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

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"Let us learn together and laugh together and work together and pray together, confident that in the end we will triumph in the right.

"We will be ever vigilant and never vulnerable, and we will fight our wars against poverty and ignorance and injustice, for these are the enemies against which our forces can be honorably marshalled."

-- From Inaugural Address of Jimmy Carter, President of the United States.

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## STRAITJACKET PARSIMONY INITIATIVES FAIL IN AT LEAST SIX STATES

In December 1973 GRAPEVINE circulated a one-page story entitled "Governor Reagan's Plan to Throttle the Public Services is Defeated by California Electorate" (p. 1186). Proposition One, on the ballot in November of the off-year 1973, "was a hugely complicated measure intended to mandate gradual yearly reductions in the ratio between total state expenditures and the total of personal incomes in the state until a target ratio of 7 per cent would be reached.

In plain words, the intent was that ultimately state-tax-paid expenditures for all state purposes would be under a ceiling of 7 per cent of total personal incomes.

Results of the general elections in November 1976 indicate that somewhat similar initiatives in at least six states were heavily defeated in all cases.

This seems to be remarkably uniform evidence that the people of the states are not disposed to cripple the public services by drastic "meat-axe" reductions of state tax support. A sign of civic health?

COLORADO. An amendment proposed that no tax could be levied, restored, or increased by the state or any of its civil subdivisions, unless approved by a majority of the registered voters within the boundaries of the taxing authority. This proposition was defeated at the polls by 3-to-1 on November 2, 1976.

FLORIDA. A proposed constitutional amendment would have prohibited the number of full-time salaried state employees from exceeding one per cent of the total population of the state; and would have limited the number of part-time employees of the state to ten per cent of the full-time employees. This was defeated at the polls November 2 by a 54-to-46 ratio.

Defeat of this measure was reported earlier in GRAPEVINE at page 1425 in the issue for February 1977.

MICHIGAN. A proposal would have restricted all state taxing and spending to a total not greater than 8.3 per cent of the combined personal income in the state (except taxes for the repayment of bonds).

This meant state revenue only, excluding federal aid. The measure was defeated November 2 by a 3-to-2 ratio.

MONTANA. An initiative measure would have restricted total state expenditures to \$375 million for each biennium until July 1, 1983. The same measure would have reduced the total of federal funds that the state would accept by 15 per cent each year until mid-1984, after which it would forbid the state to accept any federal funds.

The entire proposition was heavily defeated at the polls on November 2.

NORTH DAKOTA. The voters had to deal with a simple proposition that the total of state expenditures be held under a ceiling of \$332 million for each of the ensuing two bienniums. This would have a reduction of approximately 25 per cent from the current level. It was defeated by a 2-to-1 vote on September 7, 1976.

UTAH. An initiated petition would have held the total state budget at its present level for the next five years, and would have reduced the state's acceptance of federal funds by 20 per cent each year until acceptance of federal aid would be phased out altogether.

This measure was defeated at the polls November 2 by a 3-to-1 ratio. (Note resemblance to the defeated proposals in Montana and North Dakota.)

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## STATE TAX PROGRESS IN THE YEAR 1976

In its annual review of state tax actions in 1976, the Tax Foundation (1) reported that 15 states provided by various means for additional revenues aggregating slightly less than \$1 billion per year.

This is somewhat larger than the total of prospective gains in state and local revenues, because in some instances the increased state taxes were partly offset by decreased local property taxes of undetermined amount. Some states also increased the amounts of the exemptions from succession and gift taxes thus reducing somewhat the revenues from those sources.

As would be expected, most of the new money will come from state income taxes and sales taxes, in that order.

### Income Taxes

The event of the year was the enactment for the first time in New Jersey of a state tax on personal incomes (GRAPE-VINE page 1389, August 1976), under heavy pressure from many quarters, including a state supreme court order to close all public schools until adequate financing should be provided for.

Maine raised its income tax rates so as to produce \$18½ million additional revenue per year--an increase of one-third. The graduated scale of rates is now 1 per cent to 8 per cent (for incomes above \$50,000); and will go up to 10 per cent for those above \$25,000 in 1977.

