

Michigan Today

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The University of Michigan

National Posts Honor Regents

Two U-M Regents have been appointed to national posts by President Carter.

Sarah Goddard Power was appointed Deputy Assistant Secretary of State for Human Rights and Social Affairs. She has been involved in numerous activities aimed at improving the status of women, and has a history of involvement in international organizations and United Nations affairs.

Elected as a U-M Regent in 1975, Power is the only woman on the Board and the third in the history of the university.

Robert E. Nederlander was named to the National Council on Educational Research. The Council makes general policies for, and reviews the conduct of, the National Institute of Education.

A U-M alumnus, Nederlander has been a U-M Regent since 1969. He is president of the law firm of Nederlander, Dodge, and McCauley, P.C., of Detroit, and president of Nederlander Worldwide.



Sarah Goddard Power Robert E. Nederlander

The Economic Outlook: Uncertain Budget, Substantial Fee Hikes

A substantial increase in tuition, greater indirect cost reimbursement, and requiring individual units to finance a portion of faculty and staff salary increases are some of the ways U-M is dealing with an expected budget shortfall for the current year.

Facing a plummeting economy, rising unemployment, and swelling welfare rolls, Michigan Governor Milliken has cut the proposed 1980-81 budget twice, leaving a minimal increase in appropriations to U-M.

The final budget is still not set. Many state legislators doubt it will be complete by the October 1 deadline.

Difficult Decisions

Amid the uncertainty, the U-M Regents have had to make some difficult financial decisions. The U-M fiscal year began July 1, necessitating budgetary authorization for normal operating expenditures. Students needed to know their fall tuition. Faculty and staff raises were due.

In July, the Regents approved a \$246,000,000 General Fund budget, in "summary" form—budget details will be submitted to the Regents when the state appropriation is known.

The General Fund budget, which relies on student fees and state appropriations, includes teaching, research, library services, public services, student aid, administrative and business operations.

"This poses a dilemma for us. But we have decided to make an assumption regarding the probable level of state appropriation and proceed.

While there is clearly some uncertainty and risk involved, we believe that the risk is overridden by the urgency of providing the faculty and staff with salary increases effective Sept. 1," said James F. Brinkerhoff, vice president and chief financial officer.

Increases Determined

The General Fund budget was premised on a 3 percent increase in state funds, a 13 percent average tuition hike, and a 10 percent increase in indirect cost reimbursement from research grants. It requires university units to finance 1.5 percent of the 9 percent salary increase from reallocation in their individual budgets. It also includes a budget deficit, listed as enforced savings of \$190,000 to be eliminated by internal savings during the year.

Expensive Tuition

As a result, tuition this fall will range from \$682 per term for resident freshmen and sophomores to \$3,336 for non-resident medical students. The tuition hike is in line with those at other state institutions, and makes the U-M the most expensive state school in Michigan.

According to B.E. Frye, U-M vice president for academic affairs, however, the university expected "to increase our financial aid allocations to ensure that no student will be denied the opportunity to attend U-M for lack of money."

If the increase in state appropriation becomes lower than the anticipated 3 percent, the University will take one or more of the following measures:

(1) limiting or freezing expenditures in several centrally administered accounts for a temporary period;

(2) replacing some 1980-81 General Fund expenditures, such as cost for books and equipment, with funds from indirect cost recovery and interest from working capital;

(3) enforcing a position freeze of whatever magnitude and duration might be required to offset the problem.

1980-81 Prospects

Frye and Brinkerhoff noted "that a state appropriation lower than the anticipated 3 percent could generate significant problems for the following year. "Therefore, in addition to our contingency provisions for the 1980-81 budget year, we would immediately limit all new appointment activity quickly after approval of the proposed budget, pending provision by each budgetary unit of a plan showing how the potential deficit could be permanently absorbed into its budget base."

In addition to the General Fund budget, the U-M Regents also approved the Ann Arbor campus' Designated Fund budget, Expendable Restricted Fund budget, and Auxiliary Activities Fund budget for 1980-81 in their summary form. These three budgets are largely self-supporting. Along with the General Fund budget they make up the University's total operating budget.

