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Bloomington, Indiana  
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SINCE  
1958

TENTH  
YEAR

Number 109 January 1968 Page 699

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

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Statement of ownership and circulation of GRAPEVINE is on Page 700 (reverse hereof).

KENTUCKY. Appropriations of state tax funds for annual operating expenses of higher education for fiscal year 1967-68, first reported in GRAPEVINE page 551, Table 68 (March 1966), were heavily cut back by executive action in November 1967.

Upon reports from the state departments of revenue and finance that revenue receipts were falling below the estimates upon which the appropriations had been based, the governor announced a reduction of about \$24 million in the appropriations for 1967-68, distributed in such manner that most of the various state departments were cut about 10 per cent, and public higher education lost about 8 per cent.

Table 81. November 1967 revision of state tax-fund appropriations for operating expenses of higher education in Kentucky for fiscal year 1967-68, originally made in early 1966. (In thousands of dollars).

Institutions	For fiscal year 1967-68	
	Original as made in 1966	Revised November 1967
U of Kentucky	\$45,553	\$41,909
Eastern Ky State U	7,641	7,030
Western Ky State U	7,543	6,940
Murray State U	5,648	5,197
Morehead State U	4,625	4,255
Kentucky State Coll	1,900	1,748
U of Louisville *	1,100	1,012
Ky Council on Pub HE	362	354
<b>Totals</b>	<b>74,372</b>	<b>68,445</b>

\*Municipal institution, state-aided.

Coming near the mid-point of the second fiscal year of the biennium, the actual impact of the reduction is roughly 16 per cent of the appropriated funds for the final six months of the biennium.

How a disaster of this kind affects the planning and operation of the several institutions probably needs no explanation in GRAPEVINE. It seems quite likely that the disruption will ultimately cause far greater losses to the Commonwealth than the less than \$6 million ostensibly saved.

Kentucky is by no means the only state burdened with laws derived from "the fetish of the balanced budget," which are in fact sometimes worse than self-defeating in their operation.

Whereas it was once supposed that appropriation acts enacted by the legislature and signed by the governor had the force of law for the duration of the fiscal period intended to be covered, and could be relied on as a basis for planning, it now appears that in many states this is far from the fact; that university presidents and governing boards may find their carefully prepared and prior-approved fiscal plans splintered by heavy blows of the meat-ax without prior notice.

This may cause them acute embarrassment by curtailing their ability to meet their own commitments. As a consequence they may lose distinguished professors, and be compelled to cancel some orders for essential instructional

(Continued on page 701)

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KENTUCKY (Continued from page 700)

supplies and to postpone necessary plant maintenance. All these measures entail losses to the Commonwealth. They diminish the quality of the educational program and cripple its expansion at a time when growth is imperative.

It is time for a hard second look at the total obsession with the balanced budget which brought this kind of hanky-panky into the state statute-books early in the present century. The practice subordinates the dignity of the state as well as the efficiency of its institutions and departments to the parsimony of cultists who seem to regard short-term budget-balancing as the supreme and indispensable virtue, and any small deficit as the absolutely unpardonable sin.

The state would gain in both dignity and dollars if it would execute its appropriation acts as enacted, and let it be known that any small annual deficits will be given proper attention at the beginning of the next fiscal period.

Thus it would avoid unnecessarily humiliating and harassing its university presidents and governing boards, and disrupting their operations and plans late in a fiscal period so as to cause measurable dollar losses as well as great imponderable losses to the state. The trite adage "penny wise and pound foolish" must have been invented for just such a situation. "False economy" is another phrase which fits perfectly.

This type of practice is a relic of an era that is gone--a day that is done--in favor half a century ago, in the pre-Depression and Depression era. Statutes authorizing it should be repealed.

The fact that they are self-defeating of their own parsimonious purpose -- that they cause far larger losses in the long run than the petty short-term economies they are designed to effect -- should be demonstrated and publicized.

KENTUCKY (Continued from preceding column)

The outgoing administration in Kentucky attributes the current fiscal situation in the state to the militancy of the public elementary and secondary school teachers, who staged what amounted to a one-day work-stoppage in February 1966, and virtually forced provision to be made for an increase in their ridiculously low salaries.

In fact the situation is due to the administration's failure to devise and recommend appropriate measures to update the revenue system in a timely manner.

The rock-bottom question here is the same as elsewhere: Does the state have the revenue potential to support an expanding and improving educational system at all levels, without hardship?

Kentucky ranks 46th among the fifty states in the total of state and local taxes per capita.

State and local taxes per capita in Kentucky are lower than in any of the seven contiguous states, including Tennessee, West Virginia, and Virginia.

The answer is that Kentucky has the potential. The question becomes, then, not one of resources, but of policy: Do the people of the Commonwealth and their leaders want educational improvement and expansion? There are a great many convincing evidences that they do.

They have chosen a new state administration to take office December 12, 1967. What will be the new administration's stance regarding this issue? The legislature convenes in biennial regular session in January. An opportunity exists for forward-looking public service.

