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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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"We will spend as much as we can on educational provision because we can not afford not to . . . by 1978-79 spending on education in real terms will be 31 per cent more than on defense."

-- Harold Wilson, British Prime Minister, in a speech at Newcastle-upon-Tyne, February 21, 1975.

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Statement of ownership and circulation of GRAPEVINE is on page 1284 (reverse hereof).

Table 31. Appropriations of state tax funds for annual operating expenses of higher education in three states whose appropriations for fiscal year 1975-76 have already been made prior to March 31, 1975 (in thousands of dollars).

States	Year 1965-66	Year 1973-74	Year 1975-76	2-yr gain per cent	10-yr gain per cent
(1)	(2)	(3)	(4)	(5)	(6)
Kentucky	49,507	148,214	185,619	25	275
Virginia	40,830	206,458	277,198	34	579
Wyoming	8,771	23,532	33,821	44	286
Totals	99,108	378,204	496,638		
Weighted average percentage of gain				31	401

Kentucky and Virginia appropriated for fiscal year 1975-76 as a part of their 1974-76 biennial appropriations. Wyoming appropriated for 1975-76 early in 1975. The weighted average gain for these three states, over the two years 1974-76, is 31 per cent. It is higher than the 50-state two-year average weighted gain (1973-75) reported in 1974, which was 29 per cent. This may or may not be a good omen for the 50-state report which will materialize in the autumn of 1975; but GRAPEVINE counsels confidence in the legislatures.

Wyoming's apparent two-year gain of 44 per cent is especially encouraging as a possible harbinger of a reasonably good year for state tax support of higher education in the fifty states.

Enrollments in higher education, nationwide, continue to grow moderately and merit increased tax support, while possibly some other state services may shrink a little due to population changes.

WYOMING. Appropriations of state tax funds for operating expenses of higher education, biennium 1975-77:

Table 32. State tax-fund appropriations for operating expenses of higher education in Wyoming, biennium 1975-77, in thousands of dollars.

Institutions	Sums appropriated
(1)	(2)
U of Wyoming*	\$51,291
Community Colleges	16,204
Community Col Commission	147
Total	67,642

* Appropriations are now made in a lump sum with no designated amounts for agricultural extension, retirement costs or scholarships and loans.

The total for biennium 1975-77 appears to be a gain of 44 per cent over the comparable figures, two years earlier.

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CALIFORNIA. A 22-page staff report entitled Independent Higher Education in California: Development of State Policy, was submitted to the legislature's Joint Committee on Postsecondary Education under date of November 1974.

The thrust of the short report seems to be that state aid to private colleges be continued; and that its future forms be determined only after the invention and application of objective measures of the financial condition of private colleges. (This is easier said than done.)

The California Postsecondary Education Commission (legislatively created body which succeeds the abolished California Coordinating Council for Higher Education which functioned for 13 years through 1973) which has been in existence and functioning only since April 1974, has an Ad Hoc Committee on the Condition of Independent Institutions, which will have an oar in this potpourri.

The present report rejects as rigid and unsuitable a suggestion that the state adopt a policy of supporting private higher education to the extent of enabling it to maintain one-tenth of the total statewide program of higher education.

FLORIDA. At the end of February 1975 the State Board of Education sold a bond issue of \$46 million. The bonds will bear interest at the rate of 6.77285 per cent. This rate was the lowest proposed by three bond houses bidding; and substantially lower than the state's 7.5 per cent ceiling for interest on bonds.

The proceeds will be used to finance construction authorized by the legislature at public community colleges, area vocational-technical education centers, and state universities.

\$26 million has been allocated to state universities, as follows, thus far:

Florida International U	\$5,826,675
U of Florida	5,125,500
Florida Technological U	4,500,000
Florida State U	3,987,985
U of North Florida	2,514,000
Florida A & M U	1,521,000

MICHIGAN. The Governor's Commission on Higher Education, appointed by Governor Milliken at the end of 1972, labored two years and produced a 30-page lithoprinted report dated October 1974: Building for the Future of Postsecondary Education in Michigan. The principal recommendation is that constitutional amendments be proposed to direct the legislature to create State Board of Postsecondary Education and to abolish the present State Board for Community Colleges.

The intent is that the proposed Board of Postsecondary Education would be solely a statewide planning body, and not a centralized governing board having any mandate to usurp any of the powers and duties of the existing separate governing boards of the separate state universities and colleges. They would retain their present constitutionally autonomous power of exclusive management of their respective institutions.

