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GRAPEVINE

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Reports on state tax legislation; state appropriations for universities, colleges, and junior colleges; legislation affecting education beyond the high school.

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"It is highly desirable that maximum possible autonomy of governance be vested in boards of trustees... Autonomy in governance is essential to the realization of the combined individual and social benefits" which enhance the well-being of all citizens.

-- Ohio Master Plan for Public Policy in Higher Education, 1971. Columbus: Ohio Board of Regents, March 1971. 177 pp., mimeo.

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Statement of ownership and circulation of GRAPEVINE is on page 964 (reverse hereof).

FLORIDA. Governor Reubin O'Donovan Askew was very candid in his inaugural address.

"Florida," said he, "for all of its virtues, has one of the poorest tax structures in the country. We have stacked burdensome consumer taxes and property taxes on middle and low income families while granting special tax favors to the politically influential. The time has come for this to end."

It has been believed that a state constitutional amendment would be necessary to allow the legislature to enact a valid corporation income tax. The legislature has proposed such an amendment and offered it for popular referendum in 1972. The governor and some legislators want an earlier emergency referendum set for 1971, and efforts have been made to get the special session in early 1971 to order such an emergency referendum and set an early date for it.

Addressing himself to education, the governor pleaded for appropriate attention to the schooling of children from deprived backgrounds, and for suitable educational opportunity for every child.

"One of the greatest challenges facing Florida," he said, "is in the field of higher education. Young citizens in our universities often do not realize how much the universities depend on the larger surronding society. The outside world often does not realize how much it depends on the universities.

"The current focus on student unrest across the country should not detract from the tremendous progress Florida universities have made during the past ten years; it should not obscure the fact that the great majority of students are law-abiding and idealistic with a very real desire for constructive change; it should not make us less willing to listen to and respect those who legitimately and honestly seek to express themselves."

GEORGIA. An appropriation of $162,953,000 of state tax funds for operating expenses of the University System for fiscal year 1971-72 has been made by the 1971 legislature.

This appears to be a gain of about 31 1/4 per cent over the comparable figure for fiscal year 1969-70, two years ago.

In addition, appropriations of $19,999,000 for Building Authority lease rentals and for physical plant rehabilitation projects also represent an aggregate gain over two years ago.

Allocations of the appropriated funds to the several institutions and services will soon by made by the Board of Regents of the University System, and will be reported herein as soon as possible.

The legislature also made a supplemental appropriation for fiscal year 1970-71 of $1 1/2 million, partly for physical rehabilitation projects, partly for the Skidaway Institute of Oceanography, and partly for increased grants to DeKalb College, the locally-based state-aided institution near Atlanta.

Late in 1970 the Regents authorized the establishment of six new junior colleges within the University System, under the scheme whereby the local taxing district in each case provides the site, utilities, and initial physical plant; and the Regents pay all operating expenses and finance the physical facilities required for expansion in the future.

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NEW YORK. Early in 1971 the governor asked the legislature to approve for the second time the constitutional amendment which would repeal the clause forbidding tax support of denominational schools and colleges, and substitute for it the wording of the "establishment of religion" clause of the First Amendment to the United States Constitution. If the legislature does this, a popular election in the fall of 1971 could then decide the issue.

The fate of this proposal seemed uncertain, however, because of a change of tactics on the part of those who advocate tax support for denominational schools. They decided it would be better to drop the controversy over the constitutional clause, and rely on obtaining appropriations for aid to students, in the expectation that the courts would hold that this is not aid to the institutions, and therefore would not contravene the state consitution.

The governor's recommendations regarding the budget for all state services, including welfare, aid to elementary and secondary schools, aid to local governments, and many other state functions, can hardly be implemented without a very substantial increase in revenues. The governor hopes for and advocates a federal "revenue sharing" program which would distribute $10 billion a year to the fifty states, of which New York would get about $1 billion.

Without reasonable doubt increased federal subsidies to the states and their local subdivisions and institutions must become an expanding feature of American federalism in the 1970's.