These judgments are editorial opinion, not to be attributed as official statements to any institution, organization, or individuals except with express assent.

FIFTEEN LEADING STATE UNIVERSITIES, WITH CHANGES OVER 4 YEARS, 1964-68

Treating all state universities as single units, disregarding the fact that some of them include one or more major campuses large enough to rank in the top fifteen in their own right, we are able to observe, in Table 82, the changes over four years.

Over so short a period, these changes are not to be taken too seriously; nor are they to be entirely ignored.

First isolating those that held the same relative places unchanged, you have four: University of Illinois at 3rd; Michigan State University at 9th; University of North Carolina (Consol) at 10th; and Purdue University at 15th.

Five institutions gained one or more rungs: State University of New York from 2nd to 1st; University of Wisconsin from 7th to 4th (rapid growth of Milwaukee

Campus and of outstate Centers); University of Missouri from 13th to 7th (two big-city campuses added); Indiana University from 12th to 11th; and Southern Illinois University from 17th to 14th (big new Edwardsville Campus).

This leaves six that lost one or more places: University of California from 1st to 2nd; University of Texas from 4th to 5th; University of Minnesota from 5th to 6th; University of Michigan from 6th to 8th; Ohio State University from 8th to 12th; and University of Washington from 11th to 13th.

All told, the weighted average percentage of gain for the fifteen universities was 84. These rates of gain ranged from 40 per cent for the University of Washington to 161 per cent for the State University of New York.

Table 82. Fifteen leading state universities in descending order of state tax support appropriated for fiscal years 1963-64 and 1967-68, in thousands of dollars, with dollar gains and percentage gains over four years.

State Universities	1963-64		1967-68		4-Year Gains	% Gains
	Sums	Ranks	Sums	Ranks		
(1)	(2)	(3)	(4)	(5)	(6)	(7)
State U of N Y	\$ 94,113	2	\$245,800	1	\$151,687	161
U of California	155,384	1	243,524	2	88,140	56
U of Illinois	76,791	3	125,719	3	48,928	65
U of Wisconsin	36,900	7	84,010	4	47,110	127½
U of Texas	40,289	4	78,686	5	38,397	95¼
U of Minnesota	39,307	5	65,514	6	26,207	67
U of Missouri	30,094	13	59,266	7	29,172	97
U of Michigan	38,225	6	59,161	8	20,936	55
Michigan State U	32,260	9	56,749	9	24,489	79
U of N C (Consol)	32,236	10	56,197	10	23,961	74¼
Indiana U	30,729	12	55,985	11	25,256	82
Ohio State U	35,512	8	55,217	12	19,705	55½
U of Washington	31,754	11	54,366	13	22,612	40
So Illinois U	27,097	17	51,153	14	24,056	89
Purdue U	28,153	15	47,114	15	18,961	67¼
Totals	728,844		1,338,464		609,617	
Weighted average percentage of gain						84

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LEADING STATE UNIVERSITIES AS MEASURED BY STATE TAX FUNDS APPROPRIATED FOR ANNUAL OPERATING EXPENSES, 1967-68

Recipients of \$30 million or more of state tax funds for annual operating expenses in fiscal year 1967-68 are some thirty-odd universities. The exact number depends on choice regarding certain complexities: The University of California and the State University of New York are not universities, but statewide agglomerations. They have respectively three campuses and one campus which now place among the top thirty.

Many of the other top state universities partake to a greater or lesser extent of this multi-campus character. The figures in Table 83 are for the whole institution, including all outlying units, unless marked with an asterisk (\*) to indicate they are for a component unit of a multi-campus institution also listed.

Table 83, like any simplification of a complex subject, has many shortcomings. A few should be especially noted:

(1) The Pennsylvania State University, which will probably rank somewhere in the vicinity of the middle of the listing, is not included, because Pennsylvania's appropriations of 1967-68 had not yet been made when this exhibit was prepared.

(2) The listings must be regarded as tentative and the rankings only preliminary, because of the considerable difficulty in cleanly separating a large main campus or main complex from the outlying units and services. For example, in both the case of the University of Illinois Urbana Campus and the University of Wisconsin Madison Campus certain relatively small percentages for the statewide administration of the whole university are lumped into the sums for the operation of the principal main campus.

NOTE that this tabulation does not show separately the whole university and its main campus except where the latter is marked with an asterisk (\*).

Table 83. Leading state universities in descending order of state tax support appropriated for fiscal year 1967-68, in thousands of dollars.