U-M Freshman Quality Remains High Despite National Trends

The quality of the freshman class at U-M this fall remains high despite the national problems of higher tuition costs, declining numbers of 18-year-olds, and increasing competition for top students.

Top Ranking

According to Clifford Sjogren, director of Admissions, 61 percent of the 4,450 new U-M freshmen were in the top 10 percent of their high school class. In addition, only about 5 percent of the incoming students graduated in the bottom 70 percent.

Sjogren cites National College Data bank figures which show that in only 72 of the nation's 3,095 institutions of higher education were more than half the freshmen in the top 10 percent of their graduating class. Those 72 include the Ivies and similar schools, he points out.

Selectivity Retained

Few large public institutions such as U-M have been able to maintain their level of selectivity. "If you consider sheer numbers of freshmen enrolled, I doubt you'll find any other school with this high a percentage," he says.

Despite the national trend to declin-

ing scores on the Scholastic Aptitude Tests (SAT) over the past decade, SAT scores of U-M freshmen levelled off around 1975 and have actually begun to climb, Sjogren reports. "Over the last three or four years, we've had a steady improvement in the quality of incoming freshmen," he adds. Median scores of U-M freshmen on the SATs have remained stable over the past three years at 530 on the verbal section and 600 on the mathematical section. The national average in 1979 was 427 on the verbal section and 467 on the math.

In addition, from 1972 to 1979 the proportion of college-bound students in the 600-to-800 range declined to 7 percent from 11 percent on the verbal section and to 15 percent from 17 percent on the mathematics section.

Class Comparison

Comparison of the 1979 and 1980 freshman class academic profiles show remarkable similarity, Sjogren notes. There is a slight decline—less than 1 percent—resulting in part from the increased number of freshmen entering this year and expanded recruiting efforts last year that produced a significant improvement in the quality of non-Michigan candidates.



Photo by Bob Kalmbach
Incoming freshman students opted to take their walking tour of campus via roller skates during Summer Orientation. The idea was suggested by Steve Foland (left center in the striped Michigan shirt), an orientation leader and a senior majoring in political science.

The School of Engineering has seen the most dramatic increase in freshman quality, partly because of a substantial increase in the number of women entering engineering. Approximately 23 percent of the engineering freshmen are women, compared to 14 percent in 1977. This statistic

is hard to compare across programs, Sjogren explains, because liberal arts students don't declare a major until their junior year. Thus, there are no freshmen in areas such as Business or Chemistry.

Overall, we are seeing a stronger group of students, Sjogren concludes.

Election Studies Provide National Resource for Social Research

As election fever builds and various pollsters rate the popularity of the candidates, researchers at the Center for Political Studies (CPS) of U-M's Institute for Social Research (ISR) are deeply engaged in their own, in-depth political study.

The National Election Study is not concerned about predicting who will win the next election. Rather, it is concerned with the political attitudes and perceptions of Americans that underly their voting behavior.

The National Election Studies have monitored voters' attitudes since 1952. Data from the surveys have provided information about party identification, disenchantment and trust in government, the importance of personality vs. issues in a campaign, and how and why voters' perceptions change, among others.

Important Resource

The National Election Studies are presently the only major comprehensive academic survey of American voter attitudes and behaviors, and these data have become an important resource for the scholarly community.

Hundreds of researchers across the U.S. use the data for studies of decision making, media impact, group identification, and political socialization, to name but a few areas. Each year thousands of undergraduate and graduate students use the data for course exercises and original research papers. Their professors use them for research and lecture material.

Recently, a five-year grant from the National Science Foundation ensured that the study will complete its 30-year evolution from what was once a private research venture of ISR into a national research resource in which CPS staff work closely with researchers and scholars throughout the U.S. in designing the study.

Largest Election Study

As a result of the grant, the 1980 study is the largest, most comprehensive of the election studies, reports Warren Miller, CPS director. Traditionally in presidential election years, a representative cross section of 1,500-2,500 American voters have been surveyed in personal interviews. The first was conducted shortly before the election; voters were then reinterviewed following the election.

