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GRAPEVINE

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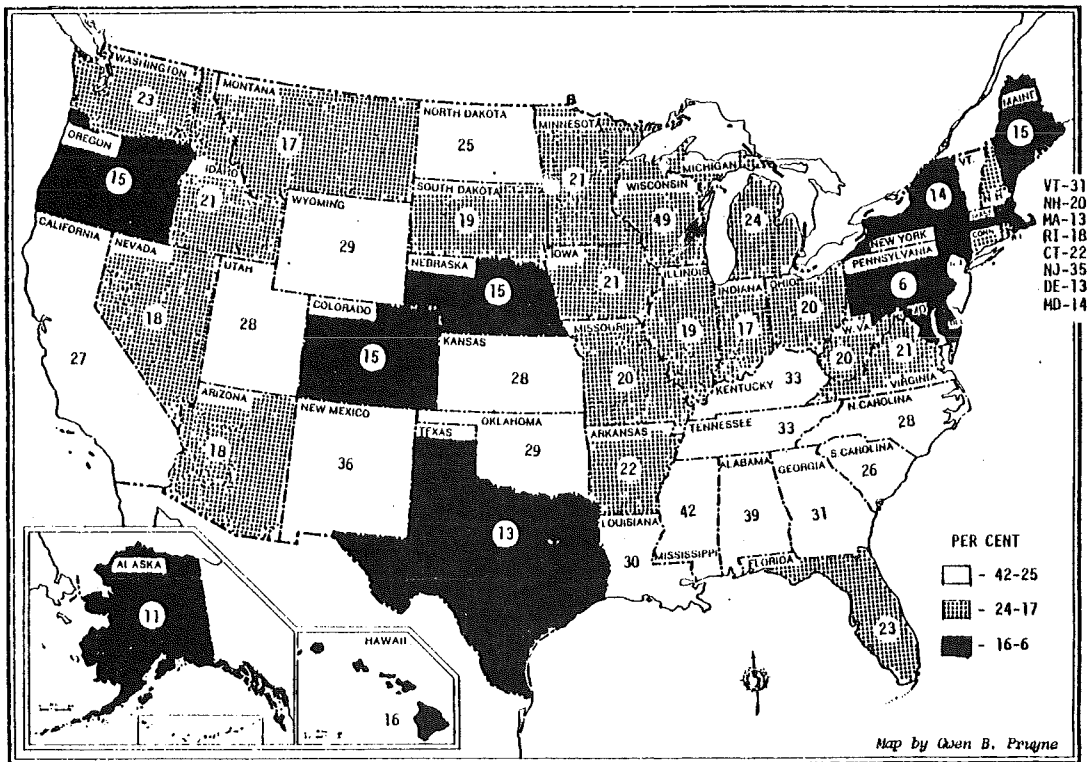
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Page 1553

TIMELY DATA CIRCULATED WHILE CURRENT

PERCENTAGES OF TWO-YEAR GAINS IN APPROPRIATIONS OF STATE TAX FUNDS
 FOR ANNUAL OPERATING EXPENSES OF HIGHER EDUCATION
 IN THE FIFTY STATES, FISCAL 1979 OVER FISCAL 1977



WHITE STATES MADE TWO-YEAR GAINS OF 25 PER CENT TO 42 PER CENT
 GRAY STATES MADE TWO-YEAR GAINS OF 17 PER CENT TO 24 PER CENT
 BLACK STATES MADE TWO-YEAR GAINS OF 6 PER CENT TO 16 PER CENT

* * * * *

THE ANNUAL FIFTY-STATE SUMMARY TABLE IS ON PAGE 1555, THIS ISSUE

IN THIS ISSUE

THE ANNUAL FIFTY STATE SUMMARY TABLE SHOWS REVISED TOTAL
OF \$16,964,030,000 APPROPRIATED. 1555

What the figures are intended to mean 1556

The Southern and Western regions are currently leading
in percentage of two-year gain, fiscal 1979 over
fiscal 1977. 1557

California revised statewide total is \$2,333,110,000. . . . 1554

General sales tax rates in the fifty states, 1978 1558

CALIFORNIA. Appropriations of state tax funds for operating expenses of higher education in California, fiscal year 1978-79, in thousands of dollars. (This table is a revision and extension of the rudimentary unnumbered tabulation on GRAPEVINE page 1543, September 1978.)

