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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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Table 27. FOUR STATES SHOW WEIGHTED AVERAGE TWO-YEAR GAIN OF 23 PER CENT IN APPROPRIATIONS OF STATE TAX FUNDS FOR ANNUAL OPERATING EXPENSES OF HIGHER EDUCATION FOR FISCAL YEAR 1981-82, IN THOUSANDS OF DOLLARS.

States (1)	Year 1971-72 (2)	Year 1979-80 (3)	Year 1981-82 (4)	2-yr gain per cent (5)	10-yr gain per cent (6)
Maryland	141,913	323,732	385,949	19	172
New Mexico	45,307	125,731	171,576	36	279
Rhode Island	30,443	71,833	85,257	19	180
Utah*	50,422	145,384	174,139	20	245
Totals	268,085	666,680	816,921		
Weighted average percentages of gain				23	205

*Reported in GRAPEVINE, Table 26, page 1732 (April 1981).

THE FEDERAL SYSTEM EVOLVES

For two hundred years the relations of the states and the federal government have been debated and developed. The general trend has been toward federal aggrandizement, but there has always been anti-federalist sentiment, now weaker, now stronger, as conditions change.

Probably the least noticed feature of President Reagan's well-publicized right-wing philosophy is that it calls for not only some shrinking of the federal role in the areas of internal social service, including higher education, but also contemplates that the states themselves will look to some strengthening of their own parts in those same areas.

Though some time will have to pass before anyone will be able to say how much of the President's economic plan will be enacted how soon, and what its effects may be on business activity, unemployment, and inflation, there should

be no doubt that a part of it is some probable transfer of a fractional fiscal responsibility from the federal government to the states, at least temporarily.

Amid the general uncertainty of the early months of the Reagan administration, before explicit results of its policies can be seen, this new responsibility of the states should be taken seriously and acted upon; not forgotten in the bewilderment of the moment or swept away in a flood of indiscriminate hostility toward all government and all taxes, whether federal or state.

There are some signs, admittedly not overwhelmingly affirmative, but yet in some instances surprisingly so, that the states will bestir themselves to save the social services to the extent that Washington partially abandons them. Some of these signs are mentioned on the following two pages.

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PROSPECTS FOR STATE TAX LAWS IN 1981

The Tax Foundation, Inc., made a survey in March 1981 of tax proposals then pending in 49 state legislatures. The total of all these measures, if enacted, would produce a total of about \$3.8 billion of new revenue in fiscal 1982.

These gains would be offset by other measures reducing some other taxes by \$800 million, making a net gain of \$3 billion. (The total actually appropriated by the 49 legislatures can not be known until late summer.)

Increases in Sales Tax Rates Proposed in Seven States

Sales tax increases proposed in Idaho, Iowa, Kansas, Michigan, Missouri, Nevada, and West Virginia would raise the total state taxes by \$1.5 billion.

An increase in the general sales tax in Michigan of one cent on the dollar would raise \$535 million. In Iowa, a similar boost would produce \$150 million.

Missouri was reported to be considering raising the general sales tax to 4 per cent (an increase of 7/8ths of one cent on the dollar) to generate \$240 million of new revenue.

State Income Taxes Considered in Connecticut and South Dakota

Broad-based personal income tax measures which would bring in \$850 million annually were to be considered in Connecticut; and also a tax on unincorporated businesses which would produce \$133 million additional revenue.

In South Dakota a constitutional amendment was to be proposed, to authorize enactment of personal and corporate income tax laws.

Gasoline Taxes May Go Up in Nineteen States

Nearly half of all the states were contemplating boosting their motor fuels tax rates. In several of them, this would probably be shifted from a simple cents-per-gallon basis to percentages of the retail or wholesale price, to keep the rate abreast of inflation.

Other rises in special sales or excise taxes were being planned in some states by way of substantial additional levies on alcoholic beverages, tobacco products, or luxury items.

New Severance Taxes Proposed

In these times of environmental consciousness, it seems appropriate that taxes on the extraction of irreplaceable natural resources should be thought of.

In Wyoming it was proposed to raise the severance tax on oil and gas from 2 per cent of value to 7 per cent, to produce \$50 to \$60 million additional.

