

M. M. Chambers
Department of Educational Administration
Illinois State University, Normal, Illinois 61761

SINCE 1958 TWELFTH YEAR
Number 144 July 1970 Page 909

Second of two issues this month

GRAPEVINE

Reports on state tax legislation; state appropriations for universities, colleges, and junior colleges; legislation affecting education beyond the high school.

IN THIS ISSUE

Forty-two states appropriated almost \$5 billion for operating expenses of higher education for fiscal year 1970-71 910

Alaska makes two-year gain of 63 1/2 per cent 911

Illinois reports appropriations of \$477 1/2 million 911

Missouri has a jolting setback: two-year gain of only 16 1/2 per cent; one-year gain of only about 3 per cent 912

Massachusetts has yet some supplementary appropriations to report for 1969-70 912

Nevada makes modest two-year gain, not befitting its rapid increase in population 913

New Hampshire special session enacted small supplementary appropriations, and enacted income tax for out-of-state commuters 913

South Carolina's two-year gain CORRECTED to 55 % 913

DO WE "TAX THE POOR TO EDUCATE THE RICH"? 914

"The secret of education lies in respecting the pupil."
-- Ralph Waldo Emerson

Statement of ownership and circulation of GRAPEVINE is on Page 910 (reverse hereof).

FORTY-TWO STATES APPROPRIATE ALMOST \$5 BILLION FOR 1970-71

Table 53. Appropriations of state tax funds for annual operating expenses of higher education for fiscal year 1970-71 in forty-two states, with comparable figures for two years earlier and ten years earlier, in thousands of dollars.

| States | Fiscal years | | | 2-yr gain | 10-yr gain |
|--------------------------------------|--------------|-----------|-----------|-----------|------------|
| | 1960-61 | 1968-69 | 1970-71 | per cent | per cent |
| (1) | (2) | (3) | (4) | (5) | (6) |
| 38 states previously reported * | 918,682 | 3,088,276 | 4,315,620 | 39 3/4 | 369 3/4 |
| 4 states newly reported | | | | | |
| Alaska | 2,323 | 10,400 | 17,000 | 63 1/2 | 632 |
| Illinois | 90,290 | 301,136 | 477,546 | 46 1/2 | 429 |
| Missouri | 25,641 | 112,764 | 131,571 | 16 1/2 | 413 |
| Nevada | 4,107 | 12,339 | 15,908 | 29 | 287 |
| 42 states | 1,041,043 | 3,524,915 | 4,957,645 | | |
| Weighted average percentages of gain | | | | 40 1/2 | 376 1/4 |

Eight states yet unreported as of mid-July 1970 are California, Pennsylvania, Michigan, Florida, Massachusetts, Louisiana, Delaware, and Rhode Island. For the fiscal year recently passed, these eight states appropriated a total of more than \$1.8 billion. Hence it seems certain that the 50-state total for fiscal year 1970-71 will exceed \$7 billion.

This has a semblance of an average of something like \$1,000 of state tax funds for each student at all levels in state-supported higher education. It is much cheaper and much more productive than the cost of reformatories and penitentiaries, and of operations for the relief of unemployment and indigency. Education reduces the necessity for these.

* Original report in Table 48, GRAPEVINE page 904.

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

GRAPEVINE is not a publication of any 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 to numerous key persons in each of the fifty states.

Address communications to M. M. Chambers, Department of Educational Administration, Illinois State University, Normal, Illinois 61761.

M. M. Chambers, Illinois State University, Normal, Illinois 61761

ALASKA. Our correspondent in College (Fairbanks) has reported that the total appropriation for operating expenses of the University of Alaska, including branch two-year colleges, is \$17 million.

Allocations to the main campus and the various sub-units will be reported later, after the necessary action by the Board of Trustees.

The reported total for fiscal year 1970-71 seems to represent a gain of 63 1/2 per cent over the comparable figure for fiscal year 1968-69, two years earlier. The ten-year gain since 1960 appears to be 632 per cent.

ILLINOIS. Appropriations of state tax funds for operating expenses of higher education, fiscal year 1970-71:

Table 54. State tax-fund appropriations for operating expenses of higher education in Illinois, fiscal year 1970-71, in thousands of dollars.

| Institutions (1) | Sums appropriated (2) |
|--------------------------------------|--------------------------|
| U of Illinois (all units) | \$169,074 |
| Southern Illinois U | 79,032 |
| Northern Illinois U (Regts) | 36,437 |
| Illinois State U (Regts) | 28,208 |
| Western Illinois U (Govs) | 18,881 |
| Eastern Illinois U (Govs) | 15,477 |
| Northeastern Illinois U (Govs) | 8,610 |
| Chicago State College (Govs) | 8,493 |
| Sangamon State U (Regts) | 3,785 |
| Governors State U (Govs) | 1,669 |
| <hr/> Subtotal, 10 s u's - \$369,666 | |
| Statewide boards - | |
| Board of Regents | 345 |
| Board of Governors | 425 |
| Junior College Board | 328 |
| Board of Higher Education | 1,060 |
| Grants | 15,164 |
| <hr/> Subtotal, bds - \$17,322 | |

