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GRAPEVINE

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A newsletter on state tax legislation; state appropriations for universities, colleges, and junior colleges; state support of public school systems; legislation affecting education at any level. There is no charge for GRAPEVINE, but recipients are asked to send occasional timely newsnotes regarding pertinent events in their respective states.

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Governor Ernest F. Hollings of South Carolina, addressing the legislature:

"In 1950, had a legislator proposed on this House floor a \$23 million capital improvement program for the next 10 years, he would have been ridiculed here and probably defeated for re-election at home. But the fact remains that we spent that much at Clemson College alone between 1950 and 1960, and the facts also indicate that we will spend in excess of \$50 million during the next 10 years for improvements at the state's institutions." (See page 191).

Governor Buford Ellington of Tennessee, on state support of higher education:

"I am sounding advance notice as to the great and certain need for greater financial support in this area. After all, these state institutions have no place other than this General Assembly to turn for needed funds."

The legislature approved without debate Governor Ellington's request for increased appropriations for operating expenses of universities, colleges, and public schools for the next biennium. (See GRAPEVINE, page 182). Many legislators declared that the "no tax increase" position which has been held in Tennessee for some years, will have to be abandoned two years hence. It is an axiom that any state revenue system is always susceptible of improvement.

Statement of ownership and circulation of GRAPEVINE appears on page 186 (reverse hereof).

ARKANSAS. Appropriations of state tax funds for operating expenses of higher education for the two fiscal years of the biennium 1961-63 are identical for each year, with the exception of a difference in the sums appropriated for out-of-state training in veterinary science (\$25,000 for the first fiscal year and \$28,000 for the second fiscal year of the biennium). Accordingly, the figures for each fiscal year appear in Column 2 of Table 19.

Table 19. Appropriations of state tax funds for operating expenses of higher education in Arkansas for each fiscal year of the biennium 1961-63, in thousands of dollars.

Institutions (1)	Sums appropriated (2)
U of Arkansas (incl Ag Exp Sta, Ag Exten Serv, and Grad Inst Tech)	\$7,564
Medical center (incl Child Guid Clinic)	3,124
Soils Testing Lab	99
Industrial Research	127
Arkansas State College (incl Beebe branch)	1,170
Ark State Teachers Coll	884
Ag, Mech & Normal Coll	825
Henderson State Tchrs Coll	753
Arkansas A & M Coll	683
Arkansas Polytechnic Coll	742
Southern State College	628
SREB	84*
Ark Ednl TV Commission	10
<b>Total</b>	<b>16,693</b>

\*This figure for the first fiscal year; 87 for the second fiscal year.

In the expectation that it will provide care for many welfare patients, the Medical Center is authorized to expend up

to \$2 million annually from receipts for services rendered to other state agencies. The Medical Center may also be allocated up to \$800,000 during the biennium from certain surplus tax revenues.

It appears that the total of \$33,389,000 actually appropriated for the biennium 1961-63 represents an increase of only a little less than 3% over the sums appropriated for 1959-61.

FLORIDA. The legislature opened its biennial session April 4, with Governor C. Farris Bryant and nearly all the legislators pledged not to increase taxes. The largest revenue source is the 3% limited sales tax. Fiscal experts had predicted a 3% increase in revenue from this source for the current year, but the facts to date indicate a decline of 8%. In this situation the governor is reported to have said that if he must choose between keeping a campaign pledge against new taxes and doing what is best for the state, the state will come first.

Estimated income for the next 2 years is \$765 million. Budget requests aggregate \$949 million. A legislative interim committee is ready with a proposal which would raise \$104 million of new revenue for the biennium. The proposal consists chiefly of a broadening of the base of the 3% sales tax, to include sales of motor vehicles and labor on such items as motor vehicles, television sets, and watches. Laundry and dry-cleaning services would also be covered, as well as fees of professional men and fees for sports events. Sales of farm equipment, now exempt, would be included.

One of the hot problems of the present session is a reorganization of the highway department, prompted by scandals which broke some (Continued on p. 187)

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**FLORIDA.** (Continued from page 186)  
time ago, involving many of the state's highway engineers in the acceptance or extortion of bribes from private contractors.

**GEORGIA.** The legislature adjourned March 6. Total appropriations were \$412½ million for fiscal year 1961-62, and a little over \$420 million for 1962-63. Amounts appropriated to the State Department of Education for operation of public elementary and secondary schools were \$184 million and \$188.1 million, including funds for capital outlays. The amounts for capital outlay were not specified, but it is said that an understanding prevails to the effect that they will amount to about \$20 million for each fiscal year.

