of revenue changes, including
new 3% sales tax on many items and services, and
withholding system for state income taxes.....268

Appropriations of state tax funds for operating expenses of
higher education, already made in half the states for fiscal
year 1962-63, show gain of more than 21% over 1960-61.....269,270

From the "State of the University" message, 1961

By

David D. Henry, President of the University of Illinois:

"Central in the issue of educational opportunity is the tuition barrier gradually being built, a development contrary to the philosophical origins of the land-grant movement and one which threatens its greatest usefulness today. A 'means' test, while tolerable as a procedure in the disbursement of student aid, is repugnant as a screen on who should go to college. The total costs of college attendance today are dangerously near the dividing line where ability to pay is the determining factor.¹

"May this Centennial year of the signing of the Land-Grant Act be a reminder to the American people that the nation's greatest resources are her human resources--her brainpower, and the freedom of the people to work where they will, at what they will, and the opportunity for an education to prepare for that choice. As long as we harvest the talent of the nation from a broad base, encourage its freedom of choice, and provide for its cultivation through education, we may have confidence in our national achievement in the economic and scientific competition of the world."

1 Student Economics at the University of Illinois--where the Money Comes From and Where It Goes. Urbana: The University Committee on Student Economics, October 12, 1961.

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ILLINOIS. The planning and establishment of new institutions of higher education has, of course, become something of a commonplace during the present decade, and goes on in nearly every state.

One of the largest projects of this kind, involving the construction of a new plant on a new campus for an institution of university level, is the University of Illinois at Congress Circle, Chicago. At last the site on the near West Side has been acquired, the building plans are in a workable stage, and the prospect is that the new campus will be occupied in 1964 by an initial enrollment of about 7,500 students. The projected growth will push the enrollment above 20,000 by 1970.

These estimates, says President David D. Henry, "are built on the assumption that junior colleges, private institutions, the other state universities and the Urbana campus will together take their historic proportion of the total anticipated enrollments."

He continues in eloquent vein: "The inadequacies of a warehouse, such as Navy Pier, for a continuing college program, the mounting demands for facilities and services for commuting students in an area where over half the population of the state reside, and the delays in determination of site for the permanent campus are an old story.

"We rejoice that the location is now determined, funds are appropriated for the first phases of construction, working drawings are being prepared, and the initial educational design has been approved. Further, important steps in the administrative organization of the expanded program have been taken."

But of course the plans are not rigidly frozen so as to preclude adaptation to future circumstances: "Our vision for the future of the Congress Circle Campus is not limited, of course, by what is immediately planned. The educational needs of the Chicago metropolitan area, the degree to which they can be met satisfactorily by existing institutions, and the availability of resources for expansion will

be under continuing review. Additional steps will be recommended as justified by the total educational situation in the metropolitan area and in the state."

* * * * *

MASSACHUSETTS. It seems probable that the current legislature will order and finance a lengthy full-dress survey of education at all levels.

The daily press of the Boston area reports that four bills, all somewhat similar, will be introduced to provide for such a study. One will be initiated by Governor Volpe, one by the Senate Democratic majority leader (Senator Maurice A. Donahue of Holyoke), another by the State Department of Education, and a fourth by the Massachusetts Council for Public Schools (a non-profit citizens' organization).

It is said the idea will have bipartisan support. Two of the proposals as they stood at the beginning of the year called for a study period of 18 months, one specified 1 year, and one would require 2 years. Three placed the cost at \$100,000, while the other would provide \$250,000.

In all cases there would be a survey commission of leading citizens, but the plans varied considerably as to the size of the body, and as to the proportions of legislators, educators, and laymen to be included. In this respect the simplest of the plans would provide for a commission of 9 members, consisting of the President of the University of Massachusetts, the Commissioner of Education, and 7 citizens appointed by the Governor.

In contrast, Senator Donahue's plan would have 21 members, including 10 legislators chosen to assure bipartisan representation; his idea being that the legislator-members would carry the findings to their respective party caucuses and thus promote the enactment of the commission's recommendations.

