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# GRAPEVINE

SINCE  
1958

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## TIMELY DATA CIRCULATED WHILE CURRENT

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

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Iowa. Recent changes in accounting and reporting necessitate revised statewide totals for three most recent fiscal years:

1980-81	1981-82	1982-83
\$296,571,000	\$321,303,000	\$366,758,000

South Carolina. In 1982 the State Budget and Control Board ordered withholding of 4.6 per cent of the sum appropriated, reducing the total for operating expenses of higher education to \$355,913,000 for fiscal year 1982-83 . . . . 1876

\* \* \* \* \*

"Nothing in modern economics is more speculative than quantitative empirical research."

-- Fritz Machlup, Professor of  
Economics, Johns Hopkins  
University

## HOW MUCH CHANGE SINCE 1980?

### UNCERTAINTY CONTINUES

Throughout the 1970's the condition of the national economy caused increasing concern about current inconveniences and the outlook for the future. Growing inflation of prices and astronomical rates of interest, among other things, generated a swirling fog of doubt and foreboding which no one's vision could penetrate reliably.

Then came in 1980 the election of a national administration which proclaimed its repudiation in general of the policies of its predecessors, and declared it would "turn the country around." By large and repeated tax cuts over a period of three years, it would stimulate saving and investment. By drastic and continued cuts in federal expenditures (except for defense) it would balance the budget and give confidence to private business. Of the problems of the welfare state, which were part of the national thrust of the past half-century, it said "Government is the problem, not the solution." It would "get the government off our backs" and let social and economic problems be solved by profit-motivated business and "voluntarism." In short, it would turn the clock of history back to an earlier age.

Obviously the turnaround, if possible at all, could not be accomplished overnight. The proposed shift to "supply side" economics involved, in its earliest stage, many enactments which could not and would not be expected of the Congress in less than a period of a few years. Doubtful of the ultimate outcome, GRAPEVINE offered no prognosis, but insisted years must pass before even the launching could be accomplished.

#### The Turning-Point?

In February 1983 President Ronald Reagan solemnly announced, "America is on the mend," implying that the worst recession since 1932 had passed its lowest

point, that the expected and hoped-for recovery had begun, and that Reaganomics would soon bear golden fruit.

This is reminiscent of the much-worn slogan, "Prosperity is just around the corner" propounded by Herbert Hoover soon after the market crash of 1929, and of the Rooseveltian "We have nothing to fear except fear itself" and "Happy days are here again." All three of these slogans appeared during the early years of the Great Depression, which lasted ten years, from 1929 to the beginning of World War Two.

The state of the national economy being what it is in the first half of calendar year 1983, GRAPEVINE's opinion is that the unprecedented unease and uncertainties of the most recent two or three years will not disappear miraculously. We are as unsure today as ever whether the touted turnaround will succeed or fail in the longer run.

The psychology of public opinion being what it is, swift and strong economic recovery is not impossible; but a prudent caution dictates that we "believe it when we see it" and do not hasten to oversell it. April of 1984 will be a better time to essay an appraisal than any earlier month.

#### A Convincing Judgment

Alan Pifer, upon turning to other work after long service as president of Carnegie Corporation of New York, put into his last annual report, late in 1982, a superb essay entitled "Final Thoughts." Says he: "The very future of our society depends absolutely on the broad development of all our people, and especially of our children, irrespective of race, sex, economic status, or any other consideration. Investment in such

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things as nutrition, health, decent housing, education--for the poor as well as the more affluent--is, therefore, not only a matter of social justice but of practical necessity."

#### Reversal Is Impracticable

After sketching some important demographic changes that have taken place in the most recent half-century, and some of their inevitable consequences during the ensuing fifty years, he continued:

"In view of the seriousness of these demographic issues, it is not surprising that I am deeply saddened and disturbed by current efforts to dismantle many of the social programs established over the preceding decades--programs that were not confined simply to helping those members of the society who are least able to help themselves but were aimed broadly at developing the nation's human potential. My concern now is that there will be societal and individual costs involved in this reversal of direction many times greater than the costs of the programs themselves, and ultimately a loss of talent to the nation that could seriously weaken its future competitive ability in the world. It took years to summon up the national will to put these programs in place, and now they are being torn down with a degree of haste and thoughtlessness that is truly astonishing."

Alan Pifer next contrasted lucidly and briefly the progressive philosophy of the social role of the federal government, "that the federal social role is entirely legitimate--indeed mandated in the general welfare clause of the Constitution," as compared with the opposite theory that a federal social role is wrong in principle and cannot, in any event, be afforded if we are to retain a strong defense capability. On the one hand, the assumption is that "no matter how buoyant the economy becomes there will always be a sizable group in society whose members must receive public assistance if they are to live decently and if their children are to have anything like

an equal chance in life. Finally it is assumed that, since a vigorous social role by the national government is fundamental to the maintenance of a stable society and to the development of its human resources and hence its security, the country will give the social role the priority necessary for it to be fully funded.

#### The Reactionary Alternative

On the other hand, federal concern for and involvement in internal social problems would be reduced or eliminated. The federal taxing and spending power would be used for no other social purpose than basic social insurance and the provision of assistance to the "deserving poor"--those who qualify by virtue of old age, illness, or handicap.