Nebraska's State Board of Equalization and Assessment raised the state's personal income tax rate to 17 per cent of the adjusted federal tax liability of the taxpayer, retroactive to January 1, 1976.

### Sales Taxes

General sales tax rates went up in five states: Massachusetts, to 5 per cent from 3; Nebraska, to 3 per cent from 2½; Rhode Island, to 6 per cent from 5; Tennessee, to 4½ per cent from 3½; and Washington, to 4.6 per cent from 4.5, for the period through June 30, 1977.

### Special Sales Taxes

Four states increased their gasoline taxes: Connecticut, to 11 cents per gallon from 10 (plus an inventory tax of 1 cent per gallon); Idaho, to 9½ cents from 8½; Kansas and Wyoming, to 8 cents from 7. Two states extended previously enacted increases: Hawaii, a 3½ cent increase enacted in 1975; and South Dakota, a 1 cent increase that otherwise would have expired June 30, 1976.

Colorado, South Carolina, and Virginia increased their taxes on alcoholic beverages.

### Bond Issues for Higher Educational Institutions (2)

In four states the electors of the state or of one of its subdivisions approved proposed bond issues for capital improvements for the benefit of public colleges or universities.

New Mexico authorized \$25 million to be borrowed and divided among all the state's public higher educational institutions, including community colleges.

Voters of King County, Washington, authorized \$19½ million for expansion of the Harborview Medical Center in Seattle, owned by the county and operated by the University of Washington as a teaching hospital.

In Baltimore County, Maryland, and in Beaufort County, North Carolina, the voters approved local bond issues for construction at local two-year colleges.

In summary, 1976 was no boom year, nor was it at a dead stop.

- (1) The tax story is abbreviated and paraphrased from Tax Review 37, No. 9: 33-36 (October 1976), published by Tax Foundation, Inc., 30 Rockefeller Plaza, New York, N. Y. 10020.
- (2) Abbreviated from Ellen K. Coughlin's report in a recent issue of The Chronicle of Higher Education, 1717 Massachusetts Ave., Washington, D.C. 20036.

## THE VALUE OF A COLLEGE EDUCATION

For reasons unfathomable, at least two pretentious book-length publications appeared during 1976 with the obvious object of downgrading the worth of college attendance and pejorating the usefulness of higher education in general.

We think this tactic is factually wrong, and can have damaging effects on the long-term economic and social development of the nation. We do not pretend to know whether this is done intentionally or unwittingly by use of biased data.

### AASCU Sounds Positive View

A small publication published in November by the American Association of State Colleges and Universities will go far as an effective antidote to the perverted propaganda that would have us believe that higher education is not worthwhile, and that would persuade people, young, or older, who contemplate earning a college degree, that it would be better to forget it and go in for some short-term trade-training, or perhaps for no further education at all.

Plainly and very briefly the AASCU points out the economic benefits of higher education, both to the individual and to the whole society. It also stresses the non-economic gains (a better life for the person who loves learning, and a higher level of civilization for the nation and the world).

It relies to some extent upon the findings of one of the best of the numerous studies made for the Carnegie Commission on Higher Education, published in 1971: A Degree and What Else? by Stephen B. Withey and associates. The conclusion is inescapable that much is to be gained from more and better higher education for more people.

The ten-page AASCU pamphlet, The Value of a College Education, is available at 50¢ per copy (25¢ for bulk orders of 100 or more) from the American Association of State Colleges and Universities, One Dupont Circle, Suite 700, Washington, D. C. 20036. Ph (202) 293-7070.

## ABOUT DOCTORAL PROGRAMS IN LOUISIANA

Some detailed information can be added to the brief story on page 1425 of GRAPEVINE (February 1977).

We are told that the contemplated termination of 18 doctoral programs in 7 state institutions follows an evaluation process already under way for more than a year, and scheduled to continue probably several years. In its first phase it was concentrated on programs bearing similar labels, operating either in one institution or more than one, which were deemed to be unnecessary duplicates.