Appropriations of state tax funds to the Board of Regents of the University System of Georgia for the two ensuing fiscal years are as shown in Table 20, which also exhibits the amounts for 1959-60 and 1960-61 for comparison. Operating funds and capital outlay funds are not segregated, because this is a function of the Board of Regents, as is also the allocation of specific sums to each of the several institutions under its control. GRAPEVINE will try to report these allocations shortly after they are announced by the Board of Regents.

Table 20. Appropriations of state tax funds for higher education in Georgia, for each fiscal year of biennium 1961-63, in thousands of dollars (operating and capital outlay not segregated; and for each fiscal year of biennium 1959-61 (operating and capital outlay segregated).

Fiscal years	For operation	For capital outlays	Totals
(1)	(2)	(3)	(4)
1962-63	*	*	\$35,385
1961-62	*	*	33,385
1960-61	26,770	4,205	30,975
1959-60	24,265	3,170	27,435

\* Operating funds and capital outlay funds not yet segregated by Board of Regents.

It would appear that the rate of gain of the one biennium over the other is nearly 20%; and that appropriations for higher education now constitute about 8½% of the total of state appropriations for all purposes.

Appropriations of \$11,268,000 and \$11,671,000 were also made separately to the State Teachers Retirement System for 1961-62 and 1962-63. These cover the employers' contributions toward retirement benefits for teachers in the public school system and in the University System.

A 1959 act which placed an upper age-limit of 21 years on applicants for admission to undergraduate programs, and 25 years for applicants for graduate programs, was repealed. Enacted because Negro applicants in segregation suits at the time were persons above the age of 25, the law naturally worked considerable hardship upon mature persons of either race who sought admission, and had some effect in cutting down the enrollment in all institutions in the University System, especially at off-campus extension centers and at the Georgia State School of Business Administration at Atlanta.

Senator Charlie Brown of Atlanta, who wrote and introduced the repealing measure, said the act "served no useful purpose", and members of both Houses readily agreed.

**MICHIGAN.** Recent words of State Senator Stanley G. Thayer:

"The University of Michigan needs a space-age appropriation to meet its space-age responsibilities. There is real danger that this great University will be consigned to mediocrity unless it begins to receive state aid in amounts consistent with its position as one of the world's educational leaders.

"The works of such men as Henry Philip Tappan and James Burrill Angell, who raised the University to eminence during the last century, are being slowly undone by those who would sacrifice quality education for mass education. The University is now at a crossroads (Continued on p. 188)

MICHIGAN. (Continued from page 187) and needs firm and forthright support to preserve its unique character and approach its ultimate social fulfillment. In a larger sense, the people of Michigan have a deep obligation of trusteeship to maintain the University's excellence for the future good of our entire nation.

"The University is not an heirloom encrusted with anachronistic tradition. It is a dynamic institution which has been and continues to be a prime source of America's best scholars, scientists, statesmen, and citizens. It is the highest embodiment of this state's educational ideals. Therefore it is up to us to give the University of Michigan the kind of backing necessary to meet the challenges of the future. To do otherwise, to consider the University on the same basis as other institutions in the state, would be an historic and tragic breach of faith with the men and minds who have shaped its destiny and painstakingly established its greatness."

MINNESOTA. The legislature has enacted a withholding plan for the state income tax, and is reported to be the 26th state to adopt the withholding system. The new plan will go into effect January 1, 1962, and will involve "forgiveness" of one full year's individual tax liability, thus eliminating the "windfall" effect of similar measures recently adopted in some other states. The amount "forgiven" will be calculated when 1961 payments are due, and will be based on either 1960 or 1961 income, whichever is less.

This is the fourth biennial session in which the Minnesota House has passed a withholding measure. Three times it was defeated by the conservative Senate, which capitulated this year. A candid political reporter has said the victory is largely due to the fact that many senators are completing 4-year terms and facing re-election contests in 1962. In this situation they become sensitive to popular sentiment.

MONTANA. Apparently a temporary disaster of considerable magnitude has overtaken public higher education in Montana. Appropriations of state tax funds for operating expenses of higher education for the

biennium 1961-62 as set out in Table 21, appear to be about 5% less than for the current biennium 1959-61. GRAPEVINE knew that trouble was brewing, but hoped that it would be forestalled. Actually the governor recommended a cut of \$5 million, but much of this was restored by the legislature, so that the actual loss from the level of the present biennium is only a little over \$1 million, which is nevertheless bad from any angle.

