

Grapevine

SINCE
1958

27th
YEAR

Number 324

November - December 1985

Page 2031

MERRITT MADISON CHAMBERS
January 26, 1899 - November 15, 1985



Merritt Madison Chambers passed away on November 15 after a short illness. "M.M." Chambers, as he came to be known, was Professor of Educational Administration at Illinois State University from 1969 to 1985. Born January 26, 1899, in Mount Vernon, Ohio, Dr. Chambers earned a B.A. from Ohio Wesleyan University in 1922, and a M.A. and Ph.D. from Ohio State University in 1927 and 1931, respectively. Dr. Chambers received two honorary doctoral degrees from Eastern Kentucky University (1969) and Illinois State University (1985). In 1981, fifty years after receiving his first Ph. D., he returned to Ohio State to receive an honorary Doctor of Humane Letters.

M. M. Chambers' career spanned more than five decades in higher education. He was a faculty member at North Dakota and Oregon State, a researcher at Purdue and the Brookings Institution, and a staff member for 15 years at the American Council on Education. He was a World War II veteran and for seven years managed the family farm in Ohio. Dr. Chambers served as a Professor of Higher Education at the University of Michigan where he started GRAPEVINE in 1958. He also was a higher education professor at Indiana University prior to joining the ISU faculty.

A prodigious writer and champion of students, Dr. Chambers was perhaps best known for his accomplishments in the law and financing of higher education. In a recent issue of THE REVIEW OF HIGHER EDUCATION, Dr. Chambers was called "the undisputed leader in the field of law and higher education."

M. M. Chambers did not hesitate to offer his own philosophy about the value of higher education. Affirming "The pinnacle has not yet been reached; the pendulum will continue to swing; the curve will move upward to a better-educated people," Dr. Chambers observed, "As soon as the nation begins to struggle out of the cynical, under-confident mood that has afflicted it for some five years, there will be a restoration of faith in the expansion and improvement of public higher education as the best possible investment of tax funds for the long future." (HIGHER EDUCATION AND STATE GOVERNMENTS, 1974)

Dr. Chambers' work on GRAPEVINE will be continued by Edward R. Hines and Gwen B. Pruyne. Dr. Hines has worked closely with Dr. Chambers in recent years. Gwen Pruyne will continue as Managing Editor. The M. M. Chambers Memorial Scholarship Fund has been established at the Illinois State University Foundation, ISU, Normal, Illinois 61761-6901.

Table . APPROPRIATIONS OF STATE TAX FUNDS FOR OPERATING EXPENSES OF HIGHER EDUCATION, IN THOUSANDS OF DOLLARS, FOR FISCAL YEARS 1975-76, 1983-84, AND 1985-86, WITH PERCENTAGES OF GAIN OVER MOST RECENT TWO AND TEN YEARS.

States	Year 1975-76	Year 1983-84	Year 1985-86	2-yr gain Percent	10-yr gain Percent
(1)	(2)	(3)	(4)	(5)	(6)
Alabama	250,454	410,038	625,641	53	150
Alaska	52,973	218,167	235,757	8	345
Arizona	172,631	338,375	432,342	28	150
Arkansas	103,202	197,321	299,224	52	190
California	1,541,528	3,218,889	4,192,268	30	172
Colorado	184,313	366,747	406,368	11	120
Connecticut	153,018	273,706	329,917	21	116
Delaware	41,966	77,792	91,411	18	118
Florida	410,952	958,331	1,129,778	18	175
Georgia	257,521	561,984	664,597	18	158
Hawaii	95,231	181,560	208,636	15	119
Idaho	61,558	101,107	121,835	21	98
Illinois	641,602	1,106,007	1,314,353	19	105
Indiana	291,251	509,163	607,341	19	109
Iowa	182,169	360,693	385,260	7	111
Kansas	153,078	306,473	349,500	14	128
Kentucky	171,675	400,528	433,065	8	152
Louisiana	201,585	502,407	572,657	14	184
Maine	45,276	76,878	100,927	31	123
Maryland	239,083	441,028	532,510	21	123
Massachusetts	209,386	541,566	711,102	31	240
Michigan	565,285	907,334	1,145,966	26	103
Minnesota	309,518	625,723	722,801	16	134
Mississippi	149,363	345,840	398,902	15	167
Missouri	213,774	362,139	453,882	25	112
Montana	44,665	103,323	108,184	5	142
Nebraska	100,082	195,841	214,951	10	115
Nevada	37,719	75,360	94,410	25	150
New Hampshire	22,453	41,141	50,265	22	124
New Jersey	318,277	665,095	847,673	27	166
New Mexico	75,517	199,751	234,095	17	210
New York	1,256,593	2,166,908	2,545,546	17	103
North Carolina	368,754	864,657	1,078,822	25	193
North Dakota	48,865	109,632	124,430	13	155
Ohio	442,791	883,295	1,085,255	23	145
Oklahoma	127,656	389,167	425,877	9	234
Oregon	159,328	272,969	312,194	14	96
Pennsylvania	630,602	920,886	1,063,638	16	69
Rhode Island	47,801	97,590	110,416	13	131
South Carolina	219,933	392,471	505,149	29	130
South Dakota	35,294	53,353	61,971	16	76
Tennessee	185,968	404,959	547,788	35	195
Texas	830,320	2,282,341	2,204,354	-3	165
Utah	88,132	198,483	249,399	26	183
Vermont	20,138	39,904	44,618	12	122
Virginia	277,198	617,233	767,147	24	177
Washington	310,133	561,874	588,933	5	90
West Virginia	110,960	199,319	233,057	17	110
Wisconsin	334,322	595,845	655,436	10	96
Wyoming	37,943	102,763	110,377	7	191
TOTALS	12,829,836	25,823,956	30,730,025		
Weighted average percentages of gain				19	140