The matter is of prime urgency in New York, because it happens that state and local taxes in New York are currently highest of all among the fifty states ($576 per person in 1969).

NEW YORK (Contd fr precedg column) This figure ranges downward to $221 in Arkansas. The nationwide average was $380. Notably it is below this average in several populous and wealthy states with relatively high rates of personal income: Pennsylvania, $340; Florida, $330; Ohio, $306; Missouri, $301; and Texas, $276, for example.

Let us excuse the governor for his overstatement when he said, after noting the near-collapse of the great cities, "And now, for the first time, the states also find their backs to the financial wall." This may seem to be nearly true in New York; but it is by no means true of all states. Especially is it not true of the five states just named, and of many others whose state revenue systems are fragmentary, regressive, and in great need of prompt repair.

Harm could be done to the growing tax support of higher education if the impression becomes prevalent that "the states are up against a revenue ceiling." This is not universally true. There is a simpler and better argument for federal revenue-sharing: The federal government collects two-thirds of all taxes. It is manifest that if we are to continue to develop domestic public functions on the necessarily expanding scale, more of this huge federal revenue must get back to the states and their institutions and their local governmental subdivisions.

I say "institutions" because although probably much of the added federal support should go directly to the state governments and be allocated by them, there is a possibility that some of it should go directly to the city and county governments; and for the sake of saving some remnants of autonomy and integrity for state universities and colleges, there is a strong case for

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NEW YORK (Continued from page 965) channeling added federal aid to higher education directly to the institutions. Advocates of added federal institutional aid would have it go straight to all reputable universities and colleges, public and private. This is an attractive concept, supported by several of the big national associations in higher education.

Why not, of the proposed $10 billion of "shared revenue," let $5 billion go direct to the state governments, $3 billion direct to the cities, and $2 billion direct to the universities and colleges, on condition that state tax support of higher education be continued at reasonably rising levels?

OHIO. Governor Gilligan has recommended that Ohio raise $1 1/2 billion of new revenue for the ensuing biennium.

Core of his proposals is a personal income tax graduated from 1 per cent to 8 per cent; and a graduated corporation income tax of 4 per cent to 8 per cent.

The plan also involves some reduction of property taxes, including provisions that property taxes of persons aged 65 or over shall not exceed 3 per cent of their respective incomes, nor 5 per cent of the incomes of other property taxpayers.

It also includes a "negative income tax factor"-- that is, if a state income taxpayer's obligation is computed to be less than zero, then such taxpayer would receive a check in that negative amount. This benefit would apply most often to elderly retired persons.

The governor's bold new proposals to modernize Ohio's revenue system are an overdue change from the adamant "no new tax" policy of his two-term predecessor, Rhodes. At present Ohio is the largest and wealthiest state not having any state income tax.

PENNSYLVANIA. The legislature has at last broken the impasse of many months by enacting a new state personal income tax of 3 1/2 per cent on adjusted net income as reported on the federal income tax return. It is retroactive to January 1, 1971, and the yield is expected to be $1 1/4 billion over a period of 18 months.

Another half billion dollars of new revenue will accrue from several higher business levies enacted at the same time.

These actions barely save the state from financial disaster. For many months the state-assisted institutions of higher education and some other essential state services have been operating on borrowed money, and without this eleventh-hour relief many of the state's functions would have come to a standstill before the end of the current fiscal year.

WISCONSIN. Governor Lucey has asked for substantial raises in the individual and corporate income tax rates. The top bracket for individuals (now 10 per cent on incomes of over $14,000) would become 14 per cent on incomes of more than $20,000; and the minimum tax (now 2.7 per cent on the first $1,000 of taxable income) would be raised to 3.2 per cent.

To protect low-income families, the present personal exemptions and the standard deductions would be somewhat increased. Altogether the personal income tax changes would be expected to bring in $93 million of new revenue.

Lucey would also raise the present graduated corporation income taxes (now ranging from 2 per cent to 7 per cent) to 2.4 per cent ranging upward to 8.4 per cent, to produce $30 1/2 million of new revenue. His plan also includes some increases in insurance taxes and tobacco taxes.