Table 21. Appropriations of state tax funds for operating expenses of higher education in Montana, for bienniums 1959-61 and 1961-63, in thousands of dollars.

Institutions	Sums appropriated	
	1959-61	1961-63
(1)	(2)	(3)
Montana State U	\$6,663	\$7,286
Montana State Coll	7,467	7,259
Ag Exten Serv	1,048	510
Ag Exp Stas	2,079	1,375
Northern Mont Coll	1,144	1,026
School of Mines	826	773
Bureau of Mines	257	213
Western Mont Coll	795	702
Eastern Mont Coll	2,087	2,069
Exec. Secretary	95	109
Student Travel	4	4
Totals	22,461	21,321

Montana State University at Missoula received an increase of about 9%, but all other institutions were reduced. Most drastic cuts were for the agricultural extension and research services under Montana State College at Bozeman (Agricultural Extension Service, 51%; Agricultural Experiment Stations, 34%); but the main operating funds of the State College itself were reduced only less than 3%.

It seems that fees and collections at all the institutions are estimated to be substantially up, so that the loss in total operating funds for all the institutions, from all sources, will apparently be only about 1%.

NEW MEXICO. A 50% increase in the general sales tax has been enacted, including provisions for withholding; the severance tax was also increased, fees for drivers' licenses stepped (Continued on p. 189)

NEW MEXICO. (Continued from page 187)  
up, and some exemptions from the sales tax removed.

Allocation of the proceeds of the \$8 million bond issue for capital outlays, approved at the election in November 1960, has been determined and announced by the Board of Educational Finance with the concurrence of the State Board of Finance, as in Table 22.

Table 22. Allocation of capital outlay funds from \$8 million bond issue of 1960 to educational institutions in New Mexico, in thousands of dollars.

Institutions (1)	Allocations (2)
U of New Mexico	\$3,140
New Mexico State U	2,500
N M Highlands U	600
N M Western College	300
Eastern N M Univ	450
N M Inst Min & Tech	515
N M Military Inst	300
Northern N M St Sch	95
N M Schl for the Deaf	50
N M Visually Handicapped	50
Total	8,000

Proceeds of the bond issue are expected to become available to the institutions before the middle of 1961.

NEW YORK. The administration bill to increase the number of Regents' scholarships from 7,200 to 17,000, and also to provide a "scholar incentive" payment of from \$100 to \$300 per year to each student paying \$200 or more per year in tuition fees to any college in the state, has become law.

Whether each student receives from the state \$100 or \$300 or some intermediate sum must depend upon the application of a "means test" in each case. Presumably the average payment will be about \$200. Governor Rockefeller originally proposed that a flat \$200 be paid to every student, but accepted the variable payment and "means test" at the insistence of critics. Also, the original intent was to make the payment without regard to the academic standing of the student, providing he was able to gain admission to a reputable college and continue in good standing; but, again at the

insistence of critics, he accepted the idea of a minimum academic qualification "to be determined by the Board of Regents (State Board of Education)."

Only a handful of students in public institutions, such as medical students, will benefit from the "scholar incentive" program, because nearly all of them pay less than \$200 a year in fees. The plan is primarily aimed at strengthening the financial position of the private institutions, by assisting their students in paying a part of their tuition charges. Payment of state tax funds to the student is thought to obviate the question of possible conflict with the clause of the New York Constitution which forbids use of public funds, directly or indirectly, in aid of sectarian institutions.

However that may be, it would seem that the administration of the act will entail an appalling amount of red tape (the application of a "means test" to every student to determine the amount of his stipend in the narrow range between \$100 and \$300), and will also give college attendance an aura of "relief" without making any very substantial contribution toward lightening the financial burdens of students at high-fee institutions.

All will agree that the facilities of private colleges and universities should be used to full capacity; but whether it is necessary to subsidize private college students for that purpose is another question. In each state conditions and background are different. The influence of the private institutions in New York State has been traditionally powerful, and earlier this year some legislative leaders were heard to say there would be little likelihood of expanded state support of public higher education in New York unless the private institutions got what they wanted first.

It is noteworthy that the new statute authorizes, but does not require the tuition-free public colleges of the city of New York to charge tuition fees. It is unlikely that the Board of Higher Education of the City of New York will voluntarily abandon the historic policy of free public higher education.

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NORTH CAROLINA. Recommended appropriations of state tax funds for operating expenses of higher education for the biennium 1961-63, submitted to the legislature February 23, aggregated \$70,873,372, apparently representing an increase of a little over 20% above the actual appropriations for the current biennium 1959-61.

