PLEASE NOTE NEW ADDRESS M. M. Chambers

41

705 Stoddard Building Lansing 23, Michigan

September 1961 Page 225 GRAPEVINE * * * * * A newsletter on state tax legislation; state appropriations for universities, college: 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 IN THIS ISSUE Connecticut appropriations for operating expenses for public higher education are up 21% over 2 years ago...... 226 Delaware state institutions have 2-year gain of 15% in state support... 226

Illinois allocates proceeds of \$195 million bond issue among 6 state universities; raises general sales and use tax rate to 4¢ on the dollar; creates a new Board of Higher Education as an agency of liaison, coordination and planning, to succeed the Commission of Higher Education, now abolished; appropriates operating funds for 6 universities for biennum 1961-63 which appear from early reports to be at least 26% larger than for preceding biennum................. 227 Maine increases tax support for operation of teachers colleges by 29% Minnesota bill to authorize \$6 million revenue bonds for State Missouri appropriations for operating expenses of higher education for biennum 1961-63 are 28½% more than for preceding biennium... 229 Nebraska appropriations appear to be $13\frac{1}{2}$ % above those for 1959-61......229Ohio statute is "breakthrough" toward reasonable fiscal autonomy for

state universities regarding custody of non-tax funds.....

Washington is to have two additional local public junior colleges...... 232

Wisconsin looks toward tuition-free public higher education........... 232

Statement of ownership and circulation of GRAPEVINE appears on page 218 (reverse hereof

CONNECTICUT. Appropriations of state tax funds for operating expenses of the state institutions of higher education for the two fiscal years of the biennium 1961-63 are reported as in Table 55.

Table 55. Appropriations of state tax funds for operating expenses of higher education in Connecticut, separately for the fiscal years 1961-62 and 1962-63, and by institutions, in thousands of dollars.

	The state of the s	
· · · · · · · · · · · · · · · · · · ·	Fiscal	Years
Institutions	1961-62	1962-63
(1)	(2)	(3)
U of Connecticut	\$9,940	\$10,504
State Colleges	•	
Central Conn S C	1,747	1,857
Southern Conn S C	1,560	1,626
Danbury St Coll	743	777
Willimantic S C	565	584
Sal increases * 4 co	11s 300	600
Subtotals \$4,915		\$5,444
Totals	14.855	15 948

* Lump sums appropriated to implement the new salary schedule in the 4 state colleges. Same factor appropriated for the University of Connecticut, but included in its over-all appropriation.

The total for the fiscal year 1961-62 is a gain of 21% over the comparable appropriation for 1959-60, two years ago.

Total state expenditures for all purposes for biennium 1961-63 are estimated at \$733 million. Hence the total of \$30,803,000 for operating expenses of higher education appears to represent about 4½% of state expenditures.

Connecticut operates 14 vocationaltechnical schools and 2 technical institutes, all of which are partly on the high school level and partly on the junior college level, with the exact proportions not reported. These schools received an operating appropriation of \$4,750,000 for 1961-62 and \$5 million for 1962-63. The increase for 1961-62 over 1959-60 was 12. These schools also got a \$4 million bot authorization for the biennium 1961-63.

Other bond authorizations, aggregating \$1,630,000, were as follows:
Nuclear research center (location not yet determined), \$500,000; Willimantic, purchase of land, \$165,000; new buildir for the American School for the deaf, a state-aided private residential school, \$765,000; and a grant for development ceducational television in the schools and colleges of Connecticut, to the Connecticut Educational Television Corporation, \$200,000.

For the University of Connecticut, \$6,275,000 in general obligation bonds for capital improvements were authorized, and a general fund appropriation of \$690,000 for the biennium for equipm was made. The four state colleges were authorized to receive the proceeds of \$6,274,000 in general obligation bonds for capital outlay, and given a general fund appropriation of \$234,000 for equiment.

Appropriations for state aid for operating expenses of local public elementary and secondary schools are reported as \$117,851,000 for the biennua gain of more than 36½% over the preceding biennium. State aid for capital outlays for the same school system ros to \$16,700,000, an increase of about 29 over the preceding biennium.