One bill filed for consideration by the 1962 legislature would appropriate \$12 million for the construction of dormitories at the state colleges.

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MICHIGAN. President Clarence B. Hilberry of Wayne State University, Detroit 2, is president of the Association of Urban Universities for the year 1961-62.

The Association is composed of a growing number of universities, public and private, located in large urban centers, and thus having many problems in common. The Association has a long history, and its importance increases as urbanization proceeds and larger and larger proportions of the people live in metropolitan areas.

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NEW YORK. The Trustees of the State University of New York have announced that there will be no change in its tuition policies for the academic year 1962-63. Tuition is free at 24 of the 47 units of the state university now in operation.

Governor Nelson A. Rockefeller, in his message to the 1962 legislature, advised that the state should not disturb the free tuition practice of the New York City Board of Higher Education, which governs the new City University of New York, composed of the four City Colleges and three community colleges.

Readers of GRAPEVINE will recall that a year ago both the governor and the legislature were apparently putting pressure on both the governing boards to establish uniform fees for all public institutions throughout the state, and that this caused indignation meetings and protests in New York City. It now appears that the policy of diversity of fees among different institutions, and free tuition in many of them, is not likely to be easily overthrown.

The New York City Board of Higher Education presented on January 12 its 1962-63 budget request for operating funds, asking for a total of approximately \$67 million, exactly one-third more than it received for the current fiscal year 1961-62.

About \$33½ million would come from the city, \$29 million from the state, and about \$4½ million from small fees and other miscellaneous sources. The state's share would include some \$6 million for graduate programs, in accord with a formula specifying that the state would pay the same share of the cost of graduate and professional programs in the City University as the state pays in the State University. Bills providing for this arrangement have been introduced in the legislature.

The request also includes a plea for a \$4 million lump sum to be used at the discretion of the Board without reference to tight line-item budgeting, for the purpose of upgrading the City University faculties and facilities. This is an item of significance when it is understood that the units of the City University have long been hopelessly entangled in minutely detailed fiscal controls from City Hall.

Chancellor John R. Everett explains the matter: "We must be free to move among our faculties and seize the opportunities for improvement when they arise. A program of this kind can not be given a line-by-line and department-by-department schedule in advance." He adds that the \$4 million lump sum is a "rock-bottom figure representing a bare start on solving the urgent problems we face."

His words are given cogency by the fact that the City University is now in the throes of establishing advanced graduate studies and research leading to the Ph.D. degree in some 6 or 8 of its leading departments, as a beginning toward the development of a great graduate school worthy of the name of City University.

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SOUTH CAROLINA. Mr. A. L. M. Wiggins of P. O. Box 820, Hartsville, S. C., was Chairman of the Joint Legislative Committee to Study Problems of Educating on a College Level the Increasing Number of Students of College Age in South Carolina, which published a 14-page report in 1961.

This Committee consisted of 3 members from the Senate, 3 from the House, and 3 appointed by the governor, of whom Mr. Wiggins was one. The function of the Committee seems to have been more specific than its name indicates; viz., "To investigate the feasibility of increasing existing facilities and erecting and maintaining two-year colleges in various locations within this state."

The report presents a very good case for a statewide system of local public junior colleges; but it was published only as a staff report, not adopted by the Committee, due to the fact that there was minority dissent within the Committee. For example, one member is said to have feared that the establishment of tax-supported institutions would have adverse effects upon the private colleges, and one member was inclined to believe that the extension centers of the University of South Carolina could better perform the functions of local 2-year colleges.

The foregoing two viewpoints have been encountered elsewhere in several states, and though they are both erroneous, they persist.

Mr. Wiggins is now Chairman of a new 7-member Governor's Advisory Committee on Higher Education, appointed early in 1961 and given a broader mission. Its report is awaited with interest. Especially is this true because Mr. Wiggins has been reported to have said "Our greatest need today is for a crash program to multiply educational effort, not only quantitatively but qualitatively."