The total includes \$55,360,989 for 12 institutions, and \$14,641,317 for "related services" under the Consolidated University of North Carolina, which embrace the agricultural experimentation and research units, the television station, the State Memorial Hospital and the Psychiatric Center, and certain other experimental and research activities, separately budgeted.

Recommended at the same time were funds for capital outlays as in Table 23.

Table 23. Recommended capital outlay funds for higher education in North Carolina, for biennium 1961-63 (largely requiring a bond issue to be approved by popular vote) in thousands of dollars.\*

Institutions	Sums recommended
(1)	(2)
U of North Carolina	
Academic affairs	\$3,497
Health affairs	3,459
N C State College of UNC	3,924
Ag Experiment Sta	90
Woman's College of UNC	2,225
East Carolina College	3,197
Appalachian State T C	2,722
Western Carolina College	1,048
N C College at Durham	1,507
Elizabeth City State T C	786
Fayetteville State T C	722
Winston-Salem Tchrs Coll	195
Pembroke State College	89
Ag & Tech College of N C	1,642
Community colleges	1,500**
Total	26,603*

\* Of the total, \$22,699 would be proceeds of a bond issue subject to vote of the people; \$3,707 of a bond issue requiring legislative approval; and \$197 a direct legislative appropriation of tax funds.

\*\*Aid to local public junior colleges to be matched by local funds.

On March 6 Governor Terry Sanford delivered a special revenue message in which he proposed an increase of the excise tax on whiskey, moving it up to 12% from the present 10%; but rejected any increase on beer and wines, and any excise on soft drinks, which are presently covered by the regular 3% sales tax. He opposed any changes in tobacco taxes, in the state income tax, and in taxes on real estate and other property.

He recommended that all exemptions from the general sales tax be removed, thus bringing retail sales of food within its coverage. All sales would be taxed at 3% except automobiles at 2% and farm and industrial equipment used in production at 1%. Estimated additional revenue would be \$83 million for the biennium.

The governor proposed that his tax program be enacted for a period of 2 years only, and that it be placed on the ballot and submitted to a vote of the people in the meantime to determine whether it should be continued after July 1, 1963.

Newspaper reports indicate a good deal of opposition to the proposals, but some political reporters are optimistic about their chances of enactment. The governor pointed out that \$70 million of the proposed new revenue would go to the public schools, and about \$3 million to higher education. Thus he regarded a popular vote on the question as affording the people of North Carolina a chance to decide definitely whether they wish to pay for higher quality in public education.

OREGON. On November 8, 1960, the voters of Oregon approved a constitutional amendment entitled "State Bonds for Higher Education Facilities" by a 2 to 1 majority. The effect of this amendment practically triples the bonding capacity of the Oregon State System of Higher Education to finance wholly self-supporting and self-liquidating buildings on the campuses of the 9 public colleges of the state.

For many years it has been the practice in Oregon to finance dormitories, housing for married students, student centers, and health (Continued on p. 191)

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OREGON. (Continued from page 190)  
and athletic facilities at the public colleges through the sale of bonds which have been amortized by student fees and rentals.

Prior to 1950, the State System sold revenue bonds to finance these self-liquidating buildings. In 1950 the people of the state approved an amendment permitting the State System to issue bonds for self-liquidating buildings secured by the full faith and credit of the state. This change resulted in substantial savings in interest rates, since general obligations of the state can be sold bearing lower interest rates than can revenue bonds. The 1950 amendment resulted in a lowering of interest rates to an average of 2.1 per cent, and interest rates since that time have fluctuated between 2.1% and 3.784%.

The 1950 amendment limited the amount of bonds for this purpose which could be outstanding at any one time, to three-fourths of 1% of the assessed valuation of all taxable property in the state. In 1960 this amount was approximately \$24 million. Greatly enlarged enrollments on all campuses in recent years have resulted in expansion on every campus, and in 1958 it became apparent that the \$24 million bonding capacity would not be adequate. Accordingly, at the request of the State System, the legislature of 1960 proposed a new amendment which would substitute the words "true cash value" for the words "assessed valuation", thereby raising the bonding limit of the State System to about \$72 million. It is estimated that this measure will provide ample bonding capacity for the next ten years.

SOUTH CAROLINA. At the first of the year Governor Hollings appointed a 7-member Governor's Advisory Committee on Higher Education, headed by A. L. M. Wiggins of Hartsville, who is a former chairman of the Fiscal Survey Commission and is currently chairman of the Committee to Study the Problems of Educating at the College Level the Increasing Number of Students of College Age.