FISCAL YEAR IN RETROSPECT

The most distinguishing features of the FY 86 data are the magnitude of the state tax appropriations for higher education and the increase in rate of gain in state support of higher education. For the first time, state tax support of higher education exceeded \$30 billion dollars in magnitude; collectively, the 50 states appropriated \$30.7 billion for the operating expenses of higher education for Fiscal Year 1986.

Another distinguishing feature is that for the second consecutive year, there was an increase over the 11% two-year percentage of gain reported in Fiscal Year 1984, the lowest such figure reported in GRAPEVINE since 1960. To be sure, the lethargic economic situation in many states in combination with attempts of the national administration to slow the rate of growth in federal spending had a chilling effect on higher education reflected in a 11% two-year percentage gain in Fiscal Year 1984. The increase in two-year gain to 16 percent in Fiscal Year 1985 followed by the current 19 percent figure would appear to augur for a more general economic recovery, the willingness of state lawmakers to increase support to colleges and universities, and a revival of what has been observed before in these Annual Reports -- "for a quarter of a century (and indeed it could also equally well be said for a century) phenomenal progress has been made in the accessibility, scope, and quality of higher education in the United States, all for the good of the states, the nation, and the whole society; and that for the current Fiscal Year progress bids fair to continue."

A recent increase in state support for higher education is evident in the data below. There were two periods of relatively flat levels of support in the 1976-86 decade. In 1978 and again in 1984, the increase in aggregate dollar support for higher education decreased in magnitude, the two-year rate of gain dipped, and there was less variability in percentage gain among the states. In 1984, Massachusetts led the states in two-year gain with 29 percent, and South Dakota had a two-year gain of -7 percent. The difference between this annual high and low figure provides a 36-point variability. In the current FY 1986, it is 56 points.