This year, however, some 1,000 voters will be interviewed four times between February and November, and another 2,500 will be interviewed either during the primaries or just before and again after the November elections. Interviews earlier in the year provide an opportunity to study the effects of primaries on voter perceptions, while the later interviewing makes it possible to monitor changes in those perceptions in the months preceding the election.

Continuity and Change

"One of the unique features of the national election study is that it is starting to provide political scientists with the same kind of time series data that economists have become accustomed to over the years, and that is provided by the census data," Miller says. "One of the purposes of the study is to continue to provide in growing depth the measures that tell us how much continuity and how much change there is in American electoral behavior. Consequently, the study repeats a lot of questions year after year."

Among the repeated questions are those pertaining to party identifica-

tion: "Generally speaking, do you think of yourself as a Republican, a Democrat, or what?" "Do you think of yourself as a strong? weak? Democrat/Republican?" "What do you like? dislike? about the Democratic/Republican party?"

The study also includes topical questions relevant to the current issues, and the voters' perceived differences in candidates' issue positions. Finally, the study includes questions that provide data with which to probe the researchers' theoretical understandings of voter behavior and changes.

At a time when survey research methodology is relying more and more on telephone interviews as a cost-saving measure, the national election study interviews are conducted in person, face-to-face.

"It's very, very expensive," Miller explains. "However, we have become increasingly persuaded that as politi-

cal issues and our questions become more complicated, personal interviews are necessary because the interviewer has the help of visual aids to make sure the respondents understand the questions.

Reliability Paramount

"We had a long debate over telephone vs. personal interviews and the cost. We chose the latter course in part because we feared the reliability of our measures would suffer with telephone interviews."

Voters are surveyed only during election years. The questions asked during a congressional election year differ from those asked during a presidential election year. During a congressional election, for example, questions focus more on the amount of actual contact people have had with their congressman and who initiated the contact.

Although the National Election Studies are not concerned with predicting election outcomes, the CPS researchers do predict outcomes as a sort of in-house game.

Miller explains, "we use predictions seriously as a means of testing our understanding. For example, we may predict that changes in voters' assessment of presidential economic policy influence their sense of party loyalty. Then, we look at the data to see whether those changing assessments have made the predicted difference. Consequently, whether we predict correctly becomes a test of our understanding of the relationship between the two factors."

Far Reaching Use

Although the data are used primarily by political scientists, many of the theoretical interests pursued in the studies are relevant to social psychology and sociology. Because the time series is beginning to have some historical value, historians as well as those from other disciplines now make heavy use of the data.

In recent years, the National Election Studies have been used as the model for election studies in many other countries. CPS scientists have assisted researchers in countries such as Sweden, Germany, Great Britain, and the Netherlands to establish similar studies of voting behavior.



CPS Director Warren Miller and his associates, Maria Sanchez, Jeanne Castro, and Ann Robinson are responsible for overseeing the 1980 National Election Study, including the study design, field operations, coding, and preliminary cleanup of the study data.

Photo by Linda Stafford

The Vital Margin

Corporations Help Alumni Double Their Gift Dollars

by
Michael Radock
Vice President, University Relations
and Development

When it comes to voluntary support from friends and alumni, U-M is in good company. The record total of \$37,593,820 received during 1978-79 is the largest amount ever received by the University in its 163-year history. It also ranks U-M among the top ten institutions nationally in the amount of voluntary support received during 1978-79.

Although we are proud that Michigan ranks with the best in total gifts received, the proportion of U-M alumni helping to support the university is not so impressive. Of the more than 250,000 (degree-holding) living U-M alumni, only about 25 percent (60,000) are giving alumni. The proportion of contributing alumni at many of our peer institutions is much higher.

The greatest problem in higher education continues to be finances. American colleges, including many in serious financial difficulty, must turn to their graduates and to business corporations for increased support and survival. Michigan is no exception.

Student tuition and fees have increased substantially in recent years because of inflation and provide little hope for increased revenue.

We must do a better job of motivating our graduates. It is a great disappointment to learn that some 60 to 80 percent of all college alumni fail to give even a single dollar to their alma mater. If those who know our institutions best do not support them, how can we persuade others to make gifts?

