

M. M. Chambers
Department of Educational Administration
Illinois State University, Normal, Illinois 61761

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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.

IN THIS ISSUE

Kentucky will apparently come very close to fulfilling projections made in 1966 1202-1203

New Jersey probably has good chance of enacting its first state income tax 1203

New York Governor Malcolm Wilson proposes reasonably generous budget. . . The state bids fair to exceed \$1 billion of state tax funds for operating expenses of higher education for forthcoming fiscal year 1974-75 . . . Enrollments in the State University are up 5 per cent . . . Free tuition in the City University will be maintained by the re-constituted Board of Higher Education of the City of New York. 1203-1205

Tennessee statewide funding formula document circulated by Tennessee Higher Education Commission is brief and clear . . . Office of Institutional Research, University of Tennessee, publishes dissertation by Francis M. Gross on a critical analysis of formulas used in 1973 in 25 states 1205-1206

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"An element without which we can not remain where we are, much less move forward, is a well-financed nationwide system of low-tuition or no-tuition state universities and colleges and community and junior colleges."
--U. S. Representative James G. O'Hara of Michigan,
Chairman of the Special Subcommittee on Education
of the House Committee on Education and Labor.

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----- M. M. Chambers, Illinois State University, Normal, Illinois 61761 -----

KENTUCKY'S BIENNIAL APPROPRIATION SESSIONS CONTINUE TO BE IN EVEN-NUMBERED YEARS

KENTUCKY. Governor Wendell Ford delivered his budget message to the legislature January 23, 1974. He recommends a net total for annual operating expenses of public higher education for fiscal year 1974-75 of approximately \$167,350,000, and for fiscal year 1975-76, approximately \$182,550,000, making for the biennium 1974-76 a total of about \$350 million.

Kentucky is now almost the only state which makes biennial appropriations (in separate sums for each fiscal year) in even-numbered years. Thus to calculate a two-year percentage of gain that is comparable so as to fit into the time-frame of GRAPEVINE's tabulations of the other states, it is necessary to compare the proposed figure for 1974-75 with the actual appropriation for 1972-73. The figures for these two fiscal years are respectively \$167,350,000 and \$139,485,000. The gain over two years would be 20 per cent, if the governor's recommendations are enacted.

This modest rate of gain does not call for loud cheers. Considering inflation and increasing enrollments, it is skimpy. One factor is that Kentucky has for many years had a low rate of growth of total population, having gained only about 9 per cent over the twenty years between 1950 and 1970. Certainly, however, it behooves the legislature to fulfill or exceed the governor's recommendations; and the legislature of 1976 and the occupant of the governor's office at that time to provide greatly augmented support for public higher education.

Table 78. State tax funds for annual operating expenses of higher education in Kentucky, in thousands of dollars, recommended in governor's budget, (but not yet appropriated as of February 1, 1974), for fiscal year 1974-75 and for fiscal year 1975-76.

	Recommended by Governor for fiscal year	
	1974-75	1975-76
U of Kentucky	74,200	79,400
U of Louisville	20,000	22,300
Western Kentucky U	17,400	18,700
Eastern Kentucky U	17,300	18,200
Murray State U	12,300	13,100
Morehead State U	10,800	11,500
Northern Ky St Coll	5,900	6,400
Kentucky State U	4,400	4,800
Ky Council on Pub HE	4,300	6,400
Edn Asstce Authority	1,750	1,750
	168,350	182,550

If we turn now to a comparison of the governor's recommendations for fiscal year 1975-76 with the actual appropriations for fiscal year 1973-74, which aggregated \$148,314,000, we find that the gain over that two-year period would be a little more than 23 per cent which evidences the governor's intent to provide an augmentation of the rate of gain--an upturn--and certainly not a slowdown or decline.

(Continued on page 1203)

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Address communications to M. M. Chambers, Department of Educational Administration, Illinois State University, Normal, Illinois 61761

M. M. Chambers, Illinois State University, Normal, Illinois 61761

KENTUCKY (Continued from page 1202)

Fulfilling the Projections Made
and Published in 1966

GRAPEVINE can not refrain from offering a small exhibit showing the correspondence between, on the one hand, the actual appropriations for 1970-71 and the governor's recommendations for 1975-76, with the recommendations made by a statewide survey of higher education in Kentucky completed in 1966 by a survey team of which GRAPEVINE's pilot was chairman:

For fiscal year	1970-71	1975-76
In Millions	\$108.7*	\$182.5**
	129.6***	189.8***

* Actual appropriations.

** Recommended by governor, 1974.

*** Projected by survey team (M. M. Chambers, chairman) at page 299 in Higher Education in Kentucky, 1965-75: A Program of Growth and Development. Frankfort, Kentucky, Commission on Higher Education, January 1966. 421pp.

Practically the entire shortfall below the survey projections is accounted for by the somewhat greater delay than was anticipated in the assumption of commensurate state tax support of the former municipal University of Louisville.