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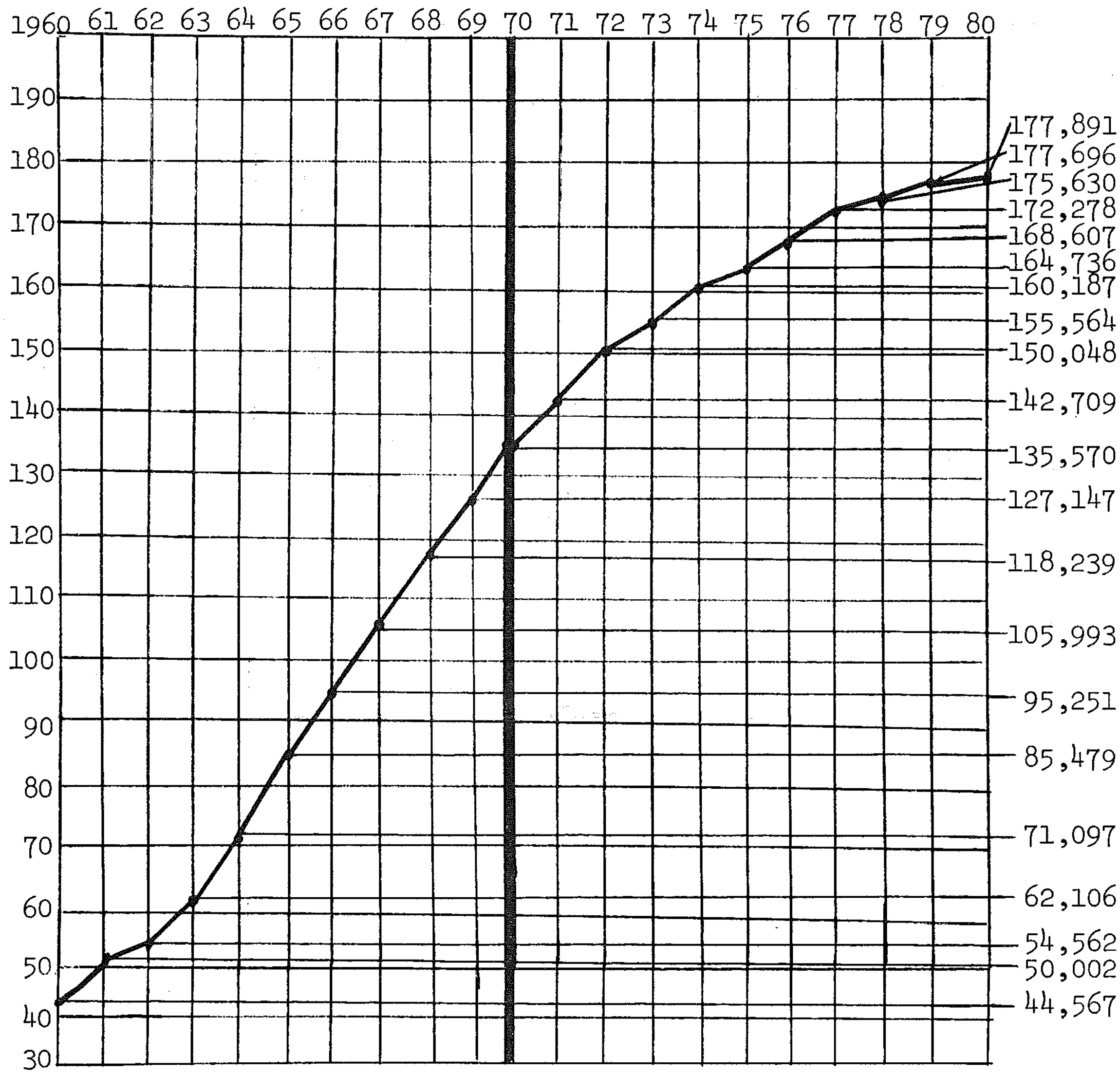
WISCONSIN. Enrollments in University of Wisconsin and in the several institutions of the State University System will continue to increase up to 1980.

