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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 550 (reverse hereof).

KANSAS. On page 544 GRAPEVINE erroneously said: "In 1916 (Kansas) abolished the institutional governing boards and created the State Board of Regents to govern all the institutions from the Statehouse."

This is a CORRECTION. In 1916 the institutional governing boards were abolished, but at that time the governance of the state institutions of higher education was turned over to the tender mercies of the State Board of Administration-- a body also bearing responsibility for governing the state penitentiary, the various state custodial institutions for defectives and delinquents, and a variety of eleemosynary and correctional establishments.

This state of affairs prevailed until 1925, when the State Board of Administration arbitrarily and summarily removed E. H. Lindley from his post as Chancellor of the University of Kansas.

He immediately sought an injunction against this high-handed action, but this was refused by a divided vote of the state supreme court. In this case Justice Dawson, dissenting and arguing against the countenancing of the policy of the Board of Administration, wrote his famous statement: "Not only may the Chancellor be truculently dismissed without a moment's notice, but a hooligan can be installed in his stead... and every professor, every instructor, every janitor, can be discharged with equal expedition." (Lindley v. Davis et al., 117 Kan. 558, 231 Pac. 1026).

Stirred by this turn of affairs, the legislature very soon enacted a statute removing the five state institutions of higher education from the jurisdiction of the State Board of Administration and placing them under a newly-created State Board of Regents. The new board promptly reappointed Chancellor Lindley.

In passing, we note that North Dakota, which for a time had a similar State Board of Administration set-up governing a variety of other types of institutions as well as the state institutions of higher education, has long since abandoned it (1938) and placed the higher educational institutions under a State Board of Higher Education.

The idea of abolishing all institutional governing boards and having one "state board of administration" to govern all state institutions of every type, which now seems extremely naive, had some vogue during the early quarter of the present century, as the examples of Kansas and North Dakota illustrate. It has passed into the limbo of things regretted and forgotten.

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KANSAS (Continued from page 550)

For GRAPEVINE's error in the Kansas story on page 544 we apologize. We were kindly reminded of it by an eagle-eyed reader whom we respect very highly and appreciate greatly, both for his critical readership and his broad knowledge and insights into higher education in the United States. If we were to mention his name, it would be instantly recognized in every one of the fifty states, from coast to coast and palm to pine.

KENTUCKY. Appropriations of state tax funds for operating expenses of higher education, biennium 1966-68, with fiscal years 1966-67 and 1967-68 separately:

Table 68. State tax-fund appropriations for operating expenses of higher education in Kentucky, fiscal years 1966-67 and 1967-68, in thousands of dollars.

Institutions (1)	1966-67 (2)	1967-68 (3)
U of Kentucky	$38,553	$45,553
Eastern Ky St Coll	6,535	7,641
Western Ky St Coll	6,426	7,543
Murray State Coll	4,778	5,648
Morehead State Coll	3,951	4,625
Kentucky State Coll	1,600	1,900
U of Louisville*	1,000	1,100
Ky Council on Pub H E	324	362
Totals	63,166	74,371

* A municipal university currently receiving state tax support only for its schools of medicine and dentistry.

The total for fiscal year 1966-67 is a gain of about 47½% over fiscal year 1964-65, two years earlier. The total for 1967-68 is slightly more than 50% above that for 1965-66. If the two bienniums are compared as wholes (1964-66 compared with 1966-68) the gain is 49%. Kentucky is one of only three states (Others: Mississippi and Virginia) which appropriate biennially in even-numbered years.

Kentucky has made notable progress since the fiscal year ending in 1960 when the total state tax-fund appropriation for operating expenses of higher education was slightly under $15 million. That, of course, was an incredibly low point by present-day standards. The enactment of the 3% sales and use tax during the progressive administration of Governor Bert Combs, beginning in 1960, made possible the start of a new era in tax support of higher education.

The time has now come when additional revenue will be necessary. Possibilities include an additional cent on the sales tax (the 1¢ is worth about $40 million a year in revenue), a rescaling of the income tax (which was somewhat reduced in 1960), and, notably, severance taxes on coal, oil, gas, timber, and similar resources.

