This review of tax limitation legislation and its impact on the community college, begins by examining the provisions of this type of legislation, its historical precedents, the extent to which tax limitation legislation was passed in the 1970's, and its implications for local control of community college services. Next, it is noted that representatives from Florida, Georgia, Kentucky, Missouri, North Carolina, South Carolina, and Tennessee reported that little or no impact had been felt from tax limitation legislation or community college education. In contrast, reports are then presented from 17 states, which detail changes in educational mission and college programming, governance and management, staffing, and financing that are directly attributable to such legislation. The 17 states are: Arizona, California, Colorado, Connecticut, Hawaii, Idaho, Illinois, Iowa, Maryland, Michigan, Nebraska, New Jersey, New York, Pennsylvania, Texas, Virginia, and Washington. The report concludes with a review of the literature, providing numerous suggestions for dealing with cutbacks through tactical changes in institutional operation, new approaches to teaching and learning, program budgeting, resource development programs, alliances with community agencies and industry, extending experiential learning, and volunteerism. A bibliography is provided. (AYC)
PROPOSITION 13:
IMPLICATIONS FOR COMMUNITY COLLEGES

by
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PROPOSITION 13: IMPLICATIONS FOR COMMUNITY COLLEGES

by

Frederick C. Kintzer

California's Proposition 13 was the most dramatic and drastic fiscal limitation measure enacted during the past decade. Directed against increasing governmental spending and an inordinately heavy property tax burden, the constitutional amendment authorized by two-thirds of the voters gave immediate relief to the overburdened public. Between $6 and $7 billion (57 percent of the previous year's take subtracted from the state's annual property tax assessment) helped homeowners but destroyed the financial base for virtually all county and municipal government services. Vital services--fire, police, and public education--were seriously threatened. Although approximately $5 billion was returned by the state in the well-publicized "bail out" measure, both state and local governments faced difficult constraints, such as hiring prohibitions, salary freezes, and continued curtailment of services.

Although the national press has overplayed "Proposition 13 fever," the anti-tax movement continues to gather momentum. In addition to state measures in constant preparation, Congress has also heard arguments on a balanced budget, expenditure maximums, and even constitutional amendments (Pascal and Others, 1979). A second round of state initiatives is planned for California. Major provisions of this traumatic legislation and its effects on community college education in California are reviewed here along with related developments in several other states.

While the experience is new to a large segment of the American public, Proposition 13-type legislation is hardly a recent phenomenon. Actually, property tax rate limitations date from the late 1800s. Several states, Nevada, Ohio, Oklahoma, and Rhode Island, earlier adopted measures to limit public sector growth. Attacks against rising property taxes appeared again during the Depression years when the property tax base declined and income faded; seven states passed rate limitations on property taxes. Increased dependence on state rather than local taxation followed the Depression.
decade (Pascal and Others, 1979).

During the 1970s, 20 states enacted tax limitation legislation; 13 after 1974. Counting an additional three whose statutes predated the 1970s about half the states have local or state-level fiscal limitation laws. Such legislation is found in all sections of the United States—in urban states (California, New Jersey, and Rhode Island), rural states (Idaho, South Dakota, and Utah), low tax-level states (Indiana), and high tax-level states (Alaska).

The decade brought several trends in fiscal constraints both by legislation and constitutional amendments through citizen initiative. The first, represented by legislation first in Kansas, Indiana, and Wisconsin, limited the total amount of property taxes collected by local governments. The second introduced in 1976 in New Jersey, and later Colorado, Rhode Island and six other states, set limits on the growth of expenditures or revenues. A number of different approaches were authorized as states acted individually. The 1978 Michigan legislation, for example, associated all local revenue growth to increases in the Consumer Price Index (Pascal and Others, 1979). The movement to limit or cut back property taxes is on the rise in other states as citizens pressure their legislators to draft legislation or when action is not forthcoming, turn to consulting experts to initiate referendums.

The Constitutional Amendment method of exacting more permanent constraints on government spending continues to be broadly extolled by popular and persuasive writers, who like Milton Friedman express the belief that such constitutional changes are "our only relief" (in Pascal and Others, 1979, p. 73).

Thus far, only a few states with substantial numbers of public two-year colleges have escaped formal legislation controlling the collection of property taxes, including Illinois, Massachusetts, New York, and North Carolina. One of these, Illinois, passed advisory referendums recommending curtailments in spending. As individual state reports will show, others are fiscally constrained. In the words of one official: "The point is that Proposition 13 has been in effect for public higher education beginning
Unfortunately, other revenue sources for community colleges have also diminished. Under an adverse tax climate, state apportionments particularly for certain types of education have been reduced. In a recent ERIC Junior College Resource Review, Lombardi presented evidence of widespread curtailment in allocations in states heavily committed to community college education. Commenting on the seriousness of post-Proposition 13 financing, he remarked: "Had it not been for the state surplus California community colleges would today be in very serious straits" (Lombardi, 1979a, p. 4). In another writing, he referred to several dimensions of the impact of the current financial crisis on two-year colleges—increasing sentiment for tuition, tightening admission, testing, probation, and retention standards, and cutbacks in remedial education (Lombardi, 1979b).

The shift of power from communities to state government is of even greater significance. For those who give service to the community the highest priority, the loss of local control is the most serious implication. Finnegan put it bluntly: "Proposition 13 destroyed local control of education in California. The locally elected school board has become an anachronism" (1979, p. 6).

This development and other changes attributable to Proposition 13-type legislation or growing conservatism are discussed in the following reports from 17 states. Representatives in 7 additional states reported little or no impact from Proposition 13 on community college education: Florida, Georgia, Kentucky, Missouri, North Carolina, South Carolina, and Tennessee. As far as possible, changes in educational mission and programming, governance and management, staffing, as well as financing are accounted for. (Correspondents are acknowledged and full references are given in the bibliography.)
ARIZONA

Arizona was one of five states passing legislation in November 1978 placing overall limits on property tax revenues rather than exacting cutbacks. In recent months the California legislation has influenced the Arizona legislature. A special session was called last fall (1979) to study K-12 funding. Since community colleges are state financed, they were drawn into the controversy (Bloyer, 1980).