(Somewhat similar graphs have appeared in GRAPEVINE for Indiana, page 858; New York, 866; Minnesota, 872; Pennsylvania, 936; Georgia, 960. The graphs are not all strictly comparable, because some include private institutions and some not; but they all illustrate the main point-- that rapid increases will continue.)

Total of head-count enrollments in University of Wisconsin and the Wisconsin State Universities, Actual 1960-70 and Projected 1971-80.



Source: Estimates and Projections of Enrollment, The University of Wisconsin and Wisconsin State Universities. Madison, Wisconsin 53705 (732 North Midvale Boulevard): Wisconsin Coordinating Council for Higher Education, January 1970. p.26. (CCHE No. 70-1, 41 pp. mimeo.)

Table 74 . State tax investment in annual operation of higher education per citizen, and ratio of state tax investment to total of personal income, in fifty states 1969

State tax investment in annual operation of higher education, per citizen, 1969			Ratio of State tax investment to total personal income, 1969		
$	Rank	State	State	Rank	%
57.35	1	Washington	Washington	1	1.49
56.69	2	Hawaii	Hawaii	2	1.46
47.69	3	Alaska	Idaho	3	1.46
46.28	4	Wyoming	Utah	4	1.34
43.24	5	Oregon	Wyoming	5	1.34
42.59	6	Colorado	New Mexico	6	1.28
41.88	7	Idaho	North Dakota	7	1.28
39.41	8	Arizona	Montana	8	1.24
39.32	9	California	Oregon	9	1.21
39.21	10	Wisconsin	N Carolina	10	1.20
38.83	11	Montana	Colorado	11	1.19
38.49	12	N Dakota	Arizona	12	1.18
38.42	13	Utah	W Virginia	13	1.16
37.19	14	Pennsylvania	Wisconsin	14	1.07
36.98	15	New Mexico	Alaska	15	1.05
36.87	16	Illinois	Kentucky	16	1.05
36.55	17	Iowa	Iowa	17	1.04
35.00	18	Kansas	Pennsylvania	18	1.01
34.92	19	Michigan	Kansas	19	.99
34.72	20	Minnesota	Louisiana	20	.96
34.65	21	N Carolina	Minnesota	21	.96
34.20	22	New York	Arkansas	22	.95
33.65	23	Nebraska	Texas	23	.95
33.06	24	Nevada	Vermont	24	.94
32.73	25	Rhode Island	Mississippi	25	.93
31.77	26	Delaware	California	26	.92
31.72	27	Florida	Florida	27	.92
30.94	28	Texas	Nebraska	28	.92
30.89	29	Vermont	S Dakota	29	.91
30.26	30	W Virginia	Georgia	30	.90
30.20	31	Indiana	Maine	31	.88
30.02	32	Kentucky	Michigan	32	.88
27.87	33	S Dakota	Rhode Island	33	.86
27.65	34	Missouri	Illinois	34	.85
27.41	35	Georgia	Indiana	35	.82
26.93	36	Maine	Alabama	36	.81
26.87	37	Connecticut	Missouri	37	.80
26.82	38	Louisiana	Delaware	38	.79
26.21	39	Virginia	Virginia	39	.79
24.89	40	Maryland	S Carolina	40	.79
23.98	41	Arkansas	Tennessee	41	.78
23.55	42	Oklahoma	New York	42	.77
22.38	43	Ohio	Oklahoma	43	.77
22.06	44	Tennessee	Nevada	44	.76
20.74	45	Alabama	Maryland	45	.61
20.52	46	Mississippi	Connecticut	46	.59
20.37	47	S Carolina	Ohio	47	.59
17.83	48	New Jersey	New Hampshire	48	.43
15.70	49	Massachusetts	New Jersey	49	.41
14.99	50	New Hampshire	Massachusetts	50	.38

National average $28.59

National average .94