Another constitutional amendment suggested by the Governor's Commission would abolish the popularly elected boards of the three major universities, including the historic Regents of the University of Michigan, the Trustees of Michigan State University, and the Governors of Wayne State University, and supplant each of them with a new nine-member board appointed by the governor.

Although several arguments are advanced against popular election of state university governing boards, none of them seems overwhelming, nor does the sum of them seem conclusive to GRAPEVINE. There are also many valid objections to overcentralization of power over public higher education in the hands of the governor, because in most instances he is a relatively transient political officer who is unavoidably subject to heavy partisan pressures. This is not compatible with the continuity and permanence desirable in the management of a university.

Having been reported too late for any chance to go to the people in 1974, the Commission's proposals will not reach the moment of decision in a statewide popular election before November 1976, if ever.

COLLEGE GRADUATES REPAY MORE THAN THE ENTIRE TAX COST OF THEIR INSTRUCTION

Simple arithmetic tells the story. For many years the U. S. Census Bureau has regularly reported that four-year college graduates have total lifetime earnings some \$200,000 to \$300,000 larger than those who have no more than a high school education.

The bald fact is that college graduates pay additional federal income taxes, state income taxes, sales taxes, property taxes, and other taxes, during their working lifetimes, as a result of these excess earnings, much more than the total tax cost of their four years of college instruction.

An example:

1	Average cost to taxpayers of four years of college instruction	\$ 6,000
2	Lifetime earnings of college graduate, excess over non-college	300,000
3	Additional taxes generated by excess income of college graduate	90,000
4	Present worth of these tax payments at graduation (discount 80%) . . .	18,000
5	Ratio of repayment by the graduate of total tax cost of instruction. .	3 times

This simply says the college graduate, over his working lifetime, will repay three times the tax cost of his four years of college instruction, in the form of additional taxes on his additional earnings in excess of the lifetime earnings of persons who have no college education.

The fact is unknown to many, and is studiously ignored by many others. Some others try strenuously to evade or refute it, but without success. It has not been successfully disputed. Consider the above-enumerated five elements:

- 1 \$6,000 (\$1,500 a year for four years) is a fair estimate of the total cost to the taxpayers of four years of instruction in college, in a public institution. In earlier years it was much less; in the future it will probably increase. In a private institution it is currently very much smaller, where tuition fees are high.
- 2 \$300,000 is a round number for the excess earnings as reported by the Census.
- 3 \$90,000 additional tax payments is a figure based on the fair assumption that these taxpayers will generally be clustered around the 25% to 30% brackets for the federal income tax, taking into account many variations among individuals and at various times during their working lives. Other taxes are not counted.
- 4 80 per cent is probably a fair discount rate to arrive at the present worth of the excess future tax payments, as of the year of graduation. It has to be estimated by a consensus of bankers and economists, because obviously it depends on many indeterminate factors.
- 5 Thus the college graduate in a public institution is repaying three times the tax cost of his instruction. Note that he is repaying in DOLLARS, and that no account is taken here of the large public benefits to the whole society derived from having a better-educated population.

In view of the real economic growth and also the gradual inflation that have occurred during the generation just past, it seems possible that the ratio of repayment by graduates of the 1950's and the 1960's may be even higher than indicated here.

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COLLEGE GRADUATES REPAY MORE THAN FULL
TAX COST OF THEIR INSTRUCTION
(Continued from page 1286)

Turn now to some of the fallacious arguments sometimes used to evade or refute the main point:

It is said that a direct causal relationship between college graduation and lifetime earnings can not be proved. Another way to put it is to say it is impossible to prove that the same graduates might not have had even higher lifetime incomes if they had never gone to college at all. Granted! Nor can the contrary be proved. Stalemate!

But it is not necessary to bring in the element of causality. The figures are there. They have been there for years, and they will be there next year and the year thereafter, always showing that college graduates have substantially larger lifetime earnings than non-college men. Why? The answer would be taken to be obvious by most persons, but technically it can not be conclusively proved.

Causality Is Immaterial Here

There is a long-established and reasonably constant relationship between college graduation and lifetime earnings. The fact is there. It will not be greatly changed overnight, or next year, or the year thereafter. Nothing can change the record of the quarter-century just past. About the distant future, speculation can go on endlessly; but there can be no solid evidence that the long-standing association will be changed to any large extent.