GOVERNOR MALCOLM WILSON OF NEW YORK PROPOSES REASONABLY GENEROUS BUDGET

NEW YORK. This state will join California and become the second state to appropriate more than \$1 billion of state tax funds for annual operating expenses of higher education in a single fiscal year if Governor Malcolm Wilson's recommended budget for fiscal year 1974-75 is enacted by the legislature.

State University of New York. The new governor's budget proposes an increase of \$39 million, mainly to cover increased enrollments, bringing

(Continued in next column)

New Jersey. Governor Brendan T. Byrne made no firm commitment to a state income tax during his campaign. However, he has announced his intention of calling a special session of the legislature, to convene soon after the current regular session completes its tasks and adjourns, for the purpose of considering ways and means of reforming the state revenue system.

This is said by some observers to be a euphemism for "state income tax." The Democratic party in New Jersey not only overwhelmingly elected the governor, but also is reported to have majorities of about three to one in each house of the legislature. This, of course, does not insure harmony between the legislature and the executive branch, nor even within the legislature itself; but probably this year presents a better opportunity than ever before in history for the enactment of modern personal income tax and corporation tax laws in New Jersey.

The struggle has already been long. State income taxes were consistently advocated by former Democratic Governor Richard J. Hughes; then by Republican Governor William T. Cahill. Their combined years in office covered a period of twelve years. Business and industrial associations in the state also favor tax reform.

the new net total for fiscal year 1974-75 up to \$588 million.

City University of New York. It is proposed to increase the current appropriation by \$22 million, bringing the state's contribution up to \$154 1/2 million.

This is somewhat belated recognition from Albany of the tremendous task undertaken by the City University when it inaugurated its open admissions policy in the fall of 1970. At that time the governor's office at Albany was in-

(Continued on page 1204)

GOVERNOR MALCOLM WILSON OF NEW YORK PROPOSES REASONABLY GENEROUS BUDGET
(Continued from page 1203)

clined to look somewhat askance at open admissions, and besides there was the long-simmering feud between state and city, exacerbated by personal coolness between the then Governor Rockefeller and the then Mayor Lindsay. A consequence was that the state's support of the City University's annual operations was allowed to coast along on a dead level of about \$90 million to \$93 million per year for three fiscal years. Only for fiscal year 1973-74 was it raised significantly, to \$132 million--a gain of about 44 per cent. The additional jump now proposed by Governor Wilson would make for a gain of about 66 per cent over a two-year period.

In the last days of the 1973 session former Governor Rockefeller pushed

through the legislature an act to supplant the 21-member Board of Higher Education of the City of New York with a new ten-member board of which the governor would appoint three members. This was the last of several successive ploys attempted to give the governor control of the City University. Political reporters now say the new Governor Wilson will not pursue that object, at least not as vigorously or determinedly as his predecessor. He will not continue the long quarrel with the City and the City University in an effort to compel the historically tuition-free City University to charge tuition fees on a level with those charged by the units of the State University of New York.

(Continued on page 1205)

To counteract widespread misapprehensions about enrollments, GRAPEVINE steals the following clipping from a monthly publication of the State University of New York:

January 1974

**the
News**

State University of New York



University enrollment up 5%

Total of more than 380,000 students surpasses all previous marks

Over 380,000 students are attending the State University of New York this semester, an increase of 5 percent over last year's total enrollment, reported the University's Office of Institutional Research this November 1973. Full-time enrollment at State University's 72 campuses has climbed to 244,316 and part-time to 138,481 for a combined total of 382,797 students. This represents a gain of almost 18,000 students over last fall's University-wide student body of 364,802.

Both the full and part-time totals sur-

passed previous enrollment records. Last year's full-time student growth increase over 1971 had been 3.8 percent, with this fall's increase calculated at 5.3 percent.

Overall enrollment at the 34 state campuses was up 5.4 percent, from 169,074 to 178,228. Full-time enrollment this fall was 132,912 students and part-time 45,316. The 38 community colleges reported a 4.5 percent overall gain, from 195,728 to 204,569 students. Full-time community college enrollment reached 111,404 students and part-time 93,165.

M. M. Chambers, Illinois State University, Normal, Illinois 61761

TENNESSEE'S FORMULA; AND FROM THE UNIVERSITY OF TENNESSEE, A RECENT DOCTORAL STUDY OF FUNDING FORMULAS IN TWENTY-FIVE STATES

New York (Continued from page 1204)

The New Board of Higher Education
Governing the City University

In January 1974, Governor Wilson appointed three members, and Mayor Beame of New York City appointed seven members, reportedly only after assuring himself that each one would support the policy of free tuition for regular full-time undergraduate students at the City University. This composition of the new Board of Higher Education of the City of New York, together with the conciliatory attitude of the governor, seems to promise that the long dispute between Albany and the City University on that issue may be ended.

The private universities and colleges. Governor Wilson proposes that blanket state aid to some 90 private institutions of higher education be funded at \$57 million for fiscal year 1974-75. This is approximately twice the amount thus obligated for 1969-70, the first year in which this new program, authorized in 1968, was funded. At first the number of eligible nonsectarian private colleges and universities was only about 60; but apparently during the intervening years some thirty formerly-sectarian institutions have succeeded in changing their denominational relations in such manner as to qualify. (A clause of the state constitution prohibits appropriations of state tax funds to sectarian or denominational institutions.)

