

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 news-notes regarding pertinent events in their respective states.

NOTES FROM THE STATES

Georgia has appropriated nearly \$27 million of state tax funds for operating expenses of the University System in 1960-61. This is a gain of more than 23½% over the comparable figure of 2 years ago, for 1958-59. (Pages 97, 98, 99, and 102, this issue).

Kentucky has enacted a new 3% general retail sales tax. Much of the new revenue will be used for state support of local elementary and secondary schools. (Page 99, this issue). Governor Bert Combs says education is today's most pressing problem.

Massachusetts' Governor Foster Furcolo urges a legislative study of the need for a state-supported medical college in Massachusetts, and recommends activation of regional community colleges. (Page 99, this issue).

Other states in this issue: California (Page 97); New Jersey (Page 100); New York (Page 101); Virginia (Page 101); Washington (Page 102); West Virginia (Page 101); Wisconsin (Page 102).

CALIFORNIA. The Regents of the University of California are reported to have decided that a 10% increase in all faculty salaries is required. This justifies an increase of about \$5½ million in the annual budget of the University.

The Regents are also said to have established a 3-man committee to study the question of executive sessions. A recent state statute requires local governmental boards to keep their sessions open to the public except when discussing personnel matters. There is some sentiment to the effect that the Board of Regents should do likewise.

This question is frequently of interest in other states. Some boards solve it in a fashion by getting together informally on the day preceding each formal meeting, and reaching unofficial consensus

about the debatable issues which will be among the agenda of the official open meeting. Thus all official actions are taken in the open meeting, but the making of motions and the recording of votes becomes perhaps not as exciting an affair as newsmen would prefer to witness.

Whether all, or how much, of the debates in such a body should be public, continues to be an arguable question, with something to be said on both sides.

GEORGIA. The 1960 session adjourned February 19. The general appropriation act of 1956 (See the Georgia background story, page 102, this issue) was amended to provide a total of \$26,725,000 out of state tax funds for operating expenses of the University System of Georgia for the fiscal year 1960-61. This appears to be

GEORGIA (Continued) a gain of more than 23% over the comparable total 2 years ago, for the fiscal year 1958-59. The 1960-61 total for capital outlay is \$4,150,000. A good deal of the new construction is financed other than by pay-as-you-go appropriations, by the sale of bonds by the University System Building Authority, an agency which has been in existence since 1950.

Appropriations for higher education are made in lump sum to the Board of Regents of the University System, which is authorized to apportion the funds to be several institutions. The current distribution for the fiscal year 1959-60 is exhibited on GRAPEVINE page 61.

The 1960-61 appropriation for operating expenses of local public schools is reported as \$151 million, a gain of nearly 17% over the \$129 million appropriation of 2 years ago, for 1958-59. Total appropriations for all state purposes for 1960-61 are \$393,245,000. The amount appropriated for operating expenses of higher education seems to be about 6.8% of this total.

The 1960 session approved a number of proposed constitutional amendments (subject to subsequent ratification) to accomplish the following purposes:

(1) To effect statewide removal of the 15-mill limitation on tax levies by counties for support and maintenance of education, and to substitute a 20-mill limitation.

(2) To reduce the mandatory state appropriation for highway purposes, as provided for by the existing constitutional amendment of 1952. (See the GEORGIA background story, page 102, this issue).

(3) To make the Commissioner of Agriculture an ex officio member of the Board of Regents of the University System. This would increase the membership to 16.

(4) To increase the membership of the State Board of Education to 15. The present

membership is 10 (one appointed by the governor from each Congressional district). The proposed amendment would authorize the governor to appoint 5 additional members at large.

(5) To require the legislature to appropriate funds for the payment of rentals under contractual leases of the State School Building Authority and the University System Building Authority. (These Authorities sell bonds to finance buildings, and amortize the cost by leasing the buildings to school districts or the Board of Regents of the University System). The purpose of the proposed amendment is to enable the Authorities to issue bonds bearing interest at lower rates because of the additional security.

Among the new statutes enacted are measures to effect the following provisions:

(1) Remove the 4 1/2% interest ceiling on bonds issued by the State School Building Authority. Since its establishment in 1951, this Authority has issued \$157 million in bonds for school construction. The intent is that it shall proceed to issue \$68 million additional.