The process includes the use of small teams (usually three members) of professors in pertinent fields in distinguished institutions outside Louisiana, who are employed to make brief site visits and write their recommendations for the Board of Regents.

We note that the teams thus far used appear generally to be composed of two from state institutions and one from a private university--which is a reasonably fair ratio. Institutions of top prestige are very often the sources--Berkeley, Ann Arbor, and Austin appear more often than others. Yale, Stanford, and Vanderbilt also appear.

### GRAPEVINE Is Expansionist

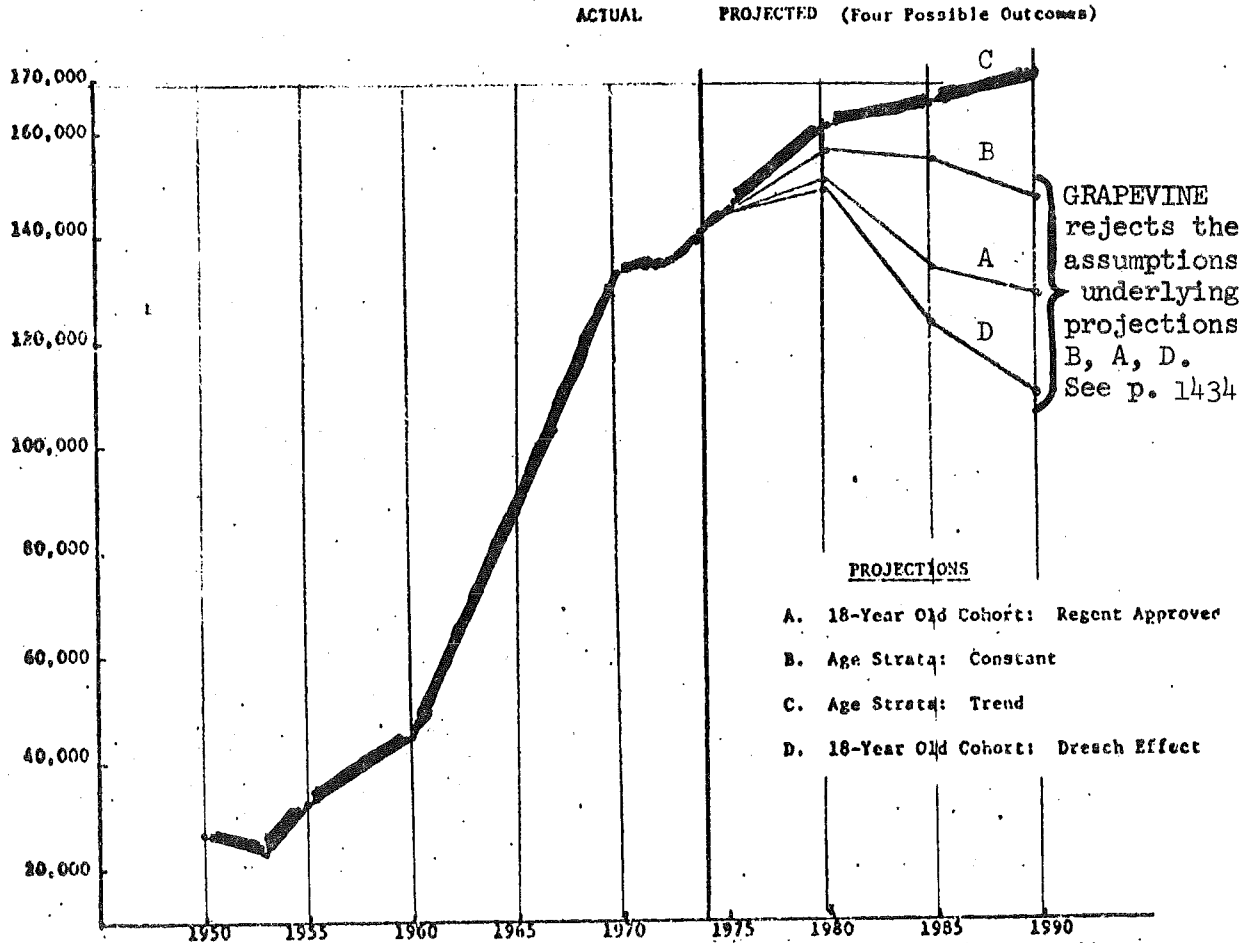
Not wishing to use offensive words, GRAPEVINE wishes to present the story in reasonable balance, and with appropriate respect for opinions from all sources, but without suppressing our conviction that Louisiana's current policy (similar to the processes under way in New York State for some years), is essentially reductionist and restrictive of graduate educational opportunities.