Table 74. State tax-fund appropriations for operating expenses of higher education in California, fiscal year 1978-79, in thousands of dollars.

Institutions (1)	Sums appropriated (2)
U of California (9 campuses)*	753,300
State U and Colls (19 campuses)*	681,241
State aid to community colls**	815,765
Hastings College of Law	4,288
California Maritime Academy	2,287
<u>Subtotal, Insts, \$2,256,881</u>	
Student aid program	71,384
Student aid commission	3,047
Postsecondary Education Commission	1,798
<u>Total</u>	<u>2,333,110</u>

(See footnotes in next column)

Footnotes -

- *Allocations to the several campuses separately had not been reported at press time.
- **Includes \$17,389,919 for the statewide Extended Opportunity Program and Services (EQPS): \$2,586,990 for the California Community College Board of Governors; and \$522,827 for the Credentials Office.

The total of \$815,765,000 for state aid to community colleges is much larger than in any previous year, to make up for loss of local revenue due to adoption on June 6, 1978 of a constitutional amendment drastically limiting local property taxes.

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Table 75. APPROPRIATIONS OF STATE TAX FUNDS FOR OPERATING EXPENSES OF HIGHER EDUCATION, IN THOUSANDS OF DOLLARS, FOR FISCAL YEARS 1968-69, 1976-77 AND 1978-79, WITH PERCENTAGE GAINS OVER MOST RECENT TWO AND TEN YEARS.

States	Year 1968-69	Year 1976-77	Year 1978-79	2-yr gain per cent	10-yr gain per cent	States
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Ala	58,462	268,919	374,332	39	540	AL
Alaska	10,400	64,829	71,742	11	590	AK
Ariz	55,121	184,786	218,166	18	296	AZ
Ark	44,547	114,936	140,319	22	215	AR
Calif	637,788	1,827,549	2,333,110	27	265	CA
Colo	70,586	206,226	237,310	15	236	CO
Conn	61,513	145,888	206,901	22*	236	CT
Del	14,095	43,311	48,831	13	246	DE
Fla	156,645	434,857	535,809	23	242	FL
Ga	112,524	265,562	346,731	31	208	GA
Hawaii	30,987	97,884	113,767	16	267	HI
Idaho	20,601	69,197	83,797	21	307	ID
Ill	301,136	685,414	815,782	19	171	IL
Ind	144,715	329,771	384,376	17	166	IN
Iowa	85,773	225,388	272,725	21	218	IA
Kans	69,108	173,777	222,216	28	222	KS
Ky	82,350	205,861	272,909	33	231	KY
La	99,222	214,998	278,954	30	181	LA
Me	19,972	42,567	48,966	15	145	ME
Md	79,742	256,777	292,755	14	267	MD
Mass	69,097	242,316	273,333	13	296	MA
Mich	262,424	593,930	733,978	24	180	MI
Minn	105,131	324,035	393,359	21	274	MN
Miss	47,804	154,036	218,950	42	358	MS
Mo	112,764	236,782	284,836	20	153	MO
Mont	24,418	47,099	55,050	17	125	MT
Neb	33,248	121,980	140,539	15	323	NB
Nevada	12,339	42,357	50,112	18	306	NV
N H	10,221	22,859	27,542	20	169	NH
N J	95,047	274,405	370,637	35	290	NJ
N M	31,262	82,047	114,458	36*	266	NM
N Y	482,986	1,251,096	1,421,407	14	194	NY
N C	114,709	407,977	521,863	28	355	NC
N D	19,888	48,865	61,240	25	208	ND
Ohio	174,136	502,225	604,651	20	247	OH
Okla	52,858	152,263	196,594	29	272	OK
Oregon	67,984	176,653	204,000	15	200	OR
Pa	264,693	659,781	699,128	6	164	PA
R I	21,545	56,360	66,341	18	208	RI
S C	49,308	210,239	265,076	26	438	SC
S D	17,152	38,382	45,509	19	165	SD
Tenn	73,137	211,163	280,469	33	283	TN
Texas	259,425	918,589	1,042,243	13	302	TX
Utah	33,695	102,937	132,047	28	292	UT
Vt	10,940	20,138	26,478	31	142	VT
Va	107,524	316,042	425,797	21*	296	VA
Wash	137,051	310,131	380,250	23	177	WA
W Va	49,033	123,622	148,120	20	202	WV
Wis	155,057	364,056	433,482	19	178	WI
Wyoming	11,123	36,562	47,043	29	323	WY
Totals	5,062,186	13,907,424	16,964,030			
Weighted average percentage of gain				22	235	

*Due to deviations from comparability, the percentage is derived from figures not shown.