A citizen-inspired initiative known as the Heuisler Amendment is being circulated throughout the state. This California-like proposal would substantially reduce the level of property tax revenue available for public community colleges. Meanwhile, legislation recently introduced in the State Legislature is apparently an attempt to forestall the Heuisler initiative. The measure, House Bill 2013, placed the level of state support for community college education at 50 percent, an increase from 27 percent. The corresponding reduction of the taxpayer's portion of support is illustrative of post-Proposition 13 sentiment pointing toward state control of public higher education.

In an attempt to offset the projected 1980-81 budget deficit, the State Community College Board recently directed community college districts to assess a minimum resident tuition charge.

CALIFORNIA

The full impact of California's Proposition 13 is not likely to be realized until well into the 1980s. In this section, major reactions from the first two post-13 years will be reviewed in some detail. Several recent developments that augur the immediate future will also be outlined.

The California legislation presents one of the few examples so far of the cutback approach to taxation and government spending. Similar legislation was enacted in Idaho and Nevada in November 1978. The major provisions were these: (1) reverting the full cash value of property to the estimated 1975-76 market value and limiting property taxes to one percent of that full cash value; (2) restricting property cash values to a maximum of two
percent per year for tax-assessment purposes; and (3) requiring a two-thirds vote of the public to create new local taxes or to increase non-property taxes locally, and the same vote of both state legislative houses to increase state taxes (Pascal and Others, 1979).

As a direct result, the local proportion of property tax revenues was reduced statewide by 57 percent. Community college districts were no longer capable of increasing their income from property taxes. The school bond issue, the traditional technique employed to gain extra revenue, was dead; the one percent legislation simply did not permit voters to earmark a share for general obligation bonds. This meant that local property taxes would provide only 28 percent of community college budgets vis-a-vis the pre-13 level of approximately 55 percent. With "bail out" legislation, the state was destined to provide about 70 percent of two-year college funding for 1978-79. A state appropriation of $5 million was also authorized to complete local building projects left dangling.

Suddenly, California's community colleges became largely state-owned enterprises. Like all local government, community college districts were prohibited from granting cost-of-living increases in any amount greater than that awarded to state employees. This portion of the legislation was declared unconstitutional, and it appeared that collective bargaining agreements were most likely to provide relief in certain districts.

A "block grant" apportionment system was initiated based on average-daily-attendance (ADA) figures for the previous year. An inflation factor was added, but fluctuations in enrollment were not included. Following the emergency "bail out" the average community college budget was restored to about 87 percent of the pre-13 level. Negotiations continue for improvements in the "block grant" funding pattern, and state surpluses are expected to continue to "save" community college districts until a durable system is finally adopted. The coming of "Jarvis II" casts considerable doubt that state surpluses will still be available.

At present, legislation known as Assembly Bill 8 governs state funding for community college as well as K-12 districts. A two-year disclaimer, AB 8 is again based on ADA. Funding levels are adjusted according to two
variables: state revenues and the cost-of-living index, whichever is less. According to a complicated formula, no community college district received less than 1.04 times available revenues for the 1970-79 fiscal year, or more than 1.08 times these revenues plus an inflationary ratio. No district was given more than 15 percent increase (California Community Colleges, 1979). AB 8 was pegged at approximately 93 percent of the general income level—6 percent above the "bail out" level which reached 87 percent in the year following Proposition 13.

Among the problems apparent in AB 8 are first, that districts were not treated equally since income was based on 1978-79 expenditures; and second, that the inflationary factor used in the formula was considerably less than the reality of inflation. Reactions of community college administrators are mixed. If the legislation lasts over a period of years, losses to districts will undoubtedly be compounded. The real crunch is predictable in 1980-81 if the initiative, "Jarvis II," replaces AB 8. A discussion of that probability is forthcoming.

Although no major changes in educational mission have been announced in the wake of Proposition 13, results of a comprehensive survey conducted in January 1979 by the State Chancellor's Office clearly indicated programmatic changes. Of the 70 districts, 58 reported that the legislation weakened their ability to continue announced missions and functions (California Community Colleges, 1979). From fall 1978 to fall 1979, general credit programs were reduced 6 percent in headcount and 8 in ADA, 20 percent of the 4,600 general noncredit courses were eliminated throughout the state and 10 percent were placed on a fee basis. Recreation noncredit classes were reduced by 60 percent, senior citizen programs were halved, and summer programs showed a 50 percent decrease in courses and ADA (McCartan, 1979).

Noncredit courses and programs classified under the vaguely-defined term, "community services," suffered the most. Left vulnerable because of the "frills" reputation attached to them, substantial numbers of courses and in many colleges entire programs were eliminated. Specifically, 21 colleges deleted their budgets and eliminated programs, and free programs and services have been stopped at all colleges. Community services budgets
were slashed an average of 75 percent (California Community College Community Services Association, 1978). According to another study, community services was on the average reduced by one-half. Full-time employee numbers were reduced by almost three-quarters for 1978-79. Music, dance, and art were most heavily curtailed, from 60 to 75 percent (Garlock, 1978). Other negative results have been thoroughly documented (California Community College Community Services Association, 1978, 1979; Hamer, 1979; Ireland, [1979]; Sharon, 1979; Welch, 1979).

Since the legislation eliminated the 5 cent permissive property tax that had protected community services activities, including programs, personnel, and some capital construction for nearly 15 years, the fiscal basis for this function was destroyed. With it vanished a major reason for existence--the only reason for some administrators. One researcher referred to this as the "community services credibility gap," pointing out the "folly of defining a function in terms of a funding source" (Karvelis, 1979, p. 1). Unless this dollars-and-cents approach is replaced by a clear and firm educational service commitment, community services programs are destined to succeed only where a dedication to public service replaces a profit motivation.