"There will be a legitimate social role for the states if they choose to exercise it, but, essentially, a growing economy will largely obviate the need for public provision of social services by making it possible for virtually all families to purchase them privately out of their earning."

Having thus clarified the contrast, Pifer concludes: "It would, of course, be fine if the free enterprise system were functioning in a way that ensured equality of opportunity for all, employment at decent wages for everyone who wanted to or needed to work, and a distribution of economic rewards sufficiently equitable to meet basic standards of fairness. But, unfortunately, as well as our modified capitalist system serves most of us, it serves some of our fellow citizens very poorly. Because their lives have been blighted by such misfortunes as racial or sexual discrimination, poor nutrition, lack of medical care, inferior schooling, and substandard housing in dangerous, depressed neighborhoods, these citizens are simply unequipped to compete in the type of post-industrial society we have today and will have increasingly in the future."

CORRECTIONS

IOWA. Recently received was a revision of the report of appropriations for operating expenses of higher education for fiscal years 1980-81, 1981-82, and 1982-83. (The tabulation for the 1981-83 biennium appeared in GRAPEVINE, page 1760, September 1981). The most significant changes are the addition of previously omitted sums for the area colleges and the removal from the tabulation of sums for the university hospital and clinics, formerly reported as part of the appropriation to the University of Iowa. The resulting state-wide totals are as follows (in thousands of dollars):

1980-81	1981-82	1982-83
296,571	321,303	366,758

SOUTH CAROLINA. The State Budget and Control Board mandated an agency-wide reduction of 4.6%. The adjusted state-wide total of appropriations for operating expenses of higher education for fiscal year 1982-83 is \$355,913,000. The percentage of gain over the preceding two years becomes 3.

SOME STATES INCREASE TAXES

In our issue for March 1983 we reported state tax increases by nearly half of the states during calendar 1982, aggregating additional revenues of about \$3 billion a year.

As of April 1983 it is too early for any comprehensive report of state tax enactments of calendar 1983, but it is known that the matter is on the agenda of many legislatures now in session. Preoccupied at first with producing balanced budgets for fiscal 1983 and fiscal 1984, the legislatures will not ignore the necessity of augmented state revenues to provide improved public services, especially in view of current and contemplated federal cutbacks.

The fourth quarter of fiscal 1983 (April through June for most states) is a crucial time for the states to provide for maintaining appropriate extent and quality of their human services, as their legislatures wrestle with issues related to adequate state revenues.

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GRAPEVINE

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Gwen B. Pruyne, Managing Editor

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This paper, presented at the annual meeting of the American Education Finance Association, describes the major components of the new plan for funding Illinois public community colleges--its advantages and disadvantages.

- E. Batsche, Catherine. (Condensation of Dr. Batsche's doctoral dissertation) SALARY AND COMPENSATION IN HIGHER EDUCATION: A CLUSTER ANALYTIC APPROACH. 1981.

In this study, 1,126 public and private institutions of higher education were clustered through the use of factor analyses of 27 institutional variables. Salary and compensation analyses were then conducted twice, first with raw data and then adjusted for cost-of-living. All 50 states are represented, with emphasis upon Illinois senior institutions. (Winner of American Education Finance Association dissertation award)

- F. Doversberger, Betty. THE IMPLICATIONS OF TAX LIMITATION LEGISLATION: A SIMULATION OF EFFECTS ON ILLINOIS COMMUNITY COLLEGES. 1981

A look into the future. This study examines effects of three limitations of local taxes, two limitations of state taxes and combinations of these limitations on Illinois community college finance and revenue equity.

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- A. Loftus, Virginia, Edward R. Hines, and G. Alan Hickrod.  
FINANCIAL CHARACTERISTICS OF U. S. COMMUNITY COLLEGE SYSTEMS DURING  
FISCAL YEARS 1977 AND 1980. January 1983.

An analysis of changes in types of community college funding allocation plans reveals a greater reliance on state funding and tuition and fees support rather than local tax revenues. In determining the amount of state support for their community colleges, states are using less complicated types of plans than formerly.

- B. Hines, Edward R., John R. McCarthy, and Ernie Cronin  
STATE SUPPORT OF HIGHER EDUCATION: APPROPRIATIONS VIEWED IN RELATION  
TO PERSONAL INCOME. October 1982.

State tax appropriations for higher education were examined in relation to aggregate state personal income for 1970-71 and 1980-81. States were identified according to regional and national rankings on appropriations and personal income. Patterns, similarities and differences within and between regions were analyzed.

- C. Lovell, Ned B., Edna F. Bazik, William E. Piland, John R. McCarthy,  
Larry Janes, Robert Decker  
A COLLECTIVE BARGAINING CONTRACT ANALYZER FOR COMMUNITY COLLEGES. 1982.

Collective bargaining in public community colleges continues to be a major concern of both faculty and management; there is no evidence to indicate changes in the near future. Three distinct sections are included in this document: (1) a study of common characteristics of community college contracts, (2) a suggested process to assist the practitioner in analyzing contract language in preparation of negotiations, and (3) an analysis of common community college contract articles.

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