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WHAT THE FIGURES ARE INTENDED TO MEAN

- 1 Report only appropriations; *not* actual expenditures. GRAPEVINE's 50-state *annual summary* is published annually in October, early in the fiscal year. Its principal usefulness is its *timeliness*. Don't wait.
- 2 Report *only* sums appropriated for annual operating expenses.
- 3 *Exclude* appropriations for capital outlays and debt service.
- 4 *Exclude* appropriations of sums derived from any source other than *state tax* funds. *Exclude* all moneys derived from Federal sources, local sources, or *student fees*.
- 5 *Include* sums destined for higher education, but appropriated to some other state agency. (Examples: funds intended for faculty fringe benefits may be appropriated to the State Treasurer and disbursed by him; certain funds for medical or health education may be appropriated to the State Department of Health and disbursed from that department.) Sometimes these sums have to be approximated or estimated, because the exact amounts disbursed can not be known until after the end of the fiscal period. *Include* them, even if only estimated.
- 6 *If possible without undue delay*, in complex universities please set out separately sums appropriated for main campus, branch campuses, and medical centers (even if on the main campus). The medical center item should include operation of colleges of medicine, dentistry, pharmacy, nursing, and teaching hospitals, either lumped as one sum or set out separately as preferred.
- 7 *Include*, if possible, sums appropriated to statewide coordinating boards or governing boards, either for board expenses or for allocation by the board to other institutions, or both.
- 8 *Include* sums appropriated for state scholarships or other student financial aids, *except* for capital outlays.
- 9 *Include* sums appropriated for state aid to local public community colleges (and for operation of state-supported community colleges), and for vocational-technical two-year colleges or institutes which are predominantly for high school graduates and adult students.
- 10 *Include* sums appropriated directly to private institutions of higher education at any level.

FURTHER NOTES: The above 10 "ground rules" will each require some exercise of reasonable judgment in establishing boundaries, because the diversity in legislative and administrative practices among the states is complex.

We avoid extending the "ground rules" beyond endurance by referring to the copy of our tabulation for your state for the preceding year, attached to our letter which accompanies this sheet.

You are asked to use that tabulation as a take-off point, and construct a similar tabulation for the next fiscal period, being careful to indicate any insertions or additions necessary to update it.

Especially you are asked to *add the final column* of your tabulation, to give us a *statewide total figure* which may be compared with our comparable figure circulated two years earlier, so we can calculate the rate of gain over two years with reasonable accuracy.

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PERCENTAGES OF GAIN OVER TWO YEARS (FISCAL 1979 OVER FISCAL 1977) IN APPROPRIATIONS OF STATE TAX FUNDS FOR OPERATING EXPENSES OF HIGHER EDUCATION

Mississippi	42	} 17 states	
Alabama	39		
New Mexico	36		
New Jersey	35		
Kentucky	33		
Tennessee	33		
Georgia	31		
Vermont	31		
Louisiana	30		
Oklahoma	29		
Wyoming	29		
Kansas	28		
North Carolina	28		
Utah	28		
California	27		
South Carolina	26		
North Dakota	25		
Michigan	24	} Median	
Florida	23		
Washington	23		
Arkansas	22		
Connecticut	22		
Idaho	21		
Iowa	21		
Minnesota	21		
Virginia	21		
Missouri	20		} 21 states
New Hampshire	20		
Ohio	20		
West Virginia	20		
Illinois	19		
South Dakota	19		
Wisconsin	19		
Arizona	18		
Nevada	18		
Rhode Island	18		
Indiana	17		
Montana	17		
Hawaii	16	} 12 states	
Colorado	15		
Maine	15		
Nebraska	15		
Oregon	15		
Maryland	14		
New York	14		
Delaware	13		
Texas	13		
Massachusetts	13		
Alaska	11		
Pennsylvania	6		

Dividing the mosaic of fifty states into four great regions is a technique of maximum simplicity to obtain broad impressions of what is happening among them.

The *Northeast* consists of New England and the Middle Atlantic states of New York, New Jersey, Pennsylvania, Delaware and Maryland.

The *South* is all states south of the Ohio and the Potomac, and across the land from Texas to Florida inclusive.