Other activities also suffered heavy cutbacks. College support services, such as library book acquisitions, new instructional equipment and replacement, and plant maintenance were reduced to bare minimums. Library book acquisition reductions ranged from 20 to 80 percent (Meardy, 1979). In the Los Angeles Community College District, this reduction was 65 percent and instructional media 43 percent. Student service counseling-advising, career education centers, and even athletics were hard hit in some districts.

The initial effect on faculty and staff was substantial. The overall number loss for fall 1977 to fall 1978 was 14 percent. Part-time faculty, the hardest hit, declined almost one-fourth and part-time classified staff about 17 percent (McCartan, 1979). Close to half of those terminated were budget reduction casualties. However, slightly over one-half of the positions eliminated were restored with "bail out" funds (California Community Colleges, 1979).
Statewide enrollments were down almost 10 percent for fall 1978, after
the Department of Finance had predicted a 3.5 percent increase. Much greater
losses occurred in the category of part-time noncredit courses and evening
classes which as Lombardi suggested should at least partially be attributed
to Proposition 13 impact (Lombardi, 1979b).

In the first post-13 year, reorganization in terms of governance and
structure occurred. Department, services, and administrative offices were
consolidated to offset staff and material reductions. Such curtailments
and the uncertainty of the day contributed to the tendency to centralize
administrative decision making. The advent of collective bargaining over
the state added a heavy irritant and spread further apprehension. To in-
sure uniformity in making priority decisions under the immediate pressure
of Proposition 13 constraints became the logic of central office control.
This style was particularly appropriate in the state's 18 multi-unit
districts.

Recent Developments

A funding proposal for Community Services was presented in the Ireland
report that would be an incentive for those colleges which recognize Com-
munity Services as a legitimate function. Funding by the state would be
placed at 90 percent of the 1977-78 Community Services budget, and colleges
would provide comparable services. Institutions not initiating that budget
level would have the unused amount subtracted from the following year's
allocation. A three- to five-year trial period was suggested (Ireland,
[1979]). Although this proposal was not adopted by the California Board of
Governors when presented in June 1979, the Board made Community Services a
statewide objective as one of the foci for the planning and accountability
process.

Efforts to gain permanent constitutional protection for taxpayers
recently reached the first success plateau with the passage of Proposition
4 at the special statewide election on November 6, 1979. Known as the "Gann
Initiative," this "Spirit of 13" citizen-sponsored initiative would add
Article 13 to the state Constitution limiting "the rate of growth in state
and local appropriations" (California Secretary of State, 1979, p. 21).
The measure would control growth in appropriations to the percent increase in the cost-of-living and the percent increase in the size of state or local government. These entities would return to the public all funds collected or on hand that exceed the appropriated amount for any fiscal year (California Secretary of State, 1979).

While the impact of Proposition 4 cannot be reliably estimated, the measure could "cause government spending, state and local, to be significantly lower than it would be otherwise" (California Secretary of State, 1979, p. 21). The Gann Initiative will probably impact only a dozen community college districts, since the funding limit is likely to be less than that authorized by AB 8, assuming that Proposition 4 legislation would be based on AB 8 funding levels. In the months ahead, legislative and judicial decisions will be necessary for clarification and interpretation.

Two other events portend the unsettled future of financing the state's educational systems. The most dramatic is the qualification of the initiative called "Jarvis II" for the June 3, 1980 primary ballot. This constitutional initiative would cut state income taxes by more than half. If approved, the revenue loss is estimated at about $4.9 billion reducing state funding about 20 percent (Soble, 1980). The revenue loss is approximately the total amount of the "bail out" for the entire state—the cost of AB 8 for 1980-81 (Faculty Association of California Community Colleges, 1979). For community colleges, the immediate loss is estimated between $100 and $360 million. Any loss this substantial would "require a total reexamination of the mission of the colleges and the current policy of open access" (California Community Colleges, 1980, p. 3). Added to this is the hard fact that unlike Proposition 13, Jarvis II apparently does not have a huge surplus to cushion the loss. In two years or less, the reserve monies may be entirely gone (Paul, 1980). Both the Department of Finance and the Legislative Analyst estimate that the surplus will be exhausted by 1981 ("Saxon: Tax-Cut Initiative...", 1980).

A second initiative drive now underway by the California Tax Reform Association would shift the tax burden by raising corporate revenue to provide taxpayer relief. Called the "Tax Simplicity Act," the relief (about
$1 billion coming from plugging corporate tax loopholes and levying additional corporate tax rates) would be distributed to over 90 percent of the tax-paying public (Soble, 1980). Among the unanswered questions are: Which public agencies will absorb the 20 percent loss? How much, if any of that loss, would be made up by the state in filling corporate loopholes?

Forces initiating the two reforms appear to remain at odds with each other. However, both measures could eventually become law, and in that case would compound the unpredictability of educational financing in California. Voters are faced with a dilemma: it is not difficult to calculate rather accurately what the current initiative will do for them, but what it will do to them is virtually impossible to determine.

If Proposition 13-like legislation continues unchecked, apprehensions expressed in this review are likely to become realities. The consequences could include:

1. Reduced flexibility in programming and services;
2. Lower quality of classroom and laboratory instruction, equipment, and material curtailments, salary plateauing, etc.;
3. Lessened accessibility to the community (elimination of outreach programs, counseling centers, etc.);
4. Increased tendency to rely on money (from government and extramural sources alike) to provide the raison d'être for instructional programs and service activities;
5. Imposition of an academic fee structure; and
6. Increased centralization and bureaucratization of the entire enterprise at both local and state levels.