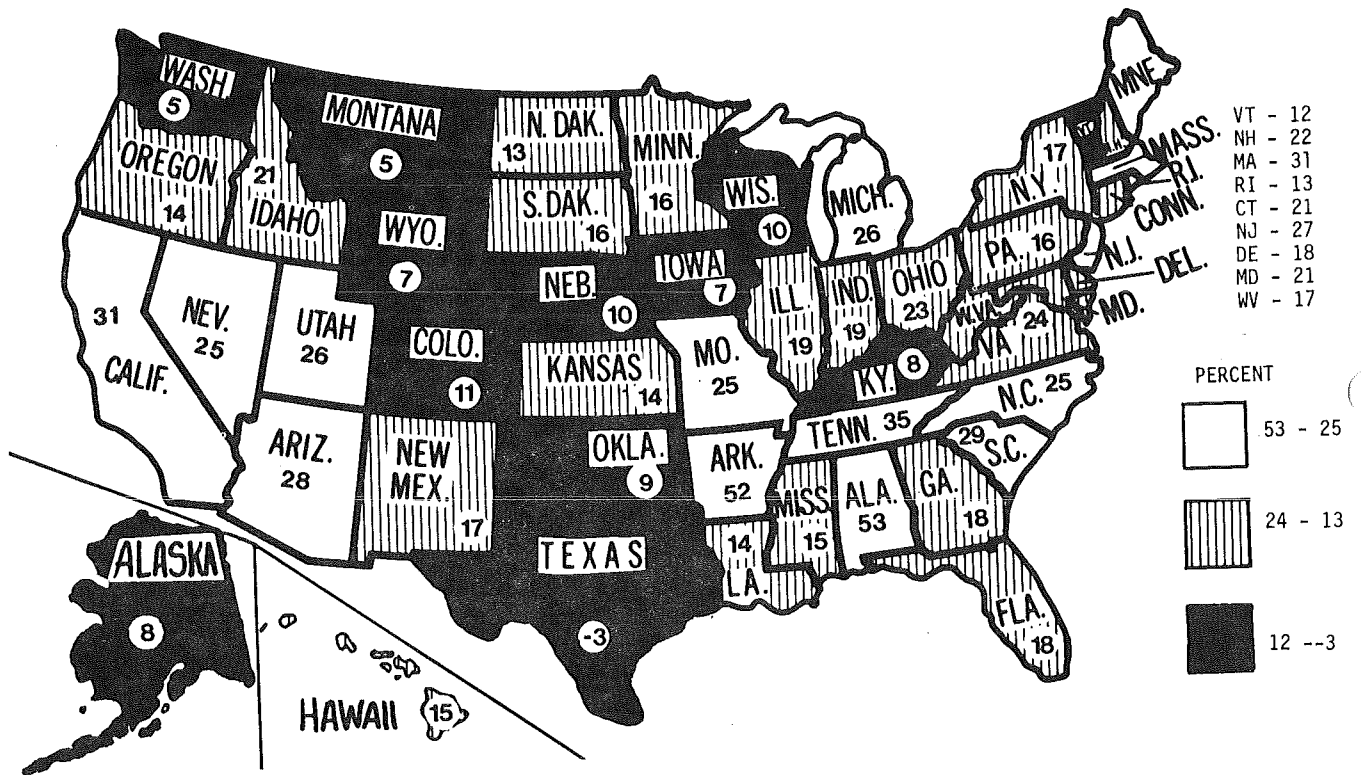
<u>Fiscal Years</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Billions of \$	12.7	13.9	15.3	16.9	19.0	20.9	22.9	24.2	25.5	28.0	30.7
* 2 Yr. Gain %	28	24	20	22	24	23	20	16	11	16	19
**Variability in % Gain	144	84	36	48	52	56	73	83	36	40	56
	50	76					47	47			
	w/o	w/o					w/o	w/o			
	AK	AK					AK	AK			

* The two-year percentage gain is a simple calculation of the percentage of increase or decrease in aggregate state tax appropriations for the operating expenses of higher education over the comparable figure appropriated two fiscal years previous.

** Variability in percentage gain is found by the number of percentage points separating the state with the largest two-year gain from the state with the smallest two-year gain. The greater the number of points, therefore, the more variability among the 50 states in higher education appropriations in that two-year period.

Some observations can be made based on these patterns of state support for higher education. The campus expansion so typical of the 1960's led to very high rates of gain in those states making a major investment in higher education. Within the last few years, this occurred in Alaska, Texas, Oklahoma and North Dakota. A decade ago, there were increases in state support of higher education in the Sunbelt with lesser rates of support in the Northeast and upper midwest. More recently, there has been some resurgence in New England, the Mid-Atlantic, and the industrial Mid-West.

PERCENTAGES OF TWO-YEAR GAINS IN APPROPRIATIONS OF STATE TAX FUNDS FOR ANNUAL OPERATING EXPENSES OF HIGHER EDUCATION IN THE FIFTY STATES, FISCAL 1986 OVER FISCAL 1984



Greater State Diversity in Patterns of Support

The map depicting the percentages of two-year gains may be roughly divided into four quadrants centering around a point at the northeast corner of Kansas with the Ohio River as the boundary between the Northeast and Southeast quadrants. After the 50 states were arranged in descending order of rates of two-

year gain, four relatively even groups of states were arranged in quartiles. The top quartile includes 14 states that gained 25 or more percentage points in the most recent two-year period. The second and third quartiles include 24 states gaining from 13 to 24 percentage points. The lowest quartile contains 12 states that gained from -3 to 12 percentage points.