<u>DELAWARE</u>. Appropriations of state tax funds for operating expenses of higher education for fiscal year 1961-62 are reported as in Table 56.

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M. M. Chambers, 705 Stoddard Building, Lansing 23, Michigan

DELAWARE, (Continued from page 226)

Table 56. State tax-fund appropriations for operating expenses of higher education in Delaware, fiscal year 1961 62, in thousands of dollars.

Institutions	Sun	ns appr	opriated
(1)		g in the strong pro-	(2)
U of Delaware	Company of the compan	\$3	,813
Delaware State	Co11	. #0.00%	495
Total		4	308

This is a gain of 15½% over fiscal year 1959-60, two years ago; and apparently represents about 5½% of the total of state expenditures.

ILLINOIS. The proceeds of the \$195 million bond issue for capital improvements for higher education, authorized by popular vote in 1960, will be distributed among the universities as indicated in Table 57.

Table 57. Allocation of proceeds of bond issue authorized in 1960 among the universities of Illinois, in thousands of dollars, for capital improvements.

Institutions	Sums allocated
(1)	ranger out in 2) in this
U of Illinois	SERVE TO A CHARLES TO SERVE TO SERVE
Urbana, and Chica	
Professional	\$48,500
Chicago Undergrad	1 * O' 50,000 H DA
Subtotal \$98,500	A SET A SET OF S
So. Illinois U	dollar, but om cever
Carbondale	both bohn28,250 Links
Edwardsville	25,000
Subtotal \$53.250	De territoria via estate de la companya de la compa
Northern Ill U	15,655 Carallia
Ill St Normal U	12,110
Western Ill U	15 min 12 18,050
Eastern Ill U	i ivitadomi 7:435 osadi
Subtotal (Teachers	College Vice doug
Board) \$43,250	of the 78 to employing
Total	195,000

It is reported that the foregoing distribution was agreed upon by the three governing boards (of the University of Illinois, Southern Illinois University, and the Teachers College Board), and the appropriations were made accordingly by the legislature.

This would seem to be a major example of voluntary statewide coordination. These decisions will play a large role in shaping the statewide physical plant of higher education in Illinois for years ahead.

GRAPEVINE is not yet able to report the entire picture of appropriations of state taxes for operating expenses for the biennium 1961-63; but the appropriation for the University of Illinois alone is \$129,600,000, plus \$100,000 for the Police Training Institute and \$173,000 for the Institution for Tuberculosis Research, making an actual total of \$129,873,000 for the University. This represents a gain of 16% over the comparable appropriation for the preceding biennium.

ceding biennium.

For biennium 1961-63 the University's estimated income from student fees and other non-tax sources is \$15,056,000, bringing its budget, (excluding federal funds to \$145 million, of which approximately \$65 million a year comes from appropriations of state tax funds.

The levying of the Illinois 4% sales tax upon purchases of materials by building contractors is said to recapture for the state treasury about 2% of the cost of the buildings, on the assumption that about half the cost is for on-the-job work and half for purchased materials. An administrative ruling of the Illinois Department of Revenue effective July 16 requires the sales tax on purchased materials to be collected under contracts made after that date. If the ruling stands, Southern Illinois University estimates it will lose the equivalent of \$1 million worth of new construction out of its \$53 million total. If the estimate is correct, almost \$4 million of the \$195 million bond issue for all the universities will be diverted from financing construction to payment of sales tax to the state. It is a nice question as to whether the new administrative ruling is in accord with the intent of the legislature; -- a question which may reach the courts. Did the lawmakers intend that the state should borrow

S governing bounds will be explicably government or or a

ILLINOIS (continued from page 227).
\$4 million to be, in effect, paid into the treasury as sales taxes? Is this robbing Peter to pay Paul?

The 1961 legislature repealed the act of 1957 which created the Illinois Commission of Higher Education. The Commission is now disbanded. Its director, Robert Johns, is now a vice president of the University of Miami (Florida); and Harry Manley, who served during late 1960 and early 1961 as deputy director and chief in the absence of Johns, has become academic dean of Monmouth College, Monmouth, Illinois.