(2) Remove the 4 1/2% interest ceiling on bonds issued by the University System Building Authority; to remove the existing dollar limitation on the amount of bonds that may be outstanding at any one time (\$40 million), and to substitute a limitation in terms of percentages of the total annual income of the Regents of the University System which may be spent on debt service-- 8% each year for debt service on bonds for general purpose buildings, and 7% each year for bonds for self-liquidating buildings. The Regents expect to proceed with issues of \$12 million for general purpose buildings and \$7 million for self-liquidating projects.

(3) Require the colleges and universities of the University System to make

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GEORGIA (Continued) periodic reports of college students' grades to the high schools from which the students entered college.

(4) Require the investment in time bank deposits of all state funds not currently needed for operations by state agencies. It is expected that this practice will earn \$2 million a year for the state. For some years the Regents of the University System have followed the practice of investing "idle" funds, and in 1958-59 the sum of \$520,000 was earned in this manner. These earnings in the past have been retained by the University System, but the new act specifies that earnings on funds withdrawn from the state treasury will revert to the state and not be retained by the agencies concerned.

An interesting and significant question could be raised as to whether this latter feature of the new act is an unconstitutional invasion of the independence of the Board of Regents, which is quite plainly spelled out in the Constitution of 1945. ("The said Board... shall have the powers and duties as provided by law existing at the time of the adoption of this Constitution, together with such further powers and duties as may hereafter be provided by law.")

It is not known whether the Regents will take umbrage and contest the act, or whether they will comply with it without protest. Constitutional independence is sometimes lost for want of aggressive defense. Recall that in a Utah supreme court decision of 1956 the autonomy of the University of Utah was very narrowly interpreted, partly because of long acquiescence in adverse legislative acts and state administrative practices; though two of the judges declared, "The importance and desirability of a high degree of independence of internal function, and of academic freedom, was unquestionably recognized by the founders." (University of Utah v. Board of Examiners of State of Utah, 4 Utah 2d 408, 295 P. 2d 348).

Persons who may be inclined to think the principle of constitutional independence is largely a fiction in view of the fact that state universities are partly

dependent upon legislative appropriations would do well to ponder the words of Justice Badt of the Nevada supreme court in a 1948 decision: "Respondent insists that the unquestioned right of the legislature to appropriate the required funds for maintaining the university indicates that the elected board of regents was not vested by the constitution with exclusive and plenary control. However, the two processes are distinct. The power of the legislature to provide the requisite money... is entirely a different function from the administration and control of the university itself." (King v. Board of Regents of University of Nevada, 200 P. 2d 221). (See also the GEORGIA background story, page 102, this issue).

KENTUCKY. Early in 1960 the legislature enacted a 3% general retail sales tax. One correspondent estimates that about one-third of the proceeds will be used for the payment of a veterans' bonus, and the balance will go to the general fund for increased state aid to public elementary and secondary schools and other health and welfare agencies. Another correspondent estimates that there will be \$102 million additional money for the biennium for state support of education, and believes the state general fund budget for education will be increased by 60% or more. He reports that teachers in local public schools will get an average salary raise of \$1,000.

When presenting his budget to the legislature, Governor Bert Combs said: "people are more concerned about the education of Kentucky children than any other single problem."

MASSACHUSETTS. Governor Foster Furcolo delivered to the legislature a special message on education January 14, 1960. Printed as House Document 2605, it comprises 10 pages of text plus 16 pages of exhibits and recommended bills. One bill would raise the salary of the president of the University of Massachusetts from the present \$15,000 to \$25,000 a year. Elsewhere the governor also recommends that the president be relieved of paying

MASSACHUSETTS (Continued) \$100 a month rental for his state-owned house, and be given an expense-account of \$2,000 a year.

An exhibit of the present salaries of presidents of principal state universities in 17 other states, including each of the 5 other New England states, shows a range from \$18,000 to \$36,000, with a median of \$22,000 and an average of about \$23,800.

Other bills would also raise the ceiling for the salary of the Commissioner of Education to \$25,000, and that of the president of the Lowell Technological Institute to \$16,000. Other measures would extend some of the provisions of the famous "Freedom Bill" to the state teachers colleges and the state technological institutes, permitting them some flexibility in the recruiting of new faculty members on a quality basis.