COLORADO

Colorado is one of four states (Arizona, Oregon, and Utah) that prior to 1970 adopted legislation placing fiscal limits on local government. More recently the state legislature instituted income tax indexing and other constraints on state expenditures or revenues (Pascal and Others,
1979). Known as the "Kadlecek Amendment" (1977) the law holds maximum spending increases by the state to 7 percent each year for three years. Colorado is therefore in the third year of the cycle with the 1980-81 budget planning.

This legislation continues to have negative effects on the 16 community colleges. Overall growth has been restricted and capital construction and controlled maintenance have been virtually halted. The student-faculty ratio in the colleges has been reduced and salaries have been held to only modest increases. "In a state where energy development is necessary, this had placed a damper on new programs and increased enrollments" (McGregor, 1980).

CONNECTICUT

While Connecticut has not passed Proposition 13-type legislation, public higher education in the state, as in many, has encountered budget reduction pressures since the early 1970s. The general fund budgets recommended for the Regional Community Colleges have the last several years been particularly onerous. With an accumulation of forced position reductions, the colleges now face a new loss of 60 positions or more. By 1980-81, the loss will be a minimum of 78 positions.

This situation will invariably threaten the quantity and quality of services. Such reductions will result in cuts in curriculum and fewer sections of courses that, in turn, will require additional commuting for students and faculty. The Executive Director's (Charles, 1979a) memorandum to the Secretary of the Office of Policy and Management also referred to inevitable increases in students-per-class sections (the student/teacher ratio is already 1:27) and further postponement of supplies. The latter is particularly critical in secretarial, computer and data processing areas, including personnel and equipment.

The 1980-81 budget proposed by the Appropriations Committee of the Legislature will require increases in the auxiliary services fee to students and sharp curtailments in the annualized full-time student equivalent enrollment. Under these conditions, only one new associate degree
curriculum would be established, and the particular regional college will have to reduce enrollments to accommodate the new program.

In the Executive Director's words: "Such reductions cause overwork for staff, but even more important it is the students who get the negative results" (Charles, 1979a, p. 2).

HAWAII

Hawai', like several states including Florida, Montana, Texas, and Virginia, adopted property tax growth limitation legislation in the last decade. This was followed by the setting of a state debt limitation recommended by the 1978 State Constitutional Convention. However, the limitation was placed on the state but not the University of Hawaii with its community college division.

While this action was, in part, Proposition 13-inspired, the impact on the two-year colleges has been negligible. However, the geographical expansion of the system may well be affected. Development of one new campus site may be postponed (Kim, 1980).

IDAHO

As mentioned in the California report, Idaho passed legislation similar to Proposition 13 in 1978. Initiative 1, approved by about a 58 percent majority, was in some sections a word-for-word copy of the California initiative. This duplication created some confusion since unlike Proposition 13 (a constitutional amendment) Initiative 1 was a statutory amendment (High, 1980).

The effective date was set as January 1, 1980. Meanwhile, all city and county budgets were held to the previous year's level, and about $26 million in tax relief was provided by the legislature through the distribution formula of the public school state fund. Reductions or bare minimum budget increases have been the result. About half the cost of academic programs is carried by the state.
ILLINOIS

While Illinois taxpayers have also faced escalating property taxes, state government has been active in reducing some of the impact. Early in the last decade, legislation was passed to eliminate personal property taxes on household furniture and automobiles, and later on all personal property taxes. During the 1970s, a $1500 homestead exemption was legislated, and senior citizens were given certain tax exemptions.

In 1979 corporate personal property taxes were replaced by corporate, utility, and partnership income taxes, and 1 cent of the 5 cent sales tax on food and drugs was also eliminated. All of these changes except the reduction in the sales tax affected local tax revenues for community college districts (Wellman, 1980).

Except for inflation, pressure for greater state and local funding to support community colleges has not been heavy, since enrollments have stabilized or declined over the state. However, the funding formula has apparently been a deterrent to tax losses described above. According to the formula, local tax monies, student tuition and fees, and other local, state, and federal revenues are subtracted from the total budget requested. The balance is supplied by the state. In other words, as local property and other taxes decrease, the state contribution increases.

The record of tax increase referendums since 1976 indicates that Illinois community colleges have been reasonably successful for education fund improvement (8 of 16 attempts have been successful), less successful for building and maintenance (only 4 of 11 were successful), but totally unsuccessful in site and construction referendums (0 of 5) (Illinois Community College Board, 1980). At present, community college districts receive 48 percent of educational monies from the state, 28 percent from local taxes and chargebacks, 15 percent from student tuition and fees, and 9 percent from federal sources (Illinois Community College Board, 1979).

A controversial measure that doubles the homestead exemption from $1500 to $3000 has just been endorsed by the General Assembly and signed into law by the Governor. The act also requires a reduction of tax assessments if fund surpluses exist at the local district level. A product of a
democratic legislature, the law will save taxpayers approximately $100 million, while a plan defeated by the Senate, endorsed by the Governor, would have given about $100 million tax relief largely to commercial and industrial property owners (Brody, 1980).

Other bills limiting government spending and controlling local property taxes are pending. The most drastic of these would permit reduction of local property assessments by 15 percent annually, thus further reducing and restricting the availability of funds for community colleges.

While Proposition 13-like legislation has not as yet strongly affected educational mission and programming, governance and management, or staffing, low enrollments have caused some course elimination and staff reduction.

IOWA

Iowa was one of the 23 states to limit taxes or government spending during the 1970s. The 1976 legislation contained an income tax indexing system controlling state income from local residential property taxes. The limitation was set at 6 percent growth.

With the recent shift of tax emphasis in the state from residential and farm sources to commercial property, groups from business communities are leading the anti-tax movement. Legislation is being drafted to create a similar limitation on commercial property. Increased effort is anticipated to control state expenditures. The merged area community college districts would be directly affected since over half of their budgets is supplied by the state (Moench, 1980).