We are fortunate that a number of businesses, recognizing the importance and necessity of private support to maintaining quality higher education, encourage their employees to contribute to the college or university of their choice by offering to match employee gifts. I encourage all U-M alumni who work for matching gift companies to take advantage of the program.



Matching Gift Program

The Matching Gift Program is an important part of U-M's annual giving program. If you work for a matching gift company, your gift is like an endowment—it generates extra income for U-M from your employer. Sometimes this endowment is lost because a donor forgets to fill out the company's matching gift form.

In 1978-79, more than 790 businesses sponsored Matching Gift Programs. Most of these matched employee gifts dollar for dollar; a few gave an even higher percentage.

Some donors can take advantage of more than one company's program, for example if you are a director or officer of more than one company or if another family member works for a different company than you do.

Indeed, you double your gift and more through your company program. Even a modest gift will count double when matched. On the other hand, if you don't give, U-M loses double, too.

It's easy to make a matching gift. First, plan to make a gift to the University. Then tell the appropriate person at your firm (usually in the personnel or community relations office) that you would like to have your gift matched. Send the company form with your gift. Arrangements will then be made to match your gift to the University, along with, or followed by, a second gift courtesy of your firm's matching gift program. Michigan is consistently number one among public institutions in the amount of support received from corporate matching gifts and ranks near the top among all universities receiving such gifts.

33 Percent Increase

In 1979-80, matching gifts from 377 businesses totalled \$430,000, generated by the giving of employees who are alumni of Michigan. This amount is an increase of 33 percent over the previous year. We are proud of and grateful to the companies who have such programs and the U-M alumni who participate in them.

SPECIAL REPORT

Tax Reform Plans and Michigan Higher Education



THE UNIVERSITY OF MICHIGAN
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Dear Alumni and Friends,

As president of The University of Michigan, I am pleased that through *Michigan Today* we are able to keep you apprised of many of the events and achievements of our university community. You are very much a part of this community, and it is with your help that we strive to maintain and enhance our place among the truly distinguished universities in this country.

Over the years, we have shared with you examples of our strength, vitality, and vision. We also have shared our problems and concerns. Today it is my responsibility, as president, to bring before you a matter of concern to all leadership in Michigan higher education. As most of you are aware, a tax cut initiative will be on the ballot in this state.

The Tisch Tax Cut Amendment, now designated Proposal 'D', would cut local property taxes by approximately 50 percent, and compel the state to reimburse local governments for their losses.

The effect on state services—such as higher education, mental health, social services, and corrections—would be chilling. For members of the university community—students, faculty and staff, parents, all who support us and believe in us as alumni and friends—it would be traumatic.

The state Department of Management and Budget informs us that passage of the Tisch plan would remove some \$2 billion from the state's general fund, which has no surplus. This is over 60 percent of the total revenues needed to finance all public agencies and services, including higher education.

Without significant increases in tuition, higher education in our state, as we know it today, could not survive that blow. Nor, I doubt, could any other of the agencies and "essential services" that rely on state appropriations for most of their financial support.

The University of Michigan now receives nearly six of every ten operating "general fund" dollars from the state. A loss to us of up to 60 percent of our income for faculty salaries, scholarships, and plant maintenance would surely force tuition to double, if not triple, for in-state students. Out-of-state tuition also would be affected. This potential burden on students and their families, including many of you who read this, I find offensive and is why I am alerting you to this situation.

My fellow presidents of public and independent colleges and universities throughout the state also have begun to inform their constituents of the serious implications of Proposal 'D' for their institutions.



The achievements of this distinguished university are the result of an enduring and unique collaboration between our faculty, students, parents, alumni, friends, and all the tax-paying citizens of the State of Michigan.

My predecessors in this office have believed strongly in the importance of that partnership, and I have pledged myself to see this vital collaboration continue. I am confident that the most fruitful years for The University of Michigan lie before us.

I look forward to sharing them with you.

Sincerely,

Harold T. Shapiro

Ballot Proposals: Tisch II, Smith-Bullard, and the Legislative-Coalition Proposal

This November 4, voters in Michigan will have the opportunity to vote on three plans which will affect their future property tax bills. Two shift the burden away from property taxes to other revenue sources. The third severely cuts property tax revenue but provides no compensatory state income.