A new 1961 act creates a Board of Higher Education, with duties not greatly different from those of the old Commission, but with a composition somewhat different. The powers of the three governing boards (Trustees of the University of Illinois, Trustees of Southern Illinois University, and Teachers College Board governing four regional miversities) are substantially unimpaired. The Board of Higher Education is authorized to review the budgets, but merely to make recommendations concerning them; and to approve or disapprove any major extensions of program at any institution, such as proposed new departments, schools, colleges, or branch institutions.

The Board of Higher Education is directed to devise and keep current a "master plan" for the development, expansion, integration, and coordination of public higher education. This "master plan" would be in the nature of recommendations to the governor and the legislature. The Board is an agency of research and recommendation largely, and is definitely not an all-powerful consolidated governing board, and not a compulsory coordinating agency with broad powers of coercion.

Its structure and functions are almost exactly as described in our story of July, 1961 (GRAPEVINE, pages 210-211). The 15 members will include the chairman and one member of each of the 3 governing boards, plus the state superintendent of public instruction (making 7), plus 8 lay members appointed by the governor and senate. Thus each of the 3 governing boards will be explicitly represented, but their combined re-

presentation will constitute less than majority. This moves Illinois a bit toward the idea of lateral liaison among the principal institutions, as exemplifing the Wisconsin Coordinating Committee for Higher Education and in the Californ Liaison Committee, as well as in the new California Coordinating Council for Higher Education.

The Illinois Board of Higher Education has an appropriation of \$150,000 for the biennium, and is authorized to employ a research and consulting staff, full-time or part-time; but the act make no prescriptions regarding the qualifications or title of any employee, and is conspicuously silent regarding any "azer for higher education", apparently recognizing that such a concept does not sit well at all in a state having large and distinguished universities.

Nationwide recognition that genero degrees of autonomy and flexibility eressential to the effective administration of higher education is unquestionably gaining ground.

GRAPEVINE can now correct and supplement the August story of Illinois tax legislation (page 219). The new arbroadened measures are expected to both in perhaps as much as \$125 million a yein new revenue. Not only was the sales and use tax rate raised to 4¢ on the dollar, but the coverage was substantially extended, and GRAPEVINE erred in reporting that the extensions covered "principally sales of food items", for these have never been exempt.

As a last-minute hasty offering, here is a tentative and incomplete, but probably reliable, tabulation of appropriations of state tax finds for operating expenses of the principal agencies of public higher education in Illinois for the biennium 1961-63:

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M. M. Chambers, 705 Stoddard Building, Lansing 23, Michigan

DELAWARE. (Continued from page 226)

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Institutions	Sums appropriated
79 (1) . 1440 0	Baron
U of Delaware	
Delaware State Co	119 495
Total	4,308

This is a gain of 15½% over fiscal year 1959-60, two years ago; and apparent ly represents about 5½% of the total of state expenditures.

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or (1): . (2) S. organi godina (a) st. organi
U of Illinois are accusage beasthard
Urbana, and Chicago dates an agadana ad
Professional 40 144 \$48,500 graphs
Chicago Undergrad to 50,000 b bus
Subtotal \$98,500 grows set dod gastich;
So. Illinois WSASO has imbredue elicit.
Carbondale of exposition and degi28, 250 years
Edwardsville on the 25,000
Subtotal : \$53,250 and over a main example
Northern Ill U 15,655
III St Normal Just Administration 12,110
WesternoIlla Uni bas sylvanow 8,050 auni
Eastern Ill Uistaded state to 7,435 adoug
Subtotal (Teachers College to another teachers
Board) have the \$43,250 edg the properties and the
Total: 17 (no holisames and 195,000 m. h.

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ILLINOIS (continued from page 228)
Table 58. Tenative and incomplete tabulation of appropriations of state tax funds for operating expenses of the principal agencies of higher education in Illinois, biennium 1961-63, in thousands of dollars.