MARYLAND

Community colleges in Maryland are supported by state and county governments. The colleges as well as public school systems are generally coterminous with county boundaries.

Proposition 13-like legislation is now before the 1980 General Assembly. In all, 25 bills dealing with state spending have been introduced. Some would place constitutional limits on both state and local spending. Others call for adjustments in state income and sales taxes geared to the rate of
inflation or to the amount of surplus. Several major proposals called the "Kernan committee bills," appear to have the best chance for approval. One of the constitutional amendment bills gives the legislature power to establish limits on the governor's budget. Another would limit increases in general and special fund spending in any one year to total personal income growth. A third would allow the General Assembly to set limits on the use of surplus funds. This provision does the California Proposition 13 "one better" in controlling access to bail out monies.

Constraints on property taxes have already been exacted in three counties as a result of the tax limiting TRIM county charter amendment approved in 1978. Rates in Prince George's, Harford, and Dorchester counties cannot be increased more than the growth in personal income. Ironically, the latter county, a support county for one of the two regional community colleges in Maryland, is the wealthiest in the state (Milliman, 1980).

MICHIGAN

Michigan has had a history of property tax restraining legislation. The passage of Proposition 13 led to a second series of measures presented to the electorate. Two bills were on the November 1978 ballot, the Headlee and Tisch Amendments. Aided by the endorsement of State Government, the Headlee Amendment was approved by a majority of the voters. The Tisch Amendment, a major Proposition 13 offshoot, was defeated with the opposition leadership of the Michigan Education Association.

Recognized as a more moderate measure, the Headlee law has had immediate impact on community college education. By tying the growth of all local revenues to the Consumer Price Index, the legislation has caused reductions in community college tax levies. New property and property deletions were excluded in the act. Bond elections for capital outlay purposes were eliminated. The law further limits state revenue increases to personal income levels. Fortunately, the current state budget and the 1980-81 projected budget are not affected. As Gannon explained: "The Legislature has the option of imposing additional taxes up to the level authorized by the Headlee Amendment; thereby providing additional funds for the State ser-
vices and appropriations to local governmental units and institutions" (1980, p. 2).

State revenues are limited by this legislation to 1978-79 expenditures. State services, including senior colleges and universities, are to be given 58.4 percent of the total income, and local government, including community colleges, are entitled to 41.6 percent. This clearly establishes a competitive environment for all higher education. Senior institutions are competing with a wide variety of state social service agencies and community colleges with local services. Heaviest competition is currently provided by Wayne County and the City of Detroit where major fiscal difficulties plague the state.

Increase in student tuition is an immediate and direct result of the Headlee Amendment, in addition to the elimination of capital outlay bond elections. Long range impacts are likely to include curtailments of new and existing programs, particularly those requiring heavy expenditures for equipment and material. Services may be sharply cut back. Community colleges, for example, may not be able to provide access for the physically handicapped (Gannon, 1980).

NEBRASKA

Three laws enacted in the last two years in Nebraska are related to the spirit of Proposition 13. The first, passed in 1978 by the legislature over the Governor's veto, spells out the role and mission assignments for the University of Nebraska, state colleges, and technical community colleges. Several paragraphs under Section 1 (intent and purpose of the act) indicate that the legislature is strengthening its coordinating role: "Limit unnecessary program and facility duplication through a coordinated planning and review process," and "Establish a legislative review process" (State of Nebraska, 1978, p. 1).

The third piece of legislation, Legislative Bill 363, sets precise directions for the distribution of the state apportionment to the 6 community college areas. "Reimbursable units" are determined by weighting enrollments in different college programs. Fifteen percent is equally distributed
and the remainder is divided on the basis of an individual area's portion of the total units identified in all 6 college areas. LB 363 further establishes, beginning July 1, 1981, 2 mills as the maximum levy that can be assessed for purposes of supporting operating expenditures of the college (State of Nebraska, 1979b).

NEW JERSEY

New Jersey was the first of nine states to enact fiscal limits on state expenditures or revenues during the 1970s. A 1976 law tied the growth of state expenditures to increases in personal income, and also limited the spending of all local units to five percent per year for all purposes (Pascal and Others, 1979). A state income tax was included in that act.

The "cap" placed on state and local expenditures has, in a way, softened the impact of the tax revolt on New Jersey community colleges. The tax rate has been reduced in some governmental units because reassessment of property values and new construction have actually caused an expansion of the tax base. There is also some legislative sympathy for loosening the "cap" to ease inflated costs of utilities, insurance and other necessary services. Some local units are showing interest in increasing tax levies by the referendum method (Reid, 1980).

The state legislature has recently attempted to equalize expenditures for elementary and secondary education. Somewhat reminiscent of the California Serrano vs. Priest case and resultant legislation, poorer districts are provided stronger state apportionment, and richer districts are limited in expenditure amounts. There is also a renewed concern for educational quality. Basic skills testing has been activated. By legislation, a high school diploma is granted only after state examinations are passed. As high schools increase basic studies prerequisite for graduation, all developmental programs would eventually be eliminated from community colleges (Reid, 1980).

These moves might serve to sidetrack Proposition 13-type legislation.
NEW YORK

There is ample evidence to indicate that the nationwide tax revolt movement generated by Proposition 13 is directly influencing public higher education funding decisions in the State of New York. In general, the 1980-81 financial outlook for the State University system, including the 30 locally-sponsored community colleges outside the City of New York appears to be steadily deteriorating. Contemplated expenditure ceilings extending through March 31 of this year called for a reduction of 260 positions and 215 more by June 30 (Finnerty, 1979).

Although state aid for community colleges has not been increased for the last three years, substantial aid has been received through supplemental budget procedures. The 1980-81 community college funding formula revision calls for some increases, i.e., supplemental aid to disadvantaged and technical students; legislative approval will predictably be difficult to obtain. In recent months, community college presidents have been giving considerable attention to coordinating curriculum and credit transfer to cut duplication and extend flexibility (Anthony, 1983).