The governor continues to push for the activation of regional community colleges, and recommends that one be opened in the fall of 1960 at Pittsfield in Berkshire County, in a school building locally offered for the purpose. About 100 first-year students could be accommodated, and first year operating expenses would be about \$86,000, of which about \$20,000 would be recouped as tuition fees at \$200 per student. The governor speaks of this as a pilot program and recommends that provision be made for the employment of necessary core staffs to initiate two additional regional community colleges in 1961-- one to be in the area of Greater Boston and the other to be in an area to be selected after further study of local situations.

The Massachusetts Board of Regional Community Colleges, 218 State House, Boston, has issued a leaflet Progress Report bearing date of December 31, 1959, which is a digest of a longer report prepared for the governor.

Another of the governor's bills would set up a special commission to study the need for a state-supported medical college in Massachusetts. It would get \$10,000 for expenses, and would estimate the construction costs and operating costs of any proposed medical school, and report to the legislature on or before the last Tuesday in December 1960.

The executive budget for fiscal 1960-61 recommends operating expenditures of \$10,888,411 for the University of

Massachusetts, and \$9,554,000 for all other state-supported institutions, making a total of \$20,442,411, which would represent an increase of more than 17½% over the current year's total of \$17,380,600.

The governor also recommends a capital outlay budget of about \$15½ million for the University of Massachusetts. In addition, the University of Massachusetts Building Association will probably be authorized by the legislature to issue \$4½ million in bonds for the construction of self-liquidating housing on the campus at Amherst. It appears likely that the legislature will reconstitute the state teachers colleges and rename them "state colleges", after the fashion in many states in recent years, including the 1959 action of the neighboring state of Connecticut.

NEW JERSEY. A correspondent reports that GRAPEVINE, page 88, was overoptimistic concerning the possibility of a broader-based revenue system. It is said that Governor Meyner and his party are pledged by platform to oppose both a general sales tax and an income tax; and that it is unlikely any new revenue measures of consequence will be enacted. GRAPEVINE was in error in the statement on page 88 about the cigarette tax in New Jersey. The rate has been 5¢ per pack for several years, and it will probably not be changed.

In February the presidents of the 6 state colleges issued a joint statement that their faculties will deteriorate unless salary increases recommended by the State Board of Education are acted upon favorably by the legislature.

One president reported he located a promising teacher of physical education for women working in the public schools at \$8,300. Under the present state salary schedule for the colleges, he could offer her no more than \$5,774. She wasn't interested in the offer.

Another president saw a \$5,300 faculty member resign to accept a position at a private university at \$8,000; and another professor at \$6,352 resigned to accept a public high school position at \$8,400. Still another professor, at \$7,800, departed to accept a university position at \$12,000. Numerous similar examples were cited by the other presidents.

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NEW JERSEY (Continued)

In New Jersey the state currently pays only about 20% of local expenditures for public schools. The New Jersey Education Association urgently advocates substantial increases in state participation, pointing out that local property taxes can not be sufficient to support modern schools. A 1960 bill would raise the "foundation program" from \$200 per pupil to \$300 to be paid by the state.

NEW YORK. A bill has been introduced to propose a constitutional amendment which would permit restoration of the taxing power to the public school districts in the 6 big cities where the school boards are now fiscally dependent upon the taxing authorities of the local municipal corporations. The bill is supported by the New York State Teachers Association as well as by numerous other organizations.

Considerable attention has been given to Governor Rockefeller's interesting proposal that local school districts be authorized to federate for the purpose of levying local non-property taxes. Property taxes are insufficient, but non-property levies are difficult to administer in local districts.

The governor's budget for 1960-61 recommends appropriations of \$2,026 million, about \$2 million less than in 1959-60. He wants state support of local schools to go up to \$665 million, a gain of \$32 million over the current year.

VIRGINIA. The governor's budget bill submitted to the legislature January 13, 1960 carries the following recommended appropriations for operating expenses of the several institutions of higher education for each of the two fiscal years of the biennium 1960-62, out of the general fund of the state. For the several institutions of higher learning \$46½ million, being an increase of \$6.4 million, or 16%, over the appropriation of \$39.8 million made for the biennium 1958-60. (Appropriations out of special funds derived from estimated institutional receipts, in the case of some of the institutions, equal or exceed the appropriations out of the state general fund). The Agricultural Experiment Station

and the Extension Division of Virginia Polytechnic Institute, not included in the foregoing, are listed respectively for \$3.3 million and \$4.7 million out of the general fund, representing increases of about 14% and 16%. These sums bring the total recommended for higher education (operating expenses) for the biennium 1960-62 up to \$54½ million.

