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# GRAPEVINE

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Page 1703

## 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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"The American university is a city of the people that the body politic endows. It is a democratic coming together for the free activity of learning, made possible by the civil liberties and abundance that are our special powers. . . We are able to make the university a community of free enlightenment. . . But it will take courage."

--Ronnie Dugger, Texas editor, writer, and publisher.

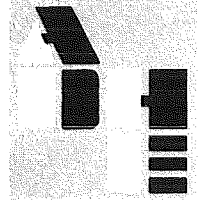
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Arkansas Department of Higher Education

1301 West Seventh Street Little Rock, Arkansas 72201 (501) 371-1441

Bill Clinton  
Governor

T. Michael Elliott  
Director



November 5, 1980

Dr. M. M. Chambers  
Department of Educational  
Administration and Foundations  
Illinois State University  
Normal, IL 61761

Dear Dr. Chambers:

The October 1980 issue of Grapevine which was reported in the Chronicle of Higher Education of October 14, 1980 shows a 34 percent two year increase in appropriations for Arkansas higher education. The actual situation is vastly different than these figures show. Actually, as shown on the attached table, state tax revenue available to institutions of higher education has increased only 17.8 percent since 1978-79 and only 18.4 percent for all of higher education. The important distinction is "appropriated" state tax funds versus "distributed" state tax funds. Arkansas is unique in that a companion act to the appropriations acts for state agencies, the Revenue Stabilization Act, determines the state tax revenue actually distributed to agencies. It is essential that you understand the unique nature of Arkansas' appropriation system, and that we develop together some means of adjusting the appropriation information reported to you.

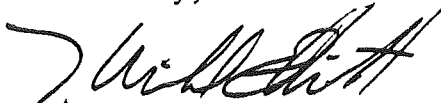
The attached table clearly illustrates the dramatic difference between appropriations and distributed revenue. It is currently projected that only 88 percent of 1980-81 appropriations will actually be available for higher education. This occurs because of the way the Revenue Stabilization Act works. Each legislative session passes a series of appropriation acts for individual state agencies. The total of all approved appropriations will exceed revenue projections. As the final action in the appropriation process, the Legislature allocates each agency's appropriation into usually three categories in developing the Revenue Stabilization Act. That act then directs that tax revenue will be first distributed according to the items included in the highest priority category. If tax collections exceed the total of all items in the highest category, then distribution is made according to items included in the second highest category. Due to the bad economic condition, it is estimated that only 91.6 percent of the highest priority allocation, section "A", of the Revenue Stabilization Act will be funded in 1980-81.

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

Dr. M. M. Chambers  
November 5, 1980  
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Because of the tendency for the legislature to appropriate in total more funds that will actually be available, I suggest that in future years we report to you both appropriations and the most recent estimate of the actual distribution of state tax revenue. I would request that your reports then show the most current estimate of state tax funds available for distribution with perhaps a footnote providing total appropriations.

Sincerely,



T. Michael Elliott

TME:JC:db

Enclosures

#### GRAPEVINE's Response

GRAPEVINE thanks Dr. Elliott for making clear the distinction between appropriated funds and distributed funds.

In all its twenty-two years, GRAPEVINE has never intended to report anything other than appropriations; never actual expenditures or disbursements.

The reason for this is that GRAPEVINE's monthly reports are timely, and have to meet journalistic deadlines. The annual 50-state summary goes to press in September of each year, at about the end of the first quarter of the fiscal year in most states. Therefore it is impossible to report many subsequent events such as later supplemental appropriations or other actions that may reduce or increase the impact of the appropriations.

We try to report some of the more important of these events in the monthly issues of GRAPEVINE throughout the year, and appreciate having them brought to our attention at any time.

Again we thank Dr. Elliott for his instructive description of Arkansas' double-barreled practice under which an appropriation becomes a nullity.

As we all know, different schemes of this general nature operate in several other states. The commonest is an executive order by the governor, issued usually soon after the appropriation bill is signed, directing the agencies funded by it to cut back authorized expenditures by a specified small percentage. Sometimes such an order is modified later in the fiscal year.

## TAX REVOLT IS A PAPER TIGER

The fact seems to be that the people of the fifty states do not want to cut back their tax support of higher education and other essential services by drastic and rigid limitations on the taxing power of the states and local governments. Post-election reports in the daily press, weekly newsmagazines, and other national media show that the feared "prairie fire sweep" of initiated amendments to state constitutions, mainly aimed at fixing Draconian limits on property taxes, met a very effective "fire barrier" at the polls in several states on November 4, 1980.

### Michigan

The worst of these threats was the Tisch Amendment, which would have rolled back property tax assessments to 1977 levels and then cut property tax rates in half, would have also required approval of 60 per cent of the voters for any increase in state taxes of any kind. It was defeated by a ratio of about 56 to 44.

Two other proposed measures, of somewhat similar tenor, were also on the ballot in November, and were defeated by wider margins.

One would have reduced real property taxes by about \$350 per year for homeowners, but would have largely made up for the loss of revenue by raising the general retail sales tax from the present 4 per cent to 5½ per cent. It would have wound up by reducing the state's total ten billion dollar budget by only about thirty million. It was supported by opponents of the Tisch Amendment.

Still another initiative on the ballot would have severely limited property taxes, but effected a considerable shift from property taxes to income taxes.

Moderate Republican Governor William Milliken came out strongly against the Tisch initiative; and eight national associations based in Washington circulated a joint statement against it.