Institutions Sums	appropriated
	(2)
U of Illinois	\$129,873
So Illinois U	43,454
Teachers College Bd	48,752
Scholarship Commission	4.971
Total	222,079*

* This total does not include the appropriation of state funds for the Chicago Teachers College, a muncipal institution; and the total is incomplete in other respects and subject to subsequent completion and verification.

Even this incomplete report indicates an increase of 26% over the preceding biennium. Probably the actual gain will turn out to be of the order of 28% to 30% when the complete figures become available.

MAINE. The 1961 legislature increased the appropriations of tax funds to the state teachers colleges for operating expenses by about 29% over the preceding biennium. The new money will be derived from tobacco and liquor taxes. It will be used to improve salaries and to increase the teaching staffs to provide for an expected increase of 10% in student enrollment during the ensuing biennium. Financing and construction of 5 new dormiteries was proposed by the legislature, and will be submitted to popular referendum this fall.

State aid for local public elementary and secondary schools was increased by 22%, a gain sufficient to maintain the state's current share of the total cost of the operation of the schools.

MINNESOTA. Here is a CORRECTION for the story on page 222 of your August 1961 GRAPEVINE:

The bill to authorize the State College Board to issue an additional \$6 million of revenue bonds for construction of self-liquidating dormitories <u>failed</u> of enactment.

MISSOURI. Appropriations of state tax funds for higher education for biennium 1961-63 are reported as in Table 59.

Table 59. State tax-fund appropriations for operating expenses and for capital outlays for higher education in Missouri, for biennium 1961-63, in thousands of dollars.

chodsands of doff	GLD. 1211 3 3573 3	
loff this reducers.	Operating	Capital
Institutions 2 2 3 3 3 3	expenses	outlay o
1 /40 - 00 / (1) wok to	: 4500 e4708 (2) e4	(3)
U of Missouri	\$21,477	\$5,010
Med & Nursing	2,922	jrA ≁akus di
- U-Hospital	6,867) above
Crippled Children	1,808	
Ag Exten Serv		Stide"
Ag Exp Sta	2,579	Arrest.
Sch Mines & Metal	4,105	1,210
Subtotals Subtotals	42,733	6,220
State Colleges	enoi Jul	Historik
Central Mo	4,960	1,450
Northwest Mo	2,490	
Northeast Mo	3,497	449
Southeast Mo		744
Southwest Mo	3,869	A 211
Subtotals	18,379	
Lincoln University	2,447	701
Totals	63,559	

It is specified that in each case the amount appropriated for the first fiscal year (1961-62) and the 46% of the total for the manner. This seems to provide automatical and a gain of 15% for the fiscal appropriations for operating appears to be 26% of appears to be 26%.

NEBRASKA. Appropriations of state tax funds for higher education for biennium 1961-63 are reported as in Table 60.

Table 60. State tax-fund appropriations for operating expenses and for capital outlays for higher education in Nebraka, for biennium 1961-63, in thousand of dollars.

	Operating	Capital
Institutions	expenses	outlays
1 <u> 28 84 (p(1), 1</u> 26 81	(2)	(3)
U of Nebraska	\$28,000	\$6,817
State Tchrs Colls	6,155	1,978
Totals	34,155	8,795

NEBRASKA (continued from page 229)

The total for operating expenses seems to be a gain of about 12½% over the preceding biennium.

OHIO. The 1961 legislature appropriated operating funds for each year of the biennium 1961-63, but providing only about \$1 million more for the second year than for the first. Governor DiSalle exercised his power to veto the appropriations for the second year. The legislature will reconvene November 14, 1961 to consider the governor's veto and perhaps pass a new appropriation measure for the second year of the biennium. Meantime, tax-fund appropriations for the fiscal year 1961-62 are reported as in Table 61.

Table 61. Appropriations of state tax funds for operating expenses of higher education in Ohio, fiscal year 1961-62, in thousands of dollars.