In Idaho a bill was introduced to raise the severance taxes on nonrenewable natural resources. Montana considered an increase in the oil severance tax. Alaska talked of a new severance tax on coal.

Report of New Tax Actions Will Come Later

The foregoing is only a sketchy and fragmentary selection from the much more detailed report, "State Tax Prospects, 1981," in Tax Review, Vol. XLII, No. 3 (March 1981), by Tax Foundation, Inc., 1875 Connecticut Ave., N. W., Washington, D. C. 20009.

STATE GOVERNORS MENTION HIGHER EDUCATION

During the first quarter of 1981 more than forty-five governors made inaugural addresses, state-of-the-state messages, or other public utterances regarding their policies for 1981-82.

The nation is in a high state of uncertainty, not to say anxiety, as to how much of President Reagan's right-wing economic plan will be enacted; how soon if at all, it will begin to show signs of reducing inflation, stimulating business, and reducing unemployment; what effects the new build-up of defense spending and the belligerent anti-Soviet policy may have on both foreign and domestic affairs.

With respect to all these matters, including federal assistance to higher education through various channels, the prevailing uncertainty and gloom tends to obscure the role of the state governments in the federal system.

To the extent that the federal government reduces its subsidies for numerous indispensable public services, including higher education, the fiscal responsibilities of the states will increase.

This is, in fact, a part of the Reagan conservative theory which has thus far received little attention. For the many persons who believe the role of the states should be strengthened, the time is here to speak up and to distinguish between public services that must be wholly supported by federal taxes, and those in which a major share of support should be maintained by the states with their own revenues.

If the federal government is to restrict its own support of higher education in a period of temporary austerity, there is no mandate that the states must follow suit. The opposite fits the real situation. When the federal government partially abdicates in internal social services, that is the time for the states to step into the breach.

A few public statements explicitly favorable to maintaining and increasing state support of higher education have been abstracted from State Government News, Vol 24, No. 3, pp. 17-24 (March 1981), a publication of the Council of State Governments, P. O. Box 11910, Iron Works Pike, Lexington, KY 40578.

Governor Bruce Babbitt of Arizona recommended major increases in funding for the universities.

Gov. Robert F. List of Nevada wants the sales tax increased from the present 3 per cent to 5 3/4 per cent.

Gov. John W. Evans of Idaho spoke of priorities, stressing education, public safety, and human needs.

Gov. Brendan F. Byrne of New Jersey asked the legislature to consider a more progressive income tax.

Gov. Harry Hughes of Maryland submitted a budget recommending \$26 million for capital outlays for public higher education.

Gov. John D. Rockefeller IV of West Virginia recommended an increase in the sales tax rate, and a 5-cent rise in the cigarette tax.

Gov. James R. Thompson of Illinois, not recommending immediate increases in sales taxes or income taxes, apparently favored postponing the scheduled yearly decrease in sales tax on food and drugs.

Gov. Richard A. Snelling of Vermont remarked that the state should fund valuable programs which lose federal aid.

Gov. William G. Milliken of Michigan asked for an increase of 1 per cent in the general sales tax.

The foregoing notes are too brief to do justice to the whole story in early 1981, but they afford a few clues to renaissance in state governments.

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MARYLAND. Appropriations of state tax funds for operating expenses of higher education, fiscal year 1981-82:

Table 28. State tax-fund appropriations for operating expenses of higher education in Maryland, fiscal year 1981-82, in thousands of dollars.

Institutions (1)	Sums appropriated (2)
University of Maryland	
Main campus, College Park	73,396
Ag experiment station*	4,662
Coop extension service*	5,242
Ctr, environ & estuarine std*	2,894
Subtotal, C P - \$86,194	
Baltimore City campus	47,519
University hospital*	3,450
Subtotal, B C - \$50,969	
Baltimore County campus	15,009
Eastern Shore campus	5,098
General university expenses	6,268
Subtotal, U of M - \$163,538	
State Colleges -	
Towson State College	18,141
Morgan State U	13,163
Frostburg State College	7,708
Salisbury State College	6,529
University of Baltimore	5,927
Bowie State College	5,879
Coppin State College	4,977
St. Mary's College of MD	3,376
Trustees of State Coll	7,383
Subtotal, S C's - \$73,082	
State scholarships	5,770
Higher Education Loan Corp	3,437
Board for Higher Education	2,981
Aid to private higher ed	11,198
State aid for comm colls	57,498
State Board for comm colls	828
Fringe benefits** (est-17%)	67,616
Total	385,949

*The arrangement of the various components does not correspond precisely with current administrative structure. The grouping here is for comparability with universities of other states.