The City University of New York with its eight community colleges is facing severe programmatic budget curtailments for 1980-81. Details of this situation will be given later.

State aid for private universities and colleges is a major concern of public higher education. For a number of years, public aid has been increasing for private institutions and decreasing for public. The amount of public funding, $66 million in 1977 given in direct aid to private institutions, is over 25 percent more than that provided private higher education by all other states combined. Specifically, private sector state aid from 1973 to 1978 increased 50 percent in New York, while public sector aid decreased 7.3 percent ("Report: The State Investment in Private Higher Education in New York," 1978, pp. 1-2). This amount is exclusive of student aid and city and county tax monies.

Exemption from property taxes extended to private institutions over the state is also very generous. This, however, has not resulted in holding down tuition and fees. Private sector students are, in addition, eligible
for Tuition Assistance Program (TAP) awards for which public sector students are ineligible. The largest proportion of Regents scholarships and Basic Educational Opportunity Grants (BEOG) go to private sector students.

Sharp enrollment declines in SUNY and CUNY institutions compound the problem. This situation is particularly critical in New York City where between fall 1975 and fall 1977 the entire student increase in the private sector came within New York City, while CUNY institutions lost over 50,000 students ("Report: The State Investment in Private Higher Education in New York," 1978). As a direct result of such losses, CUNY's full-time equivalent enrollment has decreased about 10 percent since 1976, and the community colleges have lost almost 20 percent of their full-time staff (Hershenson, 1980).

In a dramatic announcement on January 15, 1980, Mayor Koch proposed programmatic reductions for 1980-81 and 1981-82 city budgets for the community colleges in the amounts of $2.7 million the first year and $4.5 million the second year. The announcement also called for a 10 percent increase in tuition during 1982. These curtailments would result in the elimination of 52 administrative positions and 107 full-time equivalent faculty positions for 1981. At the same time, increased faculty-student ratios would cause the elimination of 71 full-time staff positions, 12 student services and 18 faculty support staff positions, three library staff, and three from the General Institutional Service group. In 1982, an additional 23 full-time faculty would be cut from the City's community colleges (Hershenson, 1980).

Community college leaders point out that the 60,000 students enrolled in CUNY community colleges are producers rather than consumers of public tax funds and are "viable alternatives to unemployment lines, welfare, roles, and prisons; and represent part of the solution to New York City's economic recovery" (Hershenson, 1980, p. 3). They also suggest that since CUNY senior colleges are soon to be supported 100 percent (by 1983) by the state, CUNY community college graduates would be able to attend CUNY senior institutions at no direct cost to the City (Hershenson, 1980). Because of their high worth to the City, the community colleges should be given
priority, and parity with SUNY institutions should be sought particularly in terms of faculty-student ratios.

Exhibits appended to the New York City Community College 1981-82 budget analysis (a response to budget reduction request of the Mayor) indicate the gravity of the situation. Although legislation is pending to provide state funding for the college, some of the 28 technical programs (representing 78 percent of the total student body) would be in jeopardy if the college cannot remain competitive in the market for qualified instructors. The inability to fill vacant service positions would, in time, cripple instruction. Shortages in custodians have already seriously affected building cleanliness. The impact on student progress that would result if the summer session and selected adjunct faculty were eliminated is forcefully shown (New York City Community College, 1979). Richard Alfred, Dean for Finance, Planning and Management Services at New York City Community College, summarized the emerging budget condition as one that would "strike at the mission and uniqueness of the College. All programs and services would be evaluated using concept of zero-based budgeting, revision(s) in institutional mission would be effected, and budget reductions would be made in the context of a revised mission" (1980, p. 1).

The closure of the Voorhees Campus is a strong possibility. This would mean the loss of 624 FTE's and approximately 600,000 annual revenue, as well as the abandonment of short-term continuing education programs (a major loss in California after Proposition 13). The University could well face class-action law suits and serious union contract complications (New York City Community College, 1979).

Retrenchment of student services could result in the elimination of career and guidance services, both day and evening, services for foreign students, and other closures including all forms of individualized personal and psychological counseling, guidance and supervision of student government and clubs, placement and health services, and sharp reduction of financial aid assistance (New York City Community College, 1979).

The Committee for Public Higher Education has launched an all-out effort, along with the Borough community college presidents, to combat the
proposed drastic budget cuts. The survival of the City community college system is unquestionably at stake.

PENNSYLVANIA

While Pennsylvania is not one of the states to have passed fiscal limitation legislation, there are signs of growing conservatism at both the state and local levels. For example, local sponsors (the county and/or local school districts) in one area community college recently attempted to add a special surcharge to the student fee structure; in another, to cut back on full-time student support; and in a multi-sponsored area community college, to withhold approval of the budget (Gilmore, 1980). Recently, the state legislature failed to increase the reimbursement base to $1,800 from a maximum of $1,500 (Martorana and Smutz, 1979).

Several years ago, the legislature took steps to control the disbursement of federal funds. Drafted initially under complex political circumstances, the legislation requires all federal aid money earmarked for any of the state's administrative units including education to be first deposited in the state treasury. Special legislation is then required in each situation to allocate the funds appropriately. This system quite obviously provides the legislature with a surveillance mechanism to review federal fund applications and allocations. While there has apparently been little trouble with this unusual legislation, it is again a prime example of a conservative attitude common throughout the nation.

TEXAS

A series of legislative acts enacted in the last two years is likely to have direct effect on community college education in Texas. In the summer of 1978 following Proposition 13, the Texas biennial legislature passed House Bill 18, a "truth in taxation" law affecting public community college districts. In order to increase a tax levy above the rate established each year, local governing boards must publicize the intention, hold hearings, and approve the higher rate by a board voting procedure. A
A referendum is then required to increase taxes beyond the previous year's base (Texas Legislative Service, 1978a). The spending lid is not fixed as in Colorado; but similar to Hawaii, spending allowances vary according to the economy of the state.