(continued in next column)

ILLINOIS (Cont'd from preceding column)
Table 54 continued -

| | |
|--|----------|
| State aid to jr colls | 48,507 |
| Scholarship Comm (administration) | 1,101 |
| Scholarships & Grants | 33,850 |
| Guarntd student loans | 7,100 |
| <hr/> Subtotal, awards and loan programs | |
| | \$42,051 |
| <hr/> | |
| Total * | 477,546 |
| <hr/> | |
| * Alternatively classified by "systems" | |
| Trustees of U of Ill | 169,074 |
| Turstees of So Ill U | 79,032 |
| Board of Regents | 68,776 |
| Board of Governors | 53,555 |
| Junior College Board | 48,835 |
| Scholarship Commission | 42,051 |
| Board of Higher Education | 16,224 |
| <hr/> Total | |
| | 477,546 |

The total for fiscal year 1970-71 appears to be a gain of about 46 1/2 per cent over the comparable figure for fiscal year 1968-69, two years earlier. (This figure is derived from comparison of bienniums 1967-69 and 1969-71; otherwise it would be overstated if the separate fiscal year 1970-71 were compared with an undivided half of biennium 1967-69, for which no appropriations for the two separate fiscal years were specified.)

Comparison of the figures for fiscal year 1970-71 with those for fiscal year 1960-61 seems to produce a ten-year rate of gain of about 429 per cent, which would place Illinois somewhere in the vicinity of eleventh to fifteenth place among the fifty states. The full story can not be told at this moment because eight states are not yet reported for 1970-71.

Among states showing higher ten-year rates of gain than Illinois are Hawaii, New York, Connecticut, Alaska, New Jersey, Tennessee, North Carolina, and Kentucky. One of the most spectacular rates of gain is that of New York, which is 693 per cent. New York's total of nearly \$750 million for 1970-71 is approximately eightfold the total for ten years earlier, which was \$94 million.

MASSACHUSETTS. Additional appropriations for fiscal year 1969-70, made later in the session and after the original appropriations reported on GRAPEVINE page 835, Table 95, have considerably increased the operating funds for that fiscal year, by providing for salary increases and special programs.

GRAPEVINE will report the cumulative totals for the several institutions as soon as the figures can be obtained.

It now appears that the sum for the University of Massachusetts (all units), originally \$39,754,000, will come up to some point within the range of \$46 million to \$50 million.

The change, when ascertained and verified, will transfer the University of Massachusetts from the list of universities in Table 22 (GRAPEVINE page 880) to Table 21 or possibly Table 20 (GRAPEVINE pages 878 or 877). It will also, of course, give Massachusetts a somewhat higher standing in the annual 50-state summary table (Table 15, page 854).

* * * * *

"The potential of excessive reliance on (student) loans is deeply disturbing. No nation in history has ever before achieved the level of education made possible by our local, state, federal and private investment. Much of this nation's unmatched level of productivity and well-being can largely be attributed to this investment. Ironically, no other nation has given serious thought to reducing its public investment in higher education in the face of increasing demand."
 -- George H. Hanford and James E. Nelson, in College Board Review, Spring, 1970.

* * * * *

MISSOURI. Appropriations of state tax funds for operating expenses of higher education, fiscal year 1970-71:

Table 55. State tax-fund appropriations for operating expenses of higher education in Missouri, fiscal year 1970-71, in thousands of dollars.

| Institutions (1) | Sums appropriated (2) |
|------------------------------|--------------------------|
| U of Missouri * | |
| (all campuses and programs) | \$80,702 |
| Lincoln University | 2,640 |
| State Colleges | |
| Central Missouri | 9,778 |
| Southwest Missouri | 7,101 |
| Southeast Missouri | 6,340 |
| Northeast Missouri | 4,793 |
| Northwest Missouri | 4,309 |
| Missouri Southern | 1,403 |
| Missouri Western | 945 |
| Subtotal, s c's - \$34,669 | |
| Harris Teachers College ** | 1,000 |
| State Aid to Pub jr. colls | 8,733 |
| Matching fringe benefits *** | 3,827 |
| Total | 131,571 |

* Allocations to the campuses at Columbia, Rolla, Kansas City, and St. Louis, and other sub-units, will be reported after action by the board of Curators.

** Municipal institution, state-aided.

*** This item, paid out of appropriations to the State Comptroller, and not reported in prior years, will cause a slight overstatement of the rate of change.

The total for fiscal year 1970-71 appears to be a gain of 16 1/2 per cent over the comparable figure for fiscal year 1968-69, two years earlier. The one-year gain over 1969-70 is only 3 1/4 percent--a sharp slowdown of Missouri's splendid spurt since 1965. The ten-year gain since 1960 is 413 per cent.