State Universities	Sums	Ranks
(1)	(2)	(3)
State U of N Y +	\$245,800	1
U of California +	243,524	2
U of Illinois +	125,719	3
U of Wisconsin +	84,010	4
U of Texas +	78,686	5
U of Illinois (Urbana)*	73,464*	6*
U of Minnesota	65,514	7
U of Cal (Berkeley)*	63,244*	8*
U of Wis (Madison)*	61,698*	9*
U of Cal (Los Angeles)*	59,325*	10*
U of Missouri +	59,266	11
U of Michigan	59,161	12
Michigan State U	56,749	13
U of N C (Consol)	56,197	14
Indiana U	55,985	15
Ohio State U	55,217	16
U of Washington	54,366	17
Southern Illinois U	51,153	18
Purdue U	47,114	19
S U N Y at Buffalo*	45,405*	20*
U of Iowa	42,299	21
U of Kentucky	41,909	22
U of Texas (Austin)*	39,343*	23*
U of Florida	38,411	24
Texas A & M System	35,398	25
U of Mo (Columbia)*	35,100*	26*
U of Georgia	34,149	27
Rutgers, St U of N J	33,697	28
Wayne State U	33,556	29
U of Cal (Davis)*	33,510*	30*
U of Hawaii	31,984	31
U of Tennessee	30,070	32

\* A major or principal campus of a multi-campus university, included above in a larger figure for the whole composite university of which it is a component.

+ A large composite university, with one or more major campuses listed (\*). Many of the other universities listed are multi-campus.

ILLINOIS. Allocations of appropriated funds to the University of Illinois among its several campuses, for fiscal years 1967-68 and 1968-69 appear in Table 84, which expands and supplements Table 56, GRAPEVINE page 672.

Table 84. Allocations of appropriated state tax funds among the campuses of the University of Illinois, fiscal years 1967-68 and 1968-69, in thousands of dollars.

U of Ill Campuses	1967-68	1968-69
(1)	(2)	(3)
Urbana-Champaign (incl U genl admin)	\$73,464	+
Medical Center (Chicago)	25,737	+
Chicago Circle	19,977	+
Unassigned	188	
<b>Totals</b>	<b>119,366</b>	<b>132,072</b>

+ Unallocated at time of this report.

It is noteworthy that the sums allocated to the components for fiscal year 1967-68 total a trifle less than 47½ per cent of the total for the biennium, while the total for fiscal year 1968-69 is slightly more than 52½ per cent.

Halving of the biennial total, as was done in Table 56 and in the 50-state summary tabulation for 1967-68, because the allocations for each fiscal year of the biennium had not then been made, produces yearly totals for the composite university of \$125,719 -- actually roughly 5 per cent too high for the first fiscal year and 5 per cent too low for the second fiscal year of the biennium.

Illinois is among the nine states which made undivided biennial appropriations for biennium 1967-69, as shown in Table 78, GRAPEVINE page 695. This practice has been declining in recent years, and probably will be entirely supplanted by the practice of making specific appropriations for each fiscal year of the biennium, if indeed the states do not change to annual sessions.

OREGON. The long-continued confusion and crisis regarding the adoption of a productive and equitable state revenue system continues. The October special session of the legislature adjourned without enacting a sales tax, though at the last minute Governor Tom McCall suddenly changed his mind and advocated a 3 per cent sales tax of broad coverage.

Also defeated was a proposal which would have placed before the voters in the primary election in May 1968 a choice between a 3 per cent sales tax and a 60 per cent increase in the state income tax rates which would have included a levy of 2 per cent on the gross incomes of all income taxpayers in addition to the regular income tax rates.

The governor recommended that state operating budgets be reduced substantially from the amounts appropriated in the regular session earlier this year. At this writing GRAPEVINE does not know how higher education will fare.

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CORRECTIONS

MINNESOTA. Wherever the total for the University of Minnesota for fiscal year 1967-68 appears, it should be raised to \$65,514,000. This is because an additional \$406,300 was appropriated for "Special research and miscellaneous." The change is less than two-thirds of one per cent, and makes no difference in the relative ranking of the University, and little difference in the statewide and national pictures.

MONTANA. In the Montana line of Table 77, Column 6, GRAPEVINE page 694, the percentage of gain over two years should read 45½ per cent, instead of 31¼ per cent. Many Montanans are proud of the recent progress.

N I N E   Y E A R S   O F   G R A P E V I N E

So many requests have been received for back numbers of GRAPEVINE that a tentative decision has been made to reproduce the entire file from January 1959 through December 1967.

The 704 pages would be about 4 inches thick and weigh several pounds. The better plan is to reproduce them by offset process, somewhat reduced in scale (not enough to prevent easy legibility), and to place six pages of GRAPEVINE on one page of a large-format document, about 15" x 17". This will consist of only about 120 pages, bound at the left side and only about 1/2 inch thick, affording maximum ease and facility in reading and handling.

As all readers of GRAPEVINE know, this document is unique. There is no other source of the same data, focused on appropriations of state tax funds for annual operating expenses of higher education in the fifty states; major state tax legislation; and other related events and comment.

The 108 monthly issues over a period of nine years prior to 1968 are small "fugitive" papers, not easy to preserve in convenient form. The reproduction of the complete file will make available in one easily-readable, easily-indexed, easily preserved document, all the data ever circulated in GRAPEVINE during the period. This is an only-one-of-its-kind source of the historic expansion of state tax support of higher education since 1958, with notes on many other relevant and concurrent happenings.

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