It is noteworthy, too, that the sums collected as local property taxes in Kentucky are lower per capita and lower in proportion to personal income than in any of the seven states contiguous to Kentucky. If and when the 1965 decision of the Kentucky Court of Appeals mandating assessment of taxable property at 100% of true value is actually successfully implemented, this situation may be improved. Meantime, the 200 public school districts are saddled with a limitation enacted by the 1965 special session of the legislature, directing them to hold their increased local revenues within 10% per year for the fiscal years ending in 1966 and 1967.

There is little likelihood of much action by the current legislature, led by a governor pledged to "no new taxes"; but a splendid opportunity for statewide revenue reform will await the next regular session in 1968.

NEW YORK. A copy of the recommendations of the state budget director for appropriations for operating expenses of the 33 state institutions composing the State University of New York for fiscal year 1966-67 shows a total of $218,385,000 recommended. To this is to be added approximately $12 million for retirement contributions paid directly by the state. This will apparently bring the recommendations for SUNY up to a total of about $230 million, which seems to be comparable with $125 million appropriated for fiscal year 1964-65, two years ago, and $150 million appropriated last year for fiscal year 1965-66.

This is evidence that SUNY is likely to be financed for continued unprecedented growth, as well as general improvement of quality.

The $230,000,000 is recommended for SUNY alone, and is not to be confused with the grand total of sums recommended for higher education in New York State. Heavy state expenditures for student aids (chiefly Regents' scholarships, "scholar incentive" payments, and support of a low-interest lending agency called the New York Higher Education Assistance Corporation); subsidies to the City University of New York; and state aid to local public community colleges brought the total appropriated for fiscal year 1964-65 up to $229 million, and for fiscal year 1965-66 up to $284 million. With regard to these statewide totals, New York, the nation's most populous state until a year ago, was in fourth place among the states for fiscal year 1959-60, ranking below California, Michigan, and Illinois in that order.

Within five years (1964-65) New York had risen to second place (second only to California, which now has the edge in population). Michigan dropped from second to fourth place, and Illinois retained third position.

A development of great importance in New York is that institutional budget requests are not now required to be in minutely itemized "line-item" form, but show only the major functional categories that have been worked out over decades by leading university and college accountants and business officers, plus some simple supporting data, such as the numbers of positions filled or required.

This is said by one first-hand observer to be a "major breakthrough" in the effort toward a reasonable degree of fiscal autonomy for the State University of New York.

Aside from the benefits that flow from keeping the budget-making process flexible enough to allow some latitude for local long-range planning and local meeting of emergencies, the simplified process is itself economical and can result in large savings of unnecessarily duplicated clerical work by relieving an institution from the double burden of conducting its own operations in accord with a functional educational budget, while at the same time preparing budget requests on a totally different form prescribed by the state.

NORTH DAKOTA. We have been informed that our report of appropriations for biennium 1965-67 (GRAPEVINE, page 509) should have included an item of $2½ million appropriated to the State Board of Higher Education to be used as a contingency fund to make transfers to the operating funds of the several institutions as may be required.

Accordingly, this is a CORRECTION. If it can be assumed that the entire $2,500,000 will be allocated during the biennium, then the biennial total of $27,979,000 would be increased to $30,479,000.

This would make the 2-year gain for fiscal year 1965-66 over fiscal year 1963-64 amount to 26% instead of 16% as reported on GRAPEVINE page 509; and the 6-year gain for fiscal year 1965-66 over fiscal year 1959-60 would be 62½% instead of the 49% reported.

PENNSYLVANIA. GRAPEVINE hastens to offer a preliminary version of the long-delayed appropriations of the 1965 session, for fiscal year 1965-66, which is already well into its second half. While this version may be subject to some later refinement, it is substantially correct.

Appropriations of state tax funds for operating expenses of higher education in Pennsylvania, fiscal year 1965-66:

Table 69. State tax-fund appropriations for operating expenses of higher education in Pennsylvania, fiscal year 1965-66, in thousands of dollars.