The spending allowance stipulation was included in a second bill, House Joint Resolution 1, a constitutional amendment approved in November 1978. In addition to tying state tax revenue growth to the estimated growth rate of the state economy (section 5) this law exacts procedural controls over districts wanting to increase property tax rates (section 4). HJR 1 further relates to ad valorem taxation of agricultural property, exempting certain properties from taxation (Texas Legislative Service, 1978b).

In 1979, the legislature enacted two other bills related to ad valorem taxes. Senate Bill 621 follows the "truth in taxation" law of 1978 with lengthy and detailed definitions and provisions for assessing and collecting ad valorem taxes. House Joint Resolution 98 proposes a constitutional amendment for the November 1980 election to require a single appraisal and board of equalization in each county for ad valorem tax purposes. Colleges would have to join other county taxing units in a single appraisal and equalization office (Kelly, 1980). This action could well obscure and, in effect, weaken the cause of community college requests. Heretofore, community college districts have had taxing authority at the behest of individual municipalities.

Still another bill, Senate Concurrent Resolution 101, passed in 1979 gives special attention to financing of higher education. A special committee was created to make a thorough and comprehensive study of financing, emphasizing issues, the impact of declining enrollments, and the future of formula financing (Texas Legislative Service, 1979).

As an indirect relationship to Proposition 13, the Governor has recently appointed conservatives to the Coordinating Board of the Texas College and University System.

**VIRGINIA**

The Virginia Legislature enacted legislation in 1975 controlling
property tax rate growth. The style is referred to as a full disclosure procedure which, to increase the previous year's levy, requires local governing boards to "publicize its intent to raise the property tax rate, hold public hearings, and approve the higher rate by a board vote" (Pascal and Others, 1979, p. 67).

While no Proposition 13-type (cutback) legislation has since been initiated, the mood of the Governor and legislature, according to Ernst (1980), is austere. A mandate to maintain a balanced state budget is a direct expression of this continuing attitude. Despite detailed planning and processing, the budgets of state-supported institutions must remain in balance. Expenditures cannot exceed appropriated monies.

Furthermore, student tuition in state-supported institutions including community colleges must provide a specific percentage of operating budgets. This level for community colleges has been set at 80:20 and for universities at 70:30. Tuition will have to be increased during the 1980-82 biennium above the current $100 per quarter for full-time and $8.75 per credit hour for part-time students (Ernst, 1980).

Local government is not involved in the support of community colleges in Virginia. The Commonwealth supplies full operational and capital funding. However, Proposition 13-like legislation directed at the state could result in similar consequences. Further protection is inherent in the Virginia situation. The Commonwealth Constitution would have to be amended before a public referendum could be held, and such an initiative would need the approval of two sessions of the General Assembly separated by an election of members. The earliest that such an initiative could be authorized for public vote would be 1982 (Ernst, 1980).

Other pressures identified by Ernst reflect the general mood and attitude of fiscal conservatism and constraint: accountability issues directed at the State Board for Community Colleges, academic respectability of certain credit courses identified as "frill" classes, cost effectiveness of community service activities, economic justification for continuing a modified open door admission policy for the state's two-year colleges.

The latter concern focuses on legitimacy of the community college time-
honored responsibility of helping high-risk students. Suffice it to say, the success of this mission has been repeatedly documented over the nation.

WASHINGTON

Washington has a history of fiscal limitation of local government spending. One of the 23 states having such legislation, a growth maximum act was adopted in 1973. In November 1979 voters passed Initiative Measure 62 by a substantial margin. Subsequently adopted by the Legislature, the act establishes a limit which "will assure that the growth of state tax revenue does not exceed the growth rate of state personal income" (State of Washington, undated, Section 1-3a). The revenue limit for any one year is the previous year's tax revenue limit multiplied by the average income ratio for the three previous years.

This legislation, it is feared, will stifle institutional growth as well as the development of new programs in existing community colleges.
CONCLUSIONS AND DIRECTIONS

The dilemma facing higher education was accurately described by a newly appointed special assistant for health affairs in the University of California's Systemwide Administration. Referring to his determination to help create the best possible health and medical care for the State, Cornelius Hopper spoke clearly and unequivocally:

"We--and I mean Californians and the rest of the nation--must decide whether we want and can really afford our current, very sophisticated type of medical [education] care, in terms of equipment, facilities, highly trained personnel and more dollars, or whether we are willing to accept a different type of health care [education], not necessarily less effective but less expensive" ("A New Figure at UC Looks to the Future...", 1979, p. 46).

That challenge could well have been addressed to community colleges. In program and activity planning, how can community colleges attempt to assure high quality for less money? How can they help to change attitude and behavior--to contribute to "the building of a different kind of reality" in the society? ("A New Figure at UC Looks to the Future...", 1979).

These and other related questions were, in fact, addressed by a group of community college educators and scholars. Directions were cited and recommendations offered for coping with reduced resources (Alfred, 1978). Much of the material is pertinent to a discussion of post-Proposition 13 directions.

In the months preceding Proposition 13, community college administrators were calling for tactical changes in institutional operation. Those who corresponded with Martorana early in 1978 recommended instructional and programmatic economies (increasing class size, multi-disciplinary teaching, eliminating expensive curricula), stronger management controls (continuous cost analysis and management-by-objectives), and a reemphasis on the community mission (Martorana, 1978).

Other authors called for new approaches to teaching and learning (DeCosmo, 1978), the use of program budgeting in improving student services (Matson, 1978), designing resource development programs--comprehensive
information collection and analysis (Wattenbarger, 1978). Since a separate office of institutional research is, for many colleges, an ill-afforded luxury, Richardson (1978) recommended a planning and research office as an alternative. Orderly data collection is crucial in prioritizing directions and implementing policies.