We do not need to assert that four years of college education invariably causes materially higher lifetime earnings; we only need to look at the figures as they come from the Census Bureau year by year.

If college graduates repay the full tax cost of their college instruction three times, or only twice, or even only once, then why, why, why should they be expected to pay for it in advance, as is advocated in some quarters?

The fact of repayment through additional tax payments generated by higher incomes over a working lifetime, as sketched here in earlier paragraphs, would continue to prevail even if all students were forced to borrow and pay the full cost in advance. Throughout their working lives, we would not be asking them to pay for their college education specifically; we would only be asking them to pay their taxes, without reference to education.

Shall Students Pay Full Cost in Advance, and Then Again Thrice, or Twice, or Once?

What sort of scheme is proposed here, that would require graduates to pay full cost twice, thrice, or fourfold, or more? The simple concurrent operation of tax-supported higher education on the one hand and the federal and state tax systems on the other has thus far undeniably returned to the public treasuries more than the total tax cost involved, even if it were assumed that the institutions were tuition-free; and the fact that actually they now charge tuition fees ranging up to about one-fourth of the total tax cost of instruction reinforces the statement that the public treasuries gain rather than lose in the long run from tax support of higher education.

If this simple and uncomplicated mode works (and it does), then where is the justification for charging tuition fees in public colleges and universities? Apparently only in a foggy notion that students should pay for their education, which may be only a comfortably held prejudice, unquestioned and unexamined.

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COLLEGE GRADUATES REPAY MORE THAN FULL
TAX COST OF THEIR INSTRUCTION
(Continued from page 1287)

Tuition Fees and Student Loan Schemes
Are Discriminatory Against Women

The inequitable discrepancies between the pay of male and female members of the nation's work-force, while tuition fees and other college expenses are on an equal basis for both sexes, obviously militates against equal educational opportunity for women.

Correction of some of the discrepancies is now being accelerated, but years, perhaps decades, will elapse before full social justice in that area is approached. A great step forward toward equality for women would be abolition of tuition fees in public higher education.

Student loan schemes of all types, if not abolished, should be limited to relatively small numbers of special cases such as those in which a financially handicapped student who is a good academic risk wishes to undertake the financial hazard of borrowing to attend a high-fee private college or university.

No Vast Nationwide Loan Scheme
for All Students is Desirable

First of all, the facts set forth on the first page of this story make any huge comprehensive nationwide student loan scheme quite unnecessary. Allowing students to attend public colleges and universities with low or zero tuition fees is in fact a simple and efficacious deferred-payment plan under which graduates repay more than the entire tax cost of their instruction.

This plan is actually in full operation now, and has been successful for many years. It is unthinkable that it should now be abandoned to transfer much of the discretion in crucial matters of education for individuals into the hands of private money-lenders or into a maze of federal governmental bureaucracy which would rival the Social Security system in size and complexity.

The foregoing matters have much to do with unscrambling the sometimes queasy relationships between public and private colleges. They introduce a new view: private college graduates, even though they may have paid two-thirds or three-fourths of the entire cost of their instruction to the college in the form of high tuition fees, will pay again and again to the public treasuries in the form of taxes on excess lifetime earnings, in exactly the same manner as graduates of public colleges and universities.

Graduates of Private Colleges Also
Repay in Additional Taxes

This is perhaps the most powerful argument of all for a reasonable degree of tax support for private colleges. In some states this already goes on. In a few it is in the form of direct legislative appropriations. In others in the form of state scholarship systems and "tuition equalization" plans; and in some in both forms, as in New York and Pennsylvania.

The ill-conceived notion that public colleges and universities should be forced to raise their fees drastically to afford "fair competition" is already in decline. It is being supplanted by the sounder belief that private colleges should receive fractional tax support sufficient to enable them to thrive and continue their distinctive contributions to the vast panorama of higher education.

Preferably, the federal government should untie aid to institutions from the currently overplayed but under-funded aid to students, and make annual appropriations of perhaps one-fourth of their regular annual operating expense to every reputable institution, public and private, in the land.

With proper safeguards, this would encourage all types of institutions to reduce tuition fees or abolish them altogether, and develop a great complex of tuition-free public higher education, open to all on equal financial terms. This is the wave of the long future.