Orippled Children

308.I

Institutions Sums appropriated **(1)** (2) Ohio State U \$23,832 3,054 Ohio State Hosp 441 Dept.380440 Branch education Ag Exp Sta **2,131** 1,209 Ag Exten Service 5,793 Kent State U 5**,319** Ohio University Miami University 4,577 Bowling Green St U - 4,058 1,662 Central State Coll 52,014 Total

The total is a gain of 20% over the comparable appropriations for fiscal 1959-60, two years ago. Over the same period of 2 years, an increase in enrollments of 15% is expected.

We are indebted to President John D. Millett of Miami University for a scholarly report of what he properly calls a "major breakthrough" in freeing the state universities from long-standing unnecessary and detrimental restraints on their custody and use of funds accruing to them from non-tax sources.

A statute dating from the early years of this century, enacted as a result of the movement toward tight centralization of state financial control and abolishing the 19th century abuses such as allowisome public officers to collect fees for services and keep them as their own personal property, required that institutional and departmental income be promptly deposited in the state treasurand held there until appropriated by the legislature. This statute is now known as Section 131.01, Revised Code.

As in many other states, the framers of the "reform" statutes took no notice of any differences between the operation of a university on the one hand, and the functions of a justice of the peace or a highway engineer on the other. They were blissfully unaware of the inconvenience and actual losses such sweeping requirements could inflict on the universities and the state.

As detailed by President Millett, a half-century of history in Ohio shows a gradual piecemeal modification of the effects of the statute by a series of opinions of the attorney general ruling that receipts from dining-halls and dormitory room rents, as well athletic fees and receipts from class plays did not have to be paid into the state treasury; but maintaining that charges for educational services or supplies would have to be paid into the state treasury.

In 1930 the attorney general made a series of 10 rulings in which he tried to put some semblance of order and loginto the picture, but at the end of his lengthy discourse admitted that he was not happy with the result, but was not disposed to disturb the various opinion of his predecessors.

The net result was that after these rulings the following receipts had to be paid into the state treasury: charge to students for laboratory supplies; fees for maintenance of student health services: fees charged for extension courses; collections from a book store; and a diploma fee. The following receipts did not have to be paid into the state treasury: room reservation fees for dormitory space; a student activity fee; receipts from dining-room services and room-rents; and receipts from plays Obviously these lists do not make much rhyme or reason; and they rested upon the frail reed of an opinion of the

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OHIO (continued from page 230) attorney general, which could be changed by any subsequent attorney-general, to say nothing of a court decision or a statute.

As to fees from students for registration and tuition (no tuition fee was charged except to out-of-state students), these were deposited in the state treasury to the credit of the state general fund, but the biennial sessions of the legislature developed the habit of providing in each appropriation act that they should be appropriated to the institutions from which they came respectively. The legislature also developed the custom of establishing separate rotary accounts for receipts from fees for laboratory supplies and equipment, student health services, : and extension instructions; and every two years the legislature would appropriate all in these funds to the respective universities which collected them.

As to the important matter of receipts from research contracts, foundation grants, and private gifts, it appears that in the case of one state university these were deposited in a state rotary account, but in the cases of the other five institutions these were retained in the custody of their respective governing boards. All these arrangements, mind you, depended only on the custom of the legislature as expressed in the biennial appropriation acts, and could be changed by any future legislature, piece-meal or in toto.

At last in 1955, upon the advice of bond counsel who pointed out the desirability of a firmer base for the soundness of university bonds issued to finance dormitories and other self-liquidating projects, which would make such bonds more readily salable and at lower interest rates, the situation was considerably clarified by the enactment of the following statute:

"All receipts from student fees and deposits of the state universities receiving state aid, required by law to be paid into the state treasury, shall be credited therein to special funds to be appropriately designated by the names of the respective institutions from which they are received. Such funds shall be

applied to the uses and purposes of sucrespective institutions and shall be us for no other purposes.