For state support of local public school systems through the multiple system of special aids (of which the principal one is for "teacher salaries and related items") the total recommended is \$218 million, being an increase of 23% over the \$177 million appropriated for 1958-60.

WEST VIRGINIA. The 1960 budget session of the legislature adjourned February 11. The appropriation to the University of West Virginia for operating expenses for fiscal 1960-61 was \$8,357,662, representing an increase of \$1,248,452 over the comparable figure for 1959-60. Percentage-wise the increase is more than 17½%. This is reported to be the second largest annual step-up in operating funds from state tax sources which the university has received in its 93-year history. It will make possible salary increases averaging about 10%, the addition of some new positions, and substantially larger funds for other operating purposes. Appropriations to the ten state colleges were also nearly \$1 million larger than for 1959-60.

President Elvis J. Stahr, Jr., of the University of West Virginia reports that the new 522-bed teaching hospital building was completed in January. This is part of the Medical Center, on which a total of about \$25 million has been spent for construction to date. Construction is also progressing on new facilities for the colleges of engineering and agriculture costing \$10 million. Bids will be opened March 22 for an estimated \$5 million worth of new housing which will include accommodations for 279 girls; 210 efficiency apartments for graduate and professional students, married students, and young faculty members; and 64 larger apartments for junior and incoming faculty members having children.

WISCONSIN. The legislature recessed late in January to meet again in the middle of May. The governor's recommendations for modification of the 1959-61 appropriations for the second year of the biennium were defeated. It will be remembered that the governor's budget submitted in 1959 was intended as a "stop-gap" for the first year of the biennium, to allow time for the formulation of new revenue measures, after which a modification of the budget would be at the discretion of the legislature. (GRAPEVINE, page 65).

The measures not enacted during the recent special session included provision for an 8% increase in faculty salaries. A 4% increase was provided for by the 1959 regular session, and it will stand throughout the biennium; but the recommended additional 8% for fiscal 1960-61 was defeated.

Public and private higher educational institutions joined in support of a bill to transfer the administration of the state student loan fund from the Department of Public Welfare to a new Committee on Student Financial Aids, and appropriate an additional \$237,000 to the fund. The legislature did not pass this bill, but appropriated an additional \$200,000 to the fund.

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Washington has in progress a comprehensive survey of education at all levels from kindergarten through university, under the auspices of a state legislative committee which will report to the 1961 session. Recently appointed director of the study is James F. Nickerson, dean of the school of education at Montana State College at Bozeman.

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GEORGIA. There is a background story which has not hitherto been reported in GRAPEVINE. A constitutional amendment ratified in 1952 provided that the legislature in each general appropriation act must make aggregate annual appropriations for highway purposes not less than the total of motor fuel and motor vehicle license taxes received for the immediately preceding fiscal year.

The effect of this rigidity has been practically to inhibit the enactment of general appropriation bills since 1952. Only two have been enacted since that year. The increased revenues from the gasoline tax and motor vehicle licenses have been allocated by the Budget Bureau to the support of other essential state services. The enactment of a general appropriation act, in conformity with the amendment of 1952 mentioned above, would necessitate large reductions in the support of other departments and larger appropriations for the highway department.

In early 1960 Governor Ernest Vandiver is urging that a new amendment, requiring only the revenue from the gasoline tax to be appropriated for highway purposes, be adopted. The practical effect of the proposed new amendment can be gauged by observing the sources and allocation of the pertinent revenues for 1958-59. In that year the gasoline tax produced \$80 million, motor vehicle licenses \$15 million, making a total of \$95 million, all of which would have had to go to highways if a general appropriation act had been passed. Instead, the amount allocated to the highway department for 1959-60 is \$75 million, leaving \$20 million to be allotted to other state functions.

The Georgia amendment of 1952 may become a classic example of how great a mistake it is to freeze a specific allocation of specified revenues into the state constitution. Did the advocates of over-generous highway expenditures "overstep themselves"?

Another new measure advocated by the governor is the act to install a withholding system for state income taxes. This, it is estimated will increase collections by \$2½ million a year, plus the substantial "windfall" that will accrue during the first year of its operation.

(See also GEORGIA, page 97, this issue).

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