The *North Central* is the five states of the Old Northwest Territory (East North Central) and eight states in two vertical tiers west of the Mississippi (West North Central).

The *West* is the eleven westernmost states on the mainland, plus Hawaii and Alaska.

The South and the West Are Currently Leading in Two-year Gains

With the four geographic regions as background, scan the scale of percentages of two-year gains on the left of this page, focusing first on the 25 states above the mid-point. Observe that 10 are in the South and 6 are in the West.

The top 17, all making gains of 25 per cent or more, include eight in the South and four in the West

Now look at the 25 states below the mid-point. Eight of these are in the Northeast, and 7 are in the North Central

Of the 12 making lowest percentages of two-year gain (16 per cent or less), 6 are in the Northeast and one is in the North Central.

Thus if one were to rank the four big regions in order of their apparent two-year rates of gain from fiscal 1977 to fiscal 1979, clearly the South is the leader, followed by the West, the North Central, and the Northeast, in that order.

Gwen Pruyne's map, on page 1553 of this issue of GRAPEVINE, provides a graphic view of the national picture, also showing that there are some states here and there that are exceptions to the general impression.

Speaking broadly, the South is currently in an upward surge of progress, while the Northeast is temporarily depressed comparatively. The big North Central region tends to be at middle rates of progress, and the West shows much diversity in rates among the states.

GENERAL SALES TAX RATES, 1978

State	Rate
1 Connecticut	7
2 Pennsylvania	6
3 Rhode Island	6
4 Kentucky	5
5 Maine	5
6 Maryland	5
7 Massachusetts	5
8 Mississippi	5
9 New Jersey	5
10 California	4.75
11 Washington	4.6
12 Tennessee	4.5
13 Alabama	4
14 Arizona	4
15 Florida	4
16 Hawaii	4
17 Illinois*	4
18 Indiana	4
19 Michigan	4
20 Minnesota	4
21 New York**	4
22 Ohio	4
23 South Carolina	4
24 South Dakota	4
25 Texas	4
26 Utah	4
27 Wisconsin	4
28 New Mexico	3.75
29 Missouri	3.125
30 Arkansas	3
31 Colorado	3
32 Georgia	3
33 Idaho	3
34 Iowa	3
35 Kansas	3
36 Louisiana	3
37 Nebraska	3
38 Nevada	3
39 North Carolina	3
40 North Dakota	3
41 Vermont	3
42 Virginia	3
43 West Virginia	3
44 Wyoming	3
45 Oklahoma	2
46 Alaska	0
47 Delaware	0
48 Montana	0
49 New Hampshire	0
50 Oregon	0

(Notes in the next column)

General and special sales taxes (sometimes lumped together as "excise taxes") form the largest source of revenue for most of the 50 states.

All states levy special sales taxes on motor fuels, cigarettes, alcoholic beverages, and varying classes of articles and services in the category of luxuries.

Forty-five states have *general sales taxes*, and the statewide rates in effect July 1, 1978 appear in the condensed tabulation at the left of this column.

Factors making the condensed tabulation of limited usefulness include widely varying exemptions in different states. Some states exempt food (not to be consumed on the premises); some exempt work clothes and children's clothing sold below specified prices; a few exempt machinery used in manufacturing or in agriculture; many exempt prescription drugs and medicines. There are other differences in coverage among the states--some apply the general sales tax to services such as utility bills, transient room-rentals in hotels and motels, restaurant meals, and various types of professional services. Generally the tendency is to broaden the coverage.

*The General Sales Tax Is a Quick
Producer of Large Revenues*

All of the ten most populous states have rates of 4 per cent or higher. Of the 16 states having rates of 3 per cent or less, nearly all are of relatively small population.

Five states have no general sales taxes. Their combined population is only about two per cent of the national total.

State sales taxes and state income taxes are the two principal types of "broad-based" taxes that enable the states to subsidize schools and other indispensable local public services that can no longer be supported in full by property taxes, as they once were in the simpler economy of bygone times.

Among other sources of increased state revenue are severance taxes and succession taxes.

*The rate of the levy by the state is 4 per cent; but local subdivisions are permitted to levy up to 1 per cent additional, and in practice this makes the effective rate 5 per cent for nearly all taxpayers. Similar situations prevail in some other states. This makes the condensed tabulation of rate somewhat misleading.

**The statewide levy is 4 per cent, but New York City levies an additional 4 per cent, making the effective rate in that city 8 per cent, highest in the nation.