This section conditions in facts, and a new section exacted in 1981. Signed the governor on June 30, and effective October 2, 1961, is added to it:

"Those receipts which are required by law to be paid into the state treasury shall be limited to Registration fees and non-resident tuition fees which fee shall be credited to the Student I'ee Memo accounts of the respective institu tions; academic fees for the support of off-campus instruction, laboratory and course fees when so assessed and collect ed, and student health fees for the sup port of a student health service, which fees shall be credited to the designate rotary accounts of the respective insti tutions. All other fees, charges, deposits, receipts and income from all or part of the students shall be held and administered by the respective boards o trustees of the state supported universities and colleges notwithstanding Section 131.01 of the Ravised Code. Fee charges, revenues or receipts, and proceeds of borrowings or sale of evidence of indebtedness, heretofore or hereafte. received by said respective boards of trustees...shall be held and administer ed by said respective boards of trustee and used only for the purpose for which they are collected and received."

In the context of Ohio law and custom this is indeed a long step forward toward reasonable fiscal freedom for the universities. By the standards of Michigan and other states having constitutionally independent universities, even this is only half a loaf.

President Millett credits the 1959 report of the Committee on Government and Higher Education, The Efficiency of Freedom, issued by the Johns Hopkins Press, Baltimore 18, Maryland, and ofte mentioned in earlier numbers of GRAPE-VINE, with considerable influence in changing favorably the climate of opinion in Ohio.

OHIO (continued from page 231)

The foregoing sketch is only a pale abstract of President Millett's lucid 11-page report on "The Fiscal Authority of State Universities in Ohio", bearing date of August 1, 1961.

At the risk of causing him some inconvenience, GRAPEVINE ventures to suggest to interested readers that President Millett might be in a position to respond affirmatively to a limited number of requests for single copies of his mimeographed report. it is a highly significant and unique document for those who would understand state administration of higher education in the United States.

The Ohio Inter-University Council, the 20-year-old agency of voluntary coordination for Ohio's 6 state-supported institutions of higher education, now has a central office at 1813 North High Street, Columbus 10, Ohio, with William B. Coulter as Executive Secretary.

WASHINGTON. One of our knowledgeable correstWisconsin Coordinating Committee for pondents sends interesting data about state support of this state's ten local public junior colleges (soon to be 12). He says:

"This state does not make a separate appropriation for support of junior colleges. State aid to junior colleges is provided by means of a weighted formula of state support for the public school system, which the junior colleges are a part. It would be a crude guess of mine, which could be in substantial error, that state support amounts to perhaps 80% of the junior college operating budget. Approximately 16% of the cost is covered by student fees. The receipts of the colleges include a relatively small sum from local district property taxes and from federal sources, but the bulk of the support comes from the state".

He then explains that "For 1959-60, the gross disbursements of the ten public junior colleges amounted to \$5,846,000. If we deduct from this the receipts from sale of such items as school supplies and school lunches, the net figure would be \$5,361,000. This amounts to a net cost per student in average daily attendance of slightly more than \$541. The number of students was about 9,900.

Looking forward: "For 1961-62, I woul guess that the junior colleges would receive at least 15% more from the stat than in 1959-60, and perhaps a good dea more than that. This is influenced by the fact that the State Board of Education has just authorized the establishment of two new junior colleges, both of which are expecting to begin operating during 1961-62. One of these is a very large district immediately adjacent to Seattle and expects to begin operation next month (September 1961)."

In this state public opinio WISCONSIN. in favor of maintaining low fees in public institutions of higher education is strong. For a generation the University of Wisconsin and the state college have kept their tuition charges at abou 20% of the total educational costs; and there is great reluctance to raise them above that level.

A recent resolution of the 15-member Higher Education (a statutory body) is as follows:

"The Coordinating Committee believes with conviction that the goal of the State of Wisconsin, concerning the impa of the payment of costs of higher education, should be to seek a return to the established principle of free public higher education, by gradually reducing the cost to the student until at some time in the future public higher education becomes available on a virtually free basis. The lowering of financial barriers to higher education certainly should enable our society to more effectively encourage the garnering and use of the full talents of its citizenry."

This is very similar to a resolution of the Board of Regents of the Universit of Wisconsin, adopted in March 1961:

"Fees for students must not be expected to cover a greater percentage of the cost of education than they currently do In fact, efforts should be made to retur to the traditional concept of free publi higher education, as the percentage of our young people attending college continues to increase, and as college-going becomes a part of the expected education al program for a majority of the state's youth."