These ballot questions would alter the Michigan Constitution. Approval by the voters of the wrong plan might permanently cripple higher education in Michigan. *College tuition may double or even triple.* This report describes other possible effects of voter approval of the plans.

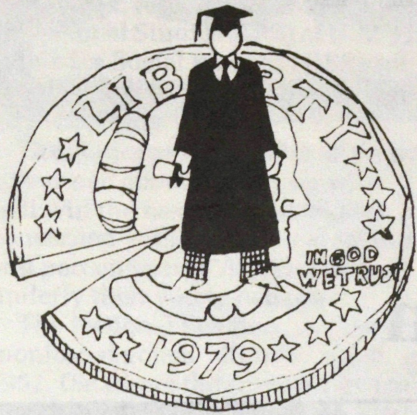
"Our analysis leads to the unavoidable conclusion that the Tisch proposal, if adopted, would be devastating for all of Michigan's colleges and universities."

...from a joint statement issued by the Presidents' Council of State Colleges and Universities and the Association of Independent Colleges and Universities of Michigan.

In June 1980, organizations representing all of Michigan's colleges and universities communicated the above conclusion to the Governor and members of the Michigan Legislature. The statement was prepared after analyses by higher education officials revealed that the Tisch II initiative petition, if adopted at the November 1980 general election, would:

- Result in anywhere from a 50 percent reduction to total elimination of state support for public and private higher education.
- Require tuition rates at public institutions to be "doubled or tripled," while at the same time reducing or eliminating student financial aid programs at the state level.
- Invoke the "very real possibility" that a number of colleges and universities would be forced to close.
- Severely limit the ability of the Michigan economy to rebound with strength and vitality.

Property Tax Reform and Higher Education



Both the Legislative-Coalition Proposal and the Smith-Bullard Proposal offer substantial property tax relief for Michigan residents, but without a substantial reduction in state/local revenues.

Tisch II proposes to eliminate about 62 percent (\$2 billion) of the state budget available for essential state programs, including colleges and universities.

Many leaders in Michigan higher education...believe that the state legislature could eliminate all funding of higher education should Proposal D pass...

Public higher education, then, would need to generate two new dollars for every current non-state dollar to operate at or near present levels of instruction.

Some Questions and Answers

Q. What is the Tisch II Plan?

A. A tax reform plan which will be on the November 4 election ballot as Proposal D. It would cut property tax assessments to one-half what they were in 1978, limit new home and farm assessments to 2 percent per year, and require a 60 percent vote of the people for any new tax increase. The state would reimburse local units for a portion of the \$2.7 billion in lost revenues.

Q. Isn't that good?

A. It sounds good, but... Tisch II would cut state support for colleges and universities, state police and state prisons, mental health, social services, and more—by about \$2 billion dollars.

Q. Isn't that just "belt tightening"?

A. Because of the way the Tisch II proposal is drafted, it actually would cause a cut of about 60 percent in available general funds for these essential state programs.

Q. The other ballot questions... are they tax cut plans, too?

A. Yes and no. The Smith-Bullard plan (Proposal A) is essentially a school financing reform plan for grades kindergarten through twelve. It would cut property taxes by about \$2 billion, too, but it requires the Legislature to increase other taxes to make up the difference, most likely the income

tax and a statewide property tax on business.

Q. What about the Legislative-Coalition Proposal?

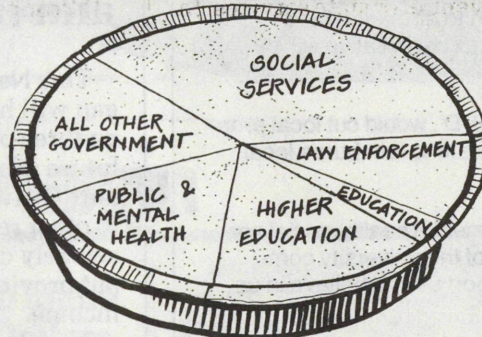
A. The Legislative-Coalition proposal (Proposal C) was developed by Gov. William Milliken, the Legislature, and a group of people representing public, private, educational, and civic groups. It will provide, in 1981, significant but reasonable property tax relief through a \$7,100 exemption in the assessment for each homestead. The tax savings will be offset for the most part by a 1.5 percent increase in the sale and use tax.