VIRGINIA. The 1962 biennial session of the legislature began January 10. Virginia has both personal and corporation income taxes, but no general sales tax. The latter was considered but not enacted in the 1960 session. The taxes on cigarettes, liquors, and beer were raised, but the increased revenues have not been impressive.

It is conjectured that there may be a division in the legislature between advocates of a general sales tax and those who oppose this but favor the inauguration of a withholding plan for the income tax. This latter, it is estimated, would bring in about \$15 million a year in new revenues. The retiring governor, J. Lindsay Almond, recommended a 3% general sales tax in 1960; and in 1962 he urged the withholding plan and certain revisions of individual income tax exemptions to finance necessary additional expenditures, particularly for higher education.

There were indications that the new governor, A. S. Harrison, would propose a study of the state's tax situation as a preliminary to any substantial tax law changes. There is a possibility of quick enactment of the withholding plan, however, to tighten collections and achieve a small increase in revenues while larger changes are being studied.

WISCONSIN. Late in December 1961 the legislature enacted a new 3% sales tax "on selected items", which include automobiles, trucks, radio and television sets, sporting equipment, musical instruments, boats, outboard motors, lawn and garden equipment, new furniture and appliances, hotel and motel bills, restaurant meals, admissions to athletic events, theaters and other entertainment, telephone and intrastate telegraph service to businesses, and beer, liquors, and tobacco products.

This appears to be a large package of special sales taxes, rather than a general sales tax with appropriate exemptions; and GRAPEVINE will say Wisconsin has not yet adopted a general sales tax, although the new sales levies are expected to bring in \$60 million in additional revenue each year. The act will become effective February 1, 1962.

The comprehensive new tax measure also provides for a withholding system for state income taxes, and increases the rates by 1% on incomes less than \$15,000, and 1½% on incomes at that figure or higher, beginning this year. Since the first year of a withholding plan involves paying twice for the same year, taxpayers paying 1961 income taxes due by April 15, 1962 will be allowed to deduct 65% of the total amount due for 1961.

The new act also provides for 50% reductions in personal property taxes paid by merchants and farmers on inventories and livestock. Local taxing units will figure these taxes as usual, but bill the taxpayer for only half the amount. The other half will be paid by the state. This will cost the state about \$30 million a year, beginning in 1963, when 1962 property taxes are paid.

On the same time-schedule, the state will pay about \$55 million a year for relief of local real property taxpayers.

in local units with tax rates higher than \$14 per \$1,000 of true value. This money will be received from the state by the local units affected, and shown as deductions on individual real property tax bills.

Other features include additional taxes of about \$500,000 a year on saving and loan institutions; \$100,000 a year on banks; a reduction of taxes on public utilities by \$5 million a year; and permission for merchants to retain 2% of sales tax receipts to pay the cost of collecting same.

The 1961 legislature resumed its sessions January 8, 1962, and had only 7 days to go to exceed the record long session of 1959, which ran into early 1960. It was expected that the tag end of the 1961 session would terminate reasonably soon, and that no major changes would be made in the new tax act. It is said that the legislature has been in session during 25 of the last 36 months.

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The people had come to believe "in a democracy in which men should be free to learn and think and speak; free to choose the most congenial calling, and pursue it to the highest level; free in religion, conscience, and art; free in opportunity and in access to every tool that aspiring talent needs."

-- Allan Nevins

APPROPRIATIONS OF STATE TAX FUNDS FOR OPERATING EXPENSES OF HIGHER EDUCATION
FOR FISCAL YEAR 1962-63 HAVE ALREADY BEEN MADE IN HALF THE STATES

About 32 states have regular sessions of their legislatures biennially, and make appropriations for the biennium. All of these but 3 convene in odd-numbered years (Kentucky, Mississippi, and Virginia in even-numbered years). About 13 states have regular annual sessions, and make appropriations for one year. Among these are some of the largest ones, including New York, California, Pennsylvania, Michigan, and Massachusetts, as well as some of the smallest ones, such as Alaska and Rhode Island.