	Quadrants	NW	NE	SE	SW	TOTAL
Quar- tiles	Top	0	4	6	4	14
	2nd & 3rd	4	9	8	3**	24
	Lowest	5*	3	1	3	12
	Total	9	16	15	10	50

*Includes Alaska

**Includes Hawaii

Looking at the top quartile of states, there is an even split between states in the Northeast and Southwest, but the largest number of states in the top quartile is in the Southeast. Six Southeast states, but no Northwest states, appear in the top quartile. In the Northeast, restoration in state support, after some lean years, can be observed in Massachusetts, Maine, New Jersey, and Michigan. In the Southeast, education reform has been a major issue in Alabama, Arkansas, Tennessee, and South Carolina.

In the second and third quartiles, there is nearly an equal number of states in the Northeast and Southeast, and a smaller, but nearly an equal number of states in the Northwest and Southwest. In the lowest quartile, there is only one Southeastern state (Kentucky), and three states from both the Northeast and Southwest. However, there are five Northwest states in the lowest quartile.

Still another view is obtained by considering the 50 states in four quadrants. These quadrants show relatively fewer states in the Northwest, but in that quadrant there are no states in the top quartile. The remainder of the Northwest states are divided between the mid-range and the lowest quartiles. There are nine Northeast states in the second and third quartiles with the remainder nearly evenly divided between the top and the lowest quartiles. There are eight Southeast states in the second and third quartiles, six appear in the top quartile, and only one state appears in the lowest quartile. There are three Southwest states in the second and third quartiles with the remainder nearly evenly divided between the top and the lowest quartiles.

The overall distribution is relatively evenly scattered except the Northwest and Southeast states. The Northwest is underrepresented in the top quartile, and the Southeast is underrepresented in the lowest quartile.

It is the location of the various states which gives rise to our observation of diversity and less regional patterning. The top 14 states include California, Arizona, Utah, and Nevada in the West; Michigan in the Great Lakes; New Jersey in the Mid-Atlantic; Massachusetts and Maine in New England; and Alabama, Arkansas, Tennessee, South Carolina, Missouri, and North Carolina in the Southeast. Of the 12 states having the lowest two-year rates of gain, three are east of the Mississippi and they include Vermont, Wisconsin, and Kentucky. The other nine are among those states characterized by lower rates of tax effort and particular revenue problems. These nine include Texas, Montana, Washington, Iowa, Wyoming, Alaska, Oklahoma, Nebraska, and Colorado.

According to the National Conference on State Legislatures, twenty states lowered taxes in 1985, including 12 states lowering income taxes. Of these 12 states, only Ohio and North Carolina were above the weighted national mean in two-year percentage gain in support of higher education, and Indiana was at the national mean of 19%. Nine states demonstrated a two-year gain below 19%, and these included Delaware (18), New York and West Virginia (17), Minnesota and Pennsylvania (16), Kansas and Oregon (14), Rhode Island (13), and Wisconsin (10).

It must be recognized that it has been in the face of states' efforts to lower taxes that support of higher education has continued to increase from the record low of 1984. If one considers the rise in the Consumer Price Index as an economic barometer, higher education has fared well in recent years, even in the face of the 1984 low point. Since 1980, the annual inflation rate has remained below 10%, indeed less than 5% for 1983, 1984 and 1985. The percentage gains for higher education in double figures and now approaching 20% over two years causes one to reflect with some measure of appreciation for state effort and support of higher education.

While there may be cause for optimism about state support of higher education, unbridled euphoria is neither appropriate nor justified. Certainly a measure of the increase in two-year percentage gain is accounted for by states' recovering from a difficult period in the early 1980's. Many in higher education recall the agony of mid-year revenue shortfalls and imposed budget rescissions within the past five years. A number of states are paying close attention to the relationship between state tax support to institutions and the income from student tuition. "New money" for higher education may be appropriated primarily as a means to hold tuition at previous year levels or to the lowest increase possible. This rationale of increasing higher education appropriations in order to reduce tuition increases in meeting anticipated expenditures is a different situation from that of appropriating funds for new ventures and expanded purposes.

There is "new money" for higher education, however, and it is found primarily in specified appropriations for categorical purposes. Two areas affected by new appropriations include education reform and linking higher education with economic development. The budgetary information provided to GRAPEVINE by the states does not require detail about new appropriations, but more than 15 states indicated new or increased appropriations for teacher training, educational evaluation, and quality improvement in education. The wave of reform now in strong evidence in elementary and secondary education is beginning to crest in higher education and will likely continue in the 1986 legislative session. The impact of this reform is seen in new appropriations but for program-specific purposes which can be monitored or evaluated periodically. Another area for new appropriations can be broadly termed economic development. Specific illustrations include funds for computer hardware and application, for small business development, and for technology commercialization. These examples of increased state support are part of a larger trend of appropriating state tax funds to achieve specific purposes and objectives. The ways in which higher education responds to these purposes will likely provide the basis for making future decisions about increased support for colleges and universities.