**Not budgeted in higher education institutions.

RHODE ISLAND. Appropriations of state tax funds for operating expenses of higher education, fiscal year 1981-82:

Table 29. State tax-fund appropriations for operating expenses of higher education in Rhode Island, fiscal year 1981-82, in thousands of dollars.

Institutions (1)	Sums appropriated (2)
U of Rhode Island	42,724
Rhode Island College	20,069
Rhode Island Junior Coll	15,430
Subtotal, U & C's - \$78,223	
State scholarships	5,478
New England Higher Ed Compact*	57
Reg plan medical & dental*	169
Support of medical ed**	1,167
Regional veterinarian program*	106
New England Coll of Optometry*	57
Total	85,257

*Administered by the Rhode Island Higher Education Assistance Authority.

**Administered by the state department of health.

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NEW MEXICO. Appropriations of state tax funds for operating expenses of higher education, fiscal year 1981-82:

Table 30. State tax-fund appropriations for operating expenses of higher education in New Mexico, fiscal year 1981-82, in thousands of dollars.

Institutions (1)	Sums appropriated (2)
University of New Mexico	53,971
Medical school	11,515
Cancer center	522
Special health programs*	1,733
Emergency med service academy	374
Out-of-county indigent service	797
Child psychiatric center	1,945
Health manpower registry	17
Medical investigator**	1,293
Student exchange***	2,005
Intercollegiate athletics+	785
Public television+	771
Harwood Foundation+	92
Poison control center	247
Off-campus instruction (Santa Fe)+	129
Gallup branch	1,259
Belen branch*	596
Los Alamos branch	393
Subtotal, UNM - \$78,444	
New Mexico State U	33,413
Ag experiment station	5,129
Ag extension	3,179
State Dept of Agriculture**	2,614
Intercollegiate athletics+	785
Public television+	622
Off-campus instruct (Farmington)+	42
Water research inst+	359
Range mangmt task force+	223
Academy of science program+	43
Indian resources development*	186
Solar research inst*	675
San Juan branch	1,712
Alamogordo branch	1,132
Dona Ana branch	871
Carlsbad branch	844
Grants branch	562
Subtotal, NMSU - \$52,391	

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Eastern New Mexico U	11,167
Intercollegiate athletics+	288
Public television+	598
Off-campus inst (Hobbs/Roswell)+	15
Roswell branch	2,622
Clovis branch	1,143
Subtotal, ENMU - \$15,833	
NM Inst of Mining & Tech	5,553
Geophysical research center+	374
Petroleum recover center+	499
Intercollegiate athletics+	27
State Bureau of Mines	1,785
Subtotal, NMIMT - \$8,238	
NM Highlands U	7,171
Intercollegiate athletics+	288
Off-campus instruction (Taos)+	70
Visiting scientist program+	16
Subtotal, NMHU - \$7,545	
Western New Mexico U	3,734
Intercollegiate athletics+	288
School bus drivers inst+	12
Subtotal, WNMU - \$4,034	
New Mexico Military Inst++	288
Northern NM Community College+++	2,715
New Mexico Junior College#	338
Board of Educational Finance	529
Student loan admin	658
SSIG	517
WICHE general dues	46
Subtotal, BEF - \$1,750	
Total	171,576

*New item this year

**State function administered through the institution

***Includes WICHE, dental, veterinary and optometry student exchange program.

+Item apparently not included in reports of prior years.

++For intercollegiate athletics

+++A state community college

#A local junior college, state-aided.

Note: The apparent two-year gain of fiscal year 1981-82 over fiscal year 1979-80 of 36 per cent may be somewhat overstated. About \$7 million included in the total for this year is for items which may not have been included in the report two years ago. If this year's total is reduced by \$7 million, the percentage of gain over two years is 31.