Mr. Wiggins is quoted as saying: "Our greatest need today is for a crash program

to multiply educational effort, not only quantitatively but qualitatively." One of the tasks of the Advisory Committee on Higher Education, says the governor, is "to determine the capital improvement needs of our colleges and junior colleges."

After pointing out that South Carolina will have at least 65,000 students in the colleges and universities by 1975 -- more than twice the present number -- the governor made a powerful argument for fiscal planning in advance. Said he:

"In 1950, had a legislator proposed on this House floor a \$23 million capital improvement program for the next 10 years, he would have been ridiculed here and probably defeated for re-election at home. But the fact remains that we spent that much at Clemson College alone between 1950 and 1960, and the facts also indicate that we will spend in excess of \$50 million during the next 10 years for improvements at the state's institutions."

TEXAS. Governor Price Daniel proposed a \$25 million increase in operating funds from state tax sources for the 19 state-supported "academic institutions". The phrase in quotes should be well noted, because under recent Texas custom it does not include the medical units of the University of Texas and the agricultural research and extension units of the A & M College of Texas. The sums mentioned in this paragraph do not include these latter units, but only the 19 "academic institutions". Hence the totals are substantially smaller than inclusive statewide figures for all state-supported higher education. Governor Daniel's recommendations would make the biennial total for the 19 institutions about \$112½ million. This is supported by the State Commission on Higher Education and the governor's State Finance Advisory Commission; but is viewed askance by the Legislative Budget Board, which would scale it down to \$103 million.

The University of Houston is asking to be taken over by the state as a state-supported institution, and offering the state its debt-free plant worth \$22 million. Its request (Cont'd. on p. 192)

**TEXAS.** (Continued from page 191)  
 is indorsed by the State Commission on Higher Education, provided the legislature can assure no diminution of support of the other state-supported institutions. It is opposed by the Council of State College Presidents, a voluntary association of the heads of the 19 state-supported institutions.

**UTAH.** An increase in the state sales tax from 2% to 2½% has been enacted and signed by the governor. This will bring in \$5 million of new revenue during the biennium. An appropriation of \$4,099,98 was made for state aid to school construction during the ensuing biennium.

**WEST VIRGINIA.** In addition to the new personal income tax law (GRAPEVINE, page 183), this state also increased the cigarette tax from 5¢ to 6¢ per pack, effective during the immediately ensuing fiscal year only.

Appropriations of state tax funds for operating expenses of higher education are reported as in Table 24.

Table 24. Appropriations of state tax funds for operating expenses of higher education in West Virginia, for fiscal year 1961-62, in thousands of dollars.

Institutions (1)	Sums appropriated (2)
West Virginia U	\$9,888
Potomac State Coll	503
Marshall University	2,601
West Virginia State Coll	1,324
Concord College	949
W Va Inst of Technology	855
Fairmont State Coll	872
West Liberty State Coll	658
Glenville State Coll	614
Shepherd College	594
Bluefield State College	540
Total	19,938

The total appears to represent an increase of more than 31% over the comparable annual appropriations of 2 years ago, for the fiscal year 1959-60.

The act changing the name of Marshall College (at Huntington) to Marshall University became law March 2. The institution has over 4,000 students, and operates 4 divisions: (1) college of arts and sciences (including 4-year and 2-year programs), (2) teachers college, (3) college of applied sciences (engineering, medical technology, and a 2-year program in nursing), and (4) graduate school.

**WISCONSIN.** A Design for the Future Development of Public Higher Education in Wisconsin is now available in the form of the Semi-Annual Report of the Coordinating Committee for Higher Education in Wisconsin, a 30-page printed document bearing date of December 1960, but which was not issued until March 1961. It is obtainable by addressing the Joint Staff, 333 Wisconsin Center, 702 Langdon St., Madison 6, Wisconsin.

Some of the features of this document have been pre-viewed in earlier issues of GRAPEVINE (See especially pages 137 and 148).

Two quotes: "The general welfare of the State will be best served by making it possible for any deserving and qualified youth to continue his education to the level of his ability and ambition. Since the major cost of education to the student occurs when the training must be secured away from his home, the welfare of the student and the State will be best promoted by providing post-high school educational opportunities as widely over the State as is consistent with sound educational and financial considerations.

"The need for an informed and wise citizenry in all walks of life and for trained people in a broad range of occupations, coupled with the import differences in aptitudes, interests, and needs of young people, requires that there be diversity in types of post-high school education, diversity in educational objectives, diversity in administrative organization, and diversity in the length and content of the programs. Whatever the differences... the students who attend them must be assured an educational opportunity of the highest possible quality."