A model developed by a Florida community college management systems group to improve the accuracy of departmental budget planning is an example of the contribution of institutional research to controlling funding limitations. Making use of enrollment projections, a productivity ratio and an assessment of payroll records, the model provides alternative deployment of faculty (Miner, [1979]).

Repeated reference is made in the Alfred volume to the importance of developing alliances—planning and operational relationships—with community agencies and industry. While hardly a new and untried notion, educators are being pressured to share greater responsibility for developing and distributing educational services. Strengthening relationships with other organizations offering educational opportunities was described by Knoell as "the new art of coping...a new perspective on cooperative planning and articulation with other postsecondary institutions and manpower agencies" (1978, p. 80). Among other avenues of cooperation, she urged the development of course and credit exchange agreements with vocational schools, public and private, noncredit adult schools and regional occupational centers (Knoell, 1978).

Another issue of New Directions for Community Colleges on "Serving New Populations" contains examples of successful linkage efforts. Among others, a rural southwest Alabama partnership initiated by Enterprise State Junior College is beginning to pay rich dividends with the community (Woodie and Bauer, 1979). A model gerontology center developed by North Country Community College is building linkages with agencies and institutions in upstate New York (Bellis and Poole, 1979). These efforts undoubtedly contribute to improved support for the entire community college program.

Cooperation between community colleges and corporations will be a major objective of the League for Innovation in the Community College. As
announced by the Board of Directors, the League's 17 two-year college districts will participate in a series of nationwide events to advance mutual understandings, to address problems of general concern, and to encourage and support cooperative projects ("Corporations and Community Colleges...," 1979-80). Among the cooperative projects proposed is the improvement of basic skills. Los Angeles District is taking the leadership on this one. The Dallas County District with its Community College Productivity Center is initiating a national project to gain greater corporate support—a prime example of a comparatively new technique for improving community college credibility and stabilizing budgets.

Large scale efforts to build inter-institutional cooperation in vocational-technical education were reported in a massive study by Bushnell. This American Association of Community and Junior Colleges/American Vocational Association investigation accented community college-area vocational school collaboration. Themes of the five agreements chosen from in-depth case studies included concern for the clientele, administrative and programmatic shortcuts favoring vocational-technical transfers, equipment and material sharing, and heavy use of community advisory groups (Bushnell, 1978). Again, these agreements helped considerably to restore public confidence as institutions acted together to cut costs, eliminate unnecessary duplications, and exchange each other's credits.

Another direction, extending experiential or prior learning, is directly related to fiscal accountability. In spite of the long history of activities related to experiential or prior learning, such as cooperative education, apprenticeships, internships, experiential education is just now gaining national recognition as a legitimate and useful concept. Promoted by CAEL (Council for the Advancement of Experiential Learning) member institutions, some 300 colleges and universities are largely responsible for this renaissance. The movement shows promise in helping to break the lock step of degree earning and to bridge the gap between academic campus-based education and field education.

Agreements between nontraditional institutions (those who specialize in the part-time adult) are increasing, but not between traditional and
nontraditional schools. Established colleges and universities are generally conservative in transfer credit allowances, accepting a bare minimum of prior learning toward their own degrees and then, under rigid controls (Kintzer, 1979).

Some forms of experiential learning have proved to be cost-saving. The most economical are found in institutions or organizations such as Thomas Edison College of New Jersey and the New York Regents External Degree Program, which are dedicated entirely to prior learning. Traditional class and laboratory instruction is virtually eliminated. Direct comparisons can be made in studying institutions that offer both traditional and experiential learning.

Framingham State College (Massachusetts) charged, according to 1977 figures, $250 for two years of experiential learning credit, while the average public sector college at that time in Massachusetts charged roughly $3,316 tuition for two years of traditional instruction. Students who received credit for two years of experiential learning at Framingham could have saved as much as $3,066 during their baccalaureate years.

Those interested in pursuing cost-effectiveness of experiential learning should consult the MacTaggart (1979) syllabus listed in the bibliography. In the first section, MacTaggart presents a model for determining the cost-effectiveness of alternative experiential learning programs.

Savings to states can also be calculated. In 1977, the State of New York paid Empire State College from $5,570 to $5,620 per degree, which is less than half usually budgeted for public sector institutions offering traditional degrees (Weathersby and Henault, 1976).

Volunteerism offers a full range of activities having potential for continuing quality education for less. Counted as one of the unfortunate Proposition 13 losses in California, few programs utilizing community talent on a voluntary basis have survived. One of these is the Volunteer and Tutorial Program of the Los Angeles Unified School District. In particular, one section of that program called the DOVES (Dedicated Older Volunteers in Education Services) is reserved for citizen volunteers over 55 and should be adaptable for community college use. Approximately 3800 "doves"
are currently signed up for service where needed in the school system's instructional and service programs. Related to the advisory committee technique long practiced by community colleges for developing and conducting vocational-technical curricula, extensive use of volunteer instructors could add an important dimension to the traditional classroom at little cost, including academic education.

California's Proposition 13, as this document shows, has had direct influence on legislation in some states, including duplicate sections in a few, and indirect attitudinal impact in many others. Its passage signalled the end of general physical expansion of higher education and greatly strengthened the hand of the state, proving dramatically that "the future of institutions is only marginally in their hands" ("The Carnegie Council's Final Report," 1980, p. 9).

This and other fears expressed in the forthcoming report of the Carnegie Council on Policy Studies in Higher Education appeared to direct the Council toward certain imperatives for colleges and universities, e.g., give priority attention to quality, use resources more effectively, insist on institution-wide or system-wide planning, and develop institutional consortia and interstate cooperation.

Whether community colleges are politically strong enough to hold their share of the tax dollar is strongly related to the ability of executive officers to direct attention to imaginative programs and services, and the willingness of the faculty and community to cooperate.
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