The foregoing shows that Governor Wilson is recommending \$800 million for the three purposes mentioned. It seems certain that state aid to community-junior colleges, plus tax support of the large student aid systems, plus numerous other substantial items regularly appearing in the statewide higher education budget will raise the total to above \$1 billion for fiscal year 1973-74.

Both houses of the legislature are controlled by the governor's own political party; and prospects seem good for a record-breaking appropriation for statewide higher education in New York State for fiscal year 1974-75.

TENNESSEE. GRAPEVINE is recipient of a 2,000 word document from the Tennessee Higher Education Commission entitled FY 75 Appropriations Formula for Public Higher Education. It is a model of brevity and clarity for this type of statement, which is always somewhat confused and opaque at best.

Basic is a table of "Appropriations Request Rates by Academic Area and Level", which lists thirty disciplines and professions with "rates" for each of four levels: (1) first two years, (2) upper two years, (3) masters' and professional programs other than medicine, and (4) doctoral programs.

The "rates" are presumably based on cost-studies. They range from \$9.53 for the first two years of psychology to \$254.99 for doctoral instruction in engineering. Within the lowest category the range is from \$9.53 to \$59.51, the latter being for data-processing technology. Within the doctoral class the range is from \$56.58 in psychology to the \$254.99 for engineering.

Two additional separate categories are added, for remedial education and continuing education. Absent and not included in the formula are medicine and agricultural experimentation and extension, and a few other services similar in nature and as yet comparatively small and in a developmental state.

Instruction and Departmental Research
Represent 54 per cent of All
Expenditures

The formula for instruction and departmental research simply multiplies the projected student credit hours by the appropriate rates as set forth in the tabulation above discussed.

For maintenance and operation of physical plant (13 per cent) the gross total of square feet of academic space is multiplied by \$1.58, plus an undetermined percentage for inflation.

General expense (10 per cent) is calculated as a percentage (graduated) of total expenditures of each institution:

(Continued on page 1206)

TENNESSEE (Continued from page 1205)

15% for the first \$1 million; 12% of next \$2 million; 8% of next \$6 million; and 7 1/2% of all over \$12 million.

Student services (5 per cent) multiply projected headcount students by \$97.30 plus an inflation factor.

Libraries (6 per cent) student credit hours multiplied by a scale of rates according to level of instruction: first two years, \$1.21; upper two years, \$2.42; masters', \$6.05; law (here given separate treatment), \$7.26; doctoral, \$9.68; remedial ed and continuing ed, \$1.80.

For a copy providing more detail, write not to GRAPEVINE, but to the Tennessee Higher Education Commission, Nashville 37219.

Study of Formulas in 25 States

From the Office of Institutional Research, University of Tennessee, Knoxville 37916, comes a 114-page dissertation on A Comparative Analysis of the Existing Budget Formulas Used for Justifying Budget Requests or Allocating Funds for the Operating Expenses of State-Supported Colleges and Universities, by Francis M. Gross.

Gross' survey found that only half of the states were using formulas in 1973, although he says the pressure began in 1951; and the classic book-length treatment of the subject was published in 1964, being James L. Miller's Budgeting for Higher Education: The Use of Formulas and Cost Analysis. Ann Arbor: University of Michigan, Institute of Public Administration, Studies No. 45, 228 pp.

Having established a list of eight "performance criteria" based on the judgments of a panel of nine leading practitioners and writers on the subject, Gross found that the formula schemes in use in only twelve states met "minimum standards of acceptability".

The six criteria rated highest by the experts indicated (in shorthand) that the formula scheme should be (1) clear and comprehensible; (2) not used for detailed control, (3) flexible, (4) broad-based, (5) "equitable", and (6) sensitive to diverse financial needs.

Disadvantages of Formula Funding

GRAPEVINE retains a deep skepticism about the use of formulas, doubting that this technique can ever be more than very crudely compatible with the real nature, productivity and benefits of public higher education, and fearful that in many instances it may retard rather than advance the elevation of quality and the expansion of opportunity. Accordingly we list (again in greater condensed form) six factors which the author of this excellent study saw fit to place under the heading of "disadvantages":

(1) Formulas do not recognize quality; (2) they have a great potential for a "leveling" effect on quality of different programs and institutions; (3) The best of them yet devised are somewhat fragmentary and incomplete, and may have only a shaky or widely erroneous relation to reality; (4) they lend themselves too often to such negative and harmful results as precluding the distribution of surplus state revenue to higher education, discouraging grants from outside donors, or failing to provision resource requirements with accuracy; (4) they inevitably become out of date and out of harmony with current conditions, and revision always lags, producing a general effect of retardation and restriction, and (6) Gross says they operate as an enticement to institutions to manipulate data to maximize their income from tax sources.

Questions regarding this University of Tennessee publication should be addressed not to GRAPEVINE, but to Office of Institutional Research, University of Tennessee, Knoxville, Tennessee 37916.