GRAPEVINE is able to report appropriations for the biennium 1961-63 by 26 states. Half of these made separate appropriations for each of the 2 fiscal years, the sums for 1962-63 usually being somewhat larger than those for 1961-62. From the other half of these 26 states, GRAPEVINE has no indication that the biennial appropriations make any distinction between the two fiscal years of the biennium. We thus assume that the sums for each fiscal year may be approximated by dividing the biennial appropriation in half. This, of course, is not always a reliable assumption; but since GRAPEVINE's chronological comparisons are over a period of 2 years, no violence will be done to the relationship between the sums appropriated for one biennium and those appropriated for the next. We would never be able to compare all 50 states for any one fiscal year, or even to approximate the total of the appropriations of all 50 states for any one fiscal year, if we did not thus split the biennium.

Occasionally a state falls into the habit of making an insufficient appropriation for the biennium, and then shoring it up with a "supplementary" or "deficiency" appropriation made near the end of the period; and sometimes a state actually makes available substantially less than the sums appropriated, because of a decline in revenue receipts or some similar cause. These are by no means all the complications that may occur; but with these in mind you can read the tabulation on the reverse of this page with some degree of tolerance. See Table 79, page 270.

BIENNIAL APPROPRIATIONS BY 26 STATES INDICATE GAIN OF OVER 21 PER CENT FOR OPERATING EXPENSES OF HIGHER EDUCATION FOR FISCAL YEAR 1962-63 OVER 1960-61, TWO YEARS AGO

Table 79. Appropriations of state tax funds for operating expenses of higher education in 26 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)
Alabama	\$22,397	\$20,535	\$22,051	\$346	-1 $\frac{1}{2}$
Arkansas	13,551	16,599	16,599	3,048	22 $\frac{1}{2}$
Connecticut	13,080	14,855	15,943	2,863	22
Florida	37,263	46,043	46,043	8,780	23 $\frac{1}{2}$
Idaho	8,800	10,137	10,137	1,337	15 $\frac{1}{4}$
Illinois	88,140	113,043	113,043	24,903	28 $\frac{1}{4}$
Indiana	50,163	55,316	62,709	12,546	25
Iowa	34,230	38,914	38,914	4,684	13 $\frac{1}{2}$
Maine	5,599	7,238	7,429	1,830	32 $\frac{1}{2}$
Minnesota	38,250	43,030	44,058	5,808	15 $\frac{1}{4}$
Missouri	24,744	29,555	34,004	9,260	37 $\frac{1}{2}$
Montana	11,231	11,160	11,161	-70	- $\frac{1}{2}$
Nebraska	15,218	17,077	17,078	1,860	12 $\frac{1}{4}$
Nevada	4,107	4,863	5,299	1,192	29
New Hampshire	4,106	4,717	4,733	627	15 $\frac{1}{4}$
New Mexico	11,239	13,002	14,372	3,133	28
North Carolina	30,340	35,678	36,532	6,192	24
North Dakota	9,253	10,386	10,386	1,133	12 $\frac{1}{4}$
Oregon	28,719	33,423	33,423	4,704	16 $\frac{1}{2}$
South Dakota	8,128	8,675	8,702	574	7
Tennessee	17,023	21,522	22,359	5,336	31 $\frac{1}{2}$
Texas	66,955	77,873	83,282	16,327	24 $\frac{1}{2}$
Utah	13,139	15,580	15,580	2,441	18 $\frac{1}{2}$
Vermont	3,399	3,759	3,750	351	10 $\frac{1}{2}$
Washington	42,008	51,757	51,757	9,749	23 $\frac{1}{4}$
Wyoming	4,735	5,599	5,599	864	12
Totals	605,817	710,336	734,948	79,797	
Approximate weighted average		-	-	-	21 $\frac{1}{2}$

All the states in Table 79 appropriate biennially, in odd-numbered years. Therefore the differences between Column 3 and Column 4 are generally small. The accurate measure of change is over a period of two years, or between Column 2 and Column 4. These differences are shown in dollars (thousands) in Column 5, and in percentages in Column 6.

The 26 states show a dollar gain of nearly \$80 million over two years, for a percentage gain of more than 21 per cent.