M. M. Chambers, Illinois State University, Normal, Illinois 61761

NEVADA. Appropriations of state tax funds for operating expenses of higher education, fiscal year 1970-71:

Table 56. State tax-fund appropriations for operating expenses of higher education in Nevada, fiscal year 1970-70, in thousands of dollars.

| Institutions (1) | Sums appropriated (2) |
|-----------------------------|--------------------------|
| U of Nevada (Reno) | \$8,038 |
| Library books | 299 |
| Health sciences program | 43 |
| U of Nevada (Las Vegas) | 3,740 |
| Library books | 299 |
| Research and public service | 890 |
| Ag Experiment Sta | 740 |
| Ag Extension Service | 612 |
| Pahrump Valley | 26 |
| Classified Salary increase | 300 |
| Computing Center | 423 |
| Elko Community College | 175 |
| System Administration | 323 |
| Total | \$15,908 |

The total for fiscal year 1970-71 appears to be a gain of 29 per cent over the comparable figure for fiscal year 1968-69, two years earlier. The ten-year gain since 1960 seems to be 287 per cent -- well below the 50-state average, and not at all in pace with Nevada's very high rate of population increase.

NEW HAMPSHIRE. A 1970 special session of the legislature enacted supplemental appropriations aggregating about \$6 1/2 million for the current fiscal year 1970-71, including \$1 1/2 million for state employee pay raises, somewhat less than that for additional public school foundation aid, and increases for welfare, health, and en-

(Continued in next column)

NEW HAMPSHIRE (Continued from preceding column)

vironmental control programs.

To provide the additional revenue a 6 per cent business profits tax was enacted; and also a 4 per cent income tax on out-of-state residents working in New Hampshire.

These "out-of-state-commuters" are estimated to number about 15,000 and expected to turn in about \$1.7 million annually under the new tax. The adjacent states of Maine, Vermont, and Massachusetts all levy income taxes on residents of New Hampshire who work in those states. The special session apparently confined itself to "flea-bite" measures of this type. New Hampshire continues to be the only state having neither a general sales nor a general income tax on persons or corporations.

SOUTH CAROLINA. CORRECTION of the previously reported statewide totals for fiscal years 1968-69 and 1969-70 is necessary to rectify their comparability with the total for fiscal year 1970-71.

Upon adding the inadvertently omitted agricultural public services of Clemson University and a few other smaller items, the total for 1968-69 becomes \$44,308,000 instead of the originally reported \$39,645,000. The two-year rate of gain between 1968-69 and 1970-71 thus becomes 55 per cent rather than the 73 1/2 per cent reported in Table 34, GRAPEVINE page 892, with a notation that it was known to be an overstatement because of lack of comparability between the then available figures for the two fiscal years under view.

Similar rectification of the total for fiscal year 1969-70 makes it \$58,490,000 instead of the \$53,316,000 formerly reported.

DO WE "TAX THE POOR TO EDUCATE THE RICH?"

Hansen and Weisbrod, of the department of economics at the University of Wisconsin, recently published a small book in which data on the California state tax system and the tax support of the institutions of public higher education in that state are used to arrive at the conclusion that California (and by implication, the other states) are currently "taxing the poor to educate the rich." *

A major weakness in the thesis is that it simply disregards the benefits flowing from the large higher educational enterprise to people of all classes, irrespective of whether they or their children ever attend any institution of higher education. This social benefit, says the book, is "elusive" and "difficult to prove" and therefore can be ignored.

A strong refutation of the theme comes from Joseph A. Pechman, director of economic studies at the Brookings Institution in Washington, D.C., whose article on the subject is scheduled for publication in the forthcoming summer issue of the Journal of Human Resources.

It is conceded that all or most of the state tax systems are somewhat regressive, tending to bear comparatively more heavily on the poor than on the well-to-do. This, says Pechman with cogency, indicates the tax systems could be improved; not that one of the most essential public services should be put on a private user-fee basis (through high student fees).

Pechman says "I do not believe that the exercise performed by Hansen and Weisbrod can provide even an approximate estimate of the distributional effects of public higher education... When the benefits and costs are distributed by income

levels, using their own figures, it turns out that their conclusion is reversed; i.e., that the California system of public higher education is progressive," not regressive.

Pechman concludes that "a system which provides free, or almost free, access to a public institution of higher learning to all qualified students is the simplest and most effective method of insuring enrollment of qualified poor and near-poor students."

Pointing out several other shortcomings of the Hansen-Weisbrod methods and conclusions, Pechman makes it clear that he is profoundly suspicious of any scheme which looks toward raising student fees to cover full costs of institutional operation, combined with any sort of vast nationwide "grant-loan system" for students.

Such schemes have been advocated in one form or another for a dozen years by Seymour Harris, Kingman Brewster, Jerrold Zacharias, and others; and vigorously opposed by Howard R. Bowen, Logan Wilson, Edwin Young, and both of the great national associations of state universities and colleges.

Judge for yourself as to whether Pechman has successfully shot down Hansen and Weisbrod.

* W. Lee Hansen and Burton A. Weisbrod, Benefits, Costs, and Finance of Higher Education. Chicago: Markham Publishing Co., 1969. 114 pp. See criticism by Joseph A. Pechman in forthcoming summer issue of Journal of Human Resources, Vol. V, No. 3 (Summer 1970), pages 361-370. "The Distributional Effects of Public Higher Education in California." (ISU Milner Library Periodical Room - HD 5701. J6)