We may be called unscholarly and irresponsible, but we hold that in the long run the nation will be better served by the nurture and improvement of numerous new and small doctoral programs (as well as the older and larger ones).

In its third century, the nation will need, in a million different capacities, all the people it can get who have experienced education through the doctoral level.

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WISCONSIN. After many months of effort to accomplish the transformation of the historic University of Wisconsin and the ten Wisconsin state universities into a totally consolidated University System of Wisconsin, as mandated by legislative act of 1971 to be effective July 1, 1973, the Regents were later confronted with an astounding gubernatorial order to produce a plan whereby the scope of the entire system might be substantially reduced. In the course of preparing the required report, the Regents devised four alternate projections of total enrollments, as shown in the graph on this page.



UNIVERSITY OF WISCONSIN SYSTEM: ACTUAL AND PROJECTED ENROLLMENTS

Projection C can be accepted by GRAPEVINE as a conservative one. Projections B, A, and D are rejected by GRAPEVINE, for reasons that will become plain upon a careful reading of the technical paragraphs quoted on the following page, giving weight to each word and phrase. It is a coincidence that the three projections unacceptable to GRAPEVINE are consecutively designated as BAD.

Source: University of Wisconsin President's Report on Reducing the Scope of the University of Wisconsin System, April 18, 1976.

(Continued on page 1434)

WISCONSIN (Continued from page 1433)

(C) Age Strata: Trend

In this approach to enrollment projections, estimates of future enrollments are made by age group. The sum across all age groups then provides the total enrollment projection for the University of Wisconsin System.

Projection C is based upon 2 primary assumptions. First the proportion of the state population in the age group 23 years of age and older attending the University will continue to increase, but at a decelerating rate. This assumption stems from the observation that this proportion has been rising in the past several years. Second, the proportion of the 18-year old population attending the University will increase slightly through 1980 and then return gradually to the 1971 level by 1990.

(B) Age Strata: Constant

In this approach, estimates of future enrollments are made by age group. The sum of the estimates for all age groups provides the total enrollment projection for the University of Wisconsin System.

This projection is based upon a single primary assumption. It is assumed that the proportions of the state population attending the University--both under and over age 23--will remain at the present level through 1990.

(A) 18-Year Old Cohort: Regent Approved

This projection is based primarily upon the proportion of the state's 18-year old population attending the University of Wisconsin System. The traditional cohort survival technique then is used to estimate the anticipated numbers of sophomores, juniors and seniors in the System. The sum of these separate estimates provides the total undergraduate enrollment projection for the University of Wisconsin System.

(D) 18-Year Old Cohort: Dresch Effect

This projection, like the Regent-approved projection, is based primarily upon the proportion of the state's 18-year old population attending the University of Wisconsin System. The traditional cohort survival technique then is used to estimate the anticipated numbers of sophomores, juniors and seniors in the System. The sum of these separate estimates provides the total undergraduate enrollment projection for the University of Wisconsin System.

This projection also is based upon a single primary assumption. It is assumed that the proportion of the 18-year old population attending the University will decline slightly through 1985, with stabilization occurring in that proportion from 1985 through 1992. This assumption is in the spirit of the thesis advanced by S. P. Dresch that the percentage of the national population seeking a traditional higher education will decline in the decades ahead due to an over-supply of college graduates in many fields. (GRAPEVINE believes this thesis to be grossly erroneous.)