Institutions (1)	Sums appropriated (2)
Pennsylvania State U	$30,142
For Social Security	1,200
For retirement costs	2,800
To replace reduced fees* at University Park Campus	860
To replace reduced fees at Commonwealth Campuses	541
Subtotal, Pa St U - $ 34,543	
State colleges--	
Indiana	3,050
West Chester	2,942
California	2,342
Slippery Rock	2,042
Clarion	1,973
Millersville	1,921
Bloomsburg	1,845
Shippensburg	1,638
Edinboro	1,656
Kutztown	1,523
East Stroudsburg	1,480
Lock Haven	1,338
Mansfield	1,325
Cheyney	1,142
Emergency fund	500
Subtotal, St Colls - $ 26,716	
Subtotal, public insts - $61,259	

(Continued in next column)

Table 69 (Continued from preceding column)

PENNSYLVANIA	
Private institutions --	
U of Pittsburgh	15,848
Temple University	14,152
U of Pennsylvania	7,931
Subtotal, "Big 3" - $37,931	
Jefferson Medical Coll	2,165
Hahnemann Medical Coll	1,343
Drexel Inst Technology	1,101
Phila Coll Osteopathy	852
Women's Medical Coll	736
Lincoln University	534
Phila Museum Coll of Art	186
Del Valley Coll of Science	119
Pa St Coll of Optometry	75
Dickinson Law School	70
Pa Academy of Fine Arts	3
Subtotal, private insts - $44,130	
Total, except pub jr colls -	105,389
State aid for pub jr colls	**
Total	***

* These sums were appropriated for the explicit purpose of enabling the Pennsylvania State University and its Commonwealth Campuses to reduce student fees by specified amounts, without loss of operating income.

** Not yet reported.

*** Can not be reported with precision until the provision of state aid for operating expenses of locally-based community colleges is known.

If the foregoing figures are finally verified, it seems that the total for fiscal year 1965-66 must be approximately 60% higher than the comparable figure reported for fiscal year 1963-65, two years earlier.

Pennsylvania is the only state which makes nearly half of its annual appropriations for operating expenses of higher education directly to numerous private institutions.

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PENNSYLVANIA (Continued from page 553)

In that sector large increases were made for 1965-66, for two significant purposes: (1) to rescue the University of Pittsburgh, bogged down with a cumulative operating deficit of $19 million; and (2) to enable Temple University to lower its student fees substantially toward the norm for state universities.

These steps are symptomatic of what appears to be the fact that a private university in a large urban community, without a large endowment and aiming chiefly to serve the local clientele, cannot do so if it depends wholly upon private funds. If it charges high student fees it prices itself out of the market and drives thousands of local students away; and in many instances it has been demonstrated that the annual harvest of private gifts will not support a large urban university operating on a low-fee or tuition-free basis.

The foregoing statements are in part not applicable to certain heavily endowed private universities whose aim is not to serve a large local clientele, but to maintain their repute as national and international institutions, attracting students from the whole nation and the whole world (Harvard, Columbia, Chicago, Stanford, et al.); but their truth has recently been demonstrated with regard to private urban universities of the class of Buffalo, Houston, Kansas City, Pittsburgh, and Temple.

It seems especially noteworthy that in Pennsylvania official notice has been taken that the headlong raising of student fees cannot do otherwise than seriously constrict the opportunity for higher education.

The making of appropriations of state tax funds in specific amounts to Pennsylvania State University and to Temple University to enable them to reduce student fees without loss of income is a much-welcomed exact opposite of the dilemma which legislatures in many states have sometimes forced upon state university trustees and presidents:

"Out of the state's limited income, we can appropriate to the university no more than the sum we have named. We know this is substantially below your budget request. If you must have more money, why don't you raise your student fees?"

This compels the trustees and the president to make a hard choice: "Shall we hold the line against a fee raise, and cut back the total activities of the university? Or shall we raise the fees a few dollars and go forward with the expansion and improvement of the university's programs, even though this may exclude a few hundred students unable to pay higher fees?"

Almost always the second course has been taken, though with keen regret by the presidents and most of the trustees.

Any state university president will tell you (privately, at least) that student fees ought to be reduced or abolished; and many of them have said this in public and in print.

It must be welcome news to them that the legislature of Pennsylvania, instead of repeating the well-worn whine advising that the universities raise their fees, has apparently said in effect to Pennsylvania State University and to Temple University: "We will give you a specific appropriation expressly for the purpose of enabling you to reduce your student fees without loss of operating income."

Here is a policy which could well spread to other states. Sooner or later there will be a return to sanity regarding student fees, especially in public institutions which were originally intended to be tuition-free.