### California History

Recall that Jarvis' Proposition 13 was adopted at the polls on June 8, 1978, cutting property taxes by 57 per cent. But in June 1980 another proposal that would have reduced state income taxes by 30 per cent was heavily defeated by the electorate.

Whoever believes that the people of California want to cut down their public higher educational system must be mistaken.

### Other States

Various post-election reports also indicated that proposals of the same general tenor as the Jarvis efforts in California were defeated in several other states on November 4, 1980: Arizona, Nevada, Oregon, Utah, and South Dakota among them.

Iowa voters rejected a proposed convention redraft of the constitution which was pushed by advocates who wanted to write into the new constitution more stringent limitations on taxation and spending by the state and its subdivisions.

It seems that the epochal fourth of November produced no significant sweep or countenance of revolts against taxes in the states.

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

TWENTY-FOUR MAJOR CAMPUSES OF STATE UNIVERSITIES ARE GETTING \$100 MILLION OR MORE OF STATE TAX APPROPRIATIONS FOR FISCAL YEAR 1981

Table 8 (page 1708, reverse hereof) shows major campuses of state universities above our arbitrarily adopted cut-off point of \$100 million of state tax support for annual operating expenses for fiscal 1981.

Often such a "major campus" is the flagship of a flotilla of smaller branches or regional campuses surrounding it at various distances. Occasionally the "major campus" is itself a single-campus institution; in other instances it is itself a branch campus of a large multi-campus state university. In all cases for purposes of Table 8 it is a one-campus academic community--a place which is a real center of learning where instructions, research, and public service actually go on directly. That is what distinguishes it from the concepts of multi-campus universities and consolidated systems of higher education which are dealt with in Table 6 and 7 on pages 1700 and 1702, in GRAPEVINE for November 1980.

Some Highlights from Table 8

Look at Column (5), the percentages of two year gain for each of the 24 major campuses.

The weighted average percentage of two-year gain is 27.

Roughly the top quartile among the twenty-four major campuses show percentages as follows: University of Texas at Austin, 64; Louisiana State University at Baton Rouge, 46; Texas A & M at College Station, 41; U of Illinois Medical Center at Chicago, 40; and three large campuses of the University of California: Berkeley, Los Angeles, and Davis, each 37 per cent.

These are healthy rates of gain, and seem to indicate a tendency toward recovery from a relative skimping of tax support for the largest institutions, which has been noticeable during the most recent decade.

Next observe Column (4) of Table 8, which lists the dollar amounts appropri-

ated for each of the twenty-four major campuses for fiscal 1981.

The top amount is \$240 million for the University of California at Los Angeles, which is \$50 million ahead of its nearest competitor in California, the main campus at Berkeley.

Besides these two, there are five other campuses whose appropriations exceed \$150 million: the University of Florida at Gainesville, \$186 million; Ohio State University at Columbus, \$174 million; the University of Illinois main campus at Champaign-Urbana, \$170 million; the University of Wisconsin at Madison, \$160 million; and the University of California at Davis, \$152 million.

Many other observations can be made from Table 8. The net impression seems to be that the 24 major state university campuses have gained in state tax support on the average at rates exceeding the rate of inflation over the past two years.

Table 8. Twenty-four major campuses receiving \$100 million or more of state tax-fund appropriations for operating expenses, Fiscal 1981 and two prior years, in thousands of dollars.

Institutions	Year 1978-79	Year 1979-80	Year 1980-81	2-yr gain per cent
(1)	(2)	(3)	(4)	(5)
U of California (Los Angeles)	174,828	203,452	239,879	37
U of California (Berkeley)	138,719	164,698	189,595	37
U of Florida (Gainesville)	138,519	153,210	185,526	34
Ohio State U (Columbus)	141,105	161,773	173,600	23
U of Illinois (Champaign-Urbana)	140,856	157,460	169,628	20
U of Wisconsin (Madison)	133,852	145,967	160,162	20
U of California (Davis)	111,286	128,849	152,415	37
U of Michigan (Ann Arbor)	133,866	146,370	147,834*	10
Michigan State U (East Lansing)	132,638	146,103	147,564*	11
Texas A & M (College Station)	101,386	124,302	143,216	41
U of Washington (Seattle)	117,700	133,071	133,071	13
Indiana U (Bloomington)**	108,887	117,524	131,068	20
U of Tennessee (Knoxville)**	101,634	122,243	128,498	26
U of Texas (Austin)***	78,212	110,517	128,225	64
U of Iowa (Iowa City)	106,514	117,087	127,129	19
U of Arizona (Tucson)	96,433	107,963	124,328	29
U of Georgia (Athens)	96,540	106,978	118,841	23
Louisiana State U (Baton Rouge)***	78,151	92,946	114,381	46
U of Ill Med. Center (Chicago)	81,511	92,322	113,806	40
SUNY (Stony Brook)	86,564	101,531	113,713	31
U of Kansas (Lawrence)**	91,458	101,092	109,290	19
U of North Carolina (Chapel Hill)	82,949	95,637	108,626	31
SUNY (Buffalo)	89,758	98,087	107,134	19
Purdue U (West Lafayette)	83,759	91,251	102,066	22
<b>Totals</b>	<b>2,647,125</b>	<b>3,020,433</b>	<b>3,369,595</b>	
Weighted average percentage of gain				27

\*Estimated in advance of actual appropriation.

\*\*Includes the medical school located in another city.

\*\*\*Does not include the medical center located in another city.

Note: Omitted from this table is the University of Minnesota at Minneapolis-St. Paul. The information for these major campuses is not available.

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