OVERVIEW OF GRAPEVINE

GRAPEVINE is the monthly research report which displays appropriations for higher education from state tax sources. The primary features of GRAPEVINE are its timeliness with appropriations published within a few days or weeks after legislative action, and its availability with rapid publication to a mailing list of 1000 individuals in the 50 states. This research report offers the earliest and most comprehensive report of higher educational appropriations from tax sources available.

GRAPEVINE has been published continuously since its beginning in 1958 by M.M. Chambers, the Founding Editor. It is edited by Edward R. Hines and published by the Center for Higher Education, Illinois State University. The research report relies upon a network of correspondents in the 50 state capitals, including State Higher Education Finance Officers and others. The appropriations data are obtained from correspondents as soon as possible after legislative action, and are published in the next available monthly issue of GRAPEVINE.

Every effort is made, with the help of the State Higher Education Finance Officers and others, to make GRAPEVINE data as accurate and as comparable as possible. Absolute comparability is not possible because of state and institutional differences in budgetary and reporting practices. More recent efforts have improved the accuracy and generalizability of GRAPEVINE data. Beginning in 1984, a National Advisory Committee was formed in order to enhance the communications between GRAPEVINE and both providers and users of the data, and to provide GRAPEVINE Editors with technical advice and assistance about ongoing concerns. The names of the current National Advisory Committee members are found at the end of this report. One substantive change suggested by the Committee has been to improve the accuracy of GRAPEVINE as a historical data base by incorporating revisions, changes, and legislative actions subsequent to the initial appropriations decision in the states. Mid-year revisions are maintained by GRAPEVINE Editors, and beginning next year, GRAPEVINE will add a new column of previous year data to the state reports, in order to circulate data revisions more widely.

The primary focus of GRAPEVINE is on taxes as a revenue source. Included are those sums which state legislatures appropriate to higher education from the tax base. Excluded are funds from all sources other than taxes, including the federal government, student tuition and fees, and auxiliary sources. GRAPEVINE does not focus on all revenue available for use by colleges and universities; rather, the focus is only upon that portion of revenue originating with taxes. Funds are included which are destined for higher education, but which may be appropriated to another state agency. Examples include funds appropriated to the state comptroller or treasurer and disbursed by that office, or funds for medical education appropriated to a state health department.

The scope of GRAPEVINE incorporates emphasis upon state-level appropriations data for all of higher education in each state, and one advantage of GRAPEVINE is its maintaining a longitudinal file of state appropriations going back to 1960. It is recognized that while the focus of The Chronicle of Higher Education is on campus appropriations, these amounts in many states are made by state-level system and budget officers, and not by the legislature directly. System officers have some flexibility and autonomy to allocate funds to the campuses in

ways to alleviate specific campus problems such as unexpected enrollment declines in a single year. The publication of campus-specific figures thus can be somewhat misleading without an understanding of the structure and operation of the whole of higher education in the state.

The interest of **GRAPEVINE** is on operating expenses. Any funds for capital outlays or expenditures are excluded.

GRAPEVINE includes appropriations to higher education, other than to colleges and universities directly. These include appropriations for student financial assistance, state scholarships, and student aid often made to a separate state agency. Funds are included which are appropriated to statewide governing boards, coordinating boards, and other statewide purposes designed to be utilized by higher education. Funds from state tax sources are included also which are directed to private or independent institutions of higher education.

The institutional universe included in **GRAPEVINE** includes both public and private colleges and universities which are listed in the **EDUCATION DIRECTORY** published by National Center for Education Statistics. Institutions included are those authorized to award degrees, are accredited, and may be viewed as providing college-level studies.

The purpose of **GRAPEVINE** is to circulate a reasonably complete picture of state tax appropriations for higher education in the 50 states to a wide audience of interested individuals. The balance of each issue of **GRAPEVINE** is designed for this purpose. As space and time permit, additional material is included in **GRAPEVINE**. This material includes legislation affecting education beyond high school, explanations of particular developments in the states, and short articles of generalizable interest by those knowledgeable about fiscal and legislative actions.

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