Q. Isn't that just a tax shift?

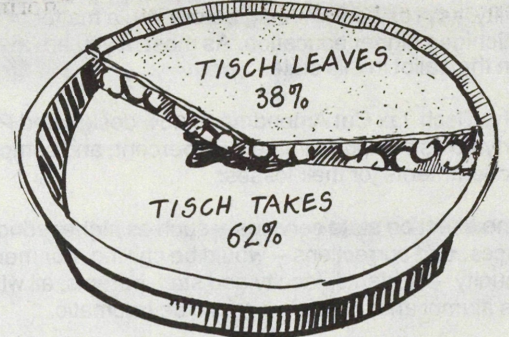
A. Even with an increase in the sales tax, Proposal C provides an overall tax reduction of about \$200 million. In addition, the Proposal requires a phase-out in the sales tax on utilities, and annual increases in the \$7,100 property tax exemption and the \$1,500 personal income tax exemption.

The Smith-Bullard Proposal would set limits on total local homestead residential and owner-operated farm property tax rates at 24.5 mills, and limits K-12 school enrichment taxes to 7 voted mills. About \$2 billion in tax revenues would be shifted, through a state-wide tax of no more than 30.5 mills on industrial development and commercial property, and an increase in the state income tax rate. The State Department of Management and Budget estimates the increase at "approximately 1.9 percent."

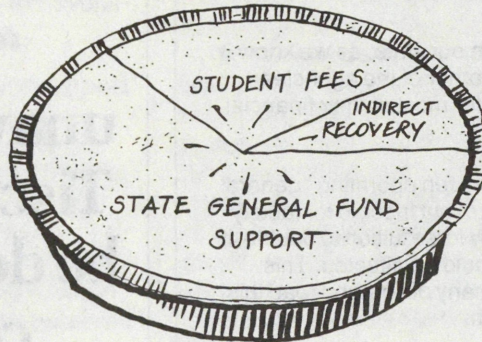
Tuition Could Double, Even Triple, If the Tisch Proposal Passes



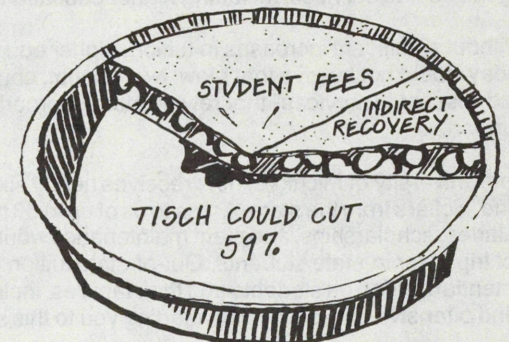
(Fig. 1) State general fund supported services



(Fig. 2) Essential services after Tisch II passage



(Fig. 3) U-M Ann Arbor campus general fund



(Fig. 4) Ann Arbor general fund in "worst" Tisch case

President Shapiro is in agreement with presidents of all other state colleges and universities that the passage of the Tisch Amendment would result in the doubling, if not tripling, of in-state tuition.

A tripled tuition could be the result of the scenario depicted above. Figure 1 shows the essential state services, funded through Michigan general fund revenue, including higher education's appropriations. Higher education will receive about \$850 million in fiscal 1981, out of an estimated \$3.28 billion.*

Passage of the Tisch Amendment, now on the ballot as Proposal D, would compel the state to return 62 percent* of the revenue (Figure 2) to local units, beginning October 30, 1981. The state legislature would be forced to prioritize the remaining 38 percent among all 25 services and departments—including higher education, corrections, mental health, and social services.

To exemplify the severity of the cut, the total savings from the following cuts would not quite add up to the \$2.01 billion return: half state welfare expenditures; half mental health expenditures; all higher education expenditures; 25 percent of all others.

The U-M Ann Arbor general fund (Figure 3) supports nearly all faculty salaries, student scholarships, and costs of academic support, student services, and physical plant maintenance and utilities. This past year, the state funded about \$130 million. The remainder came from student tuition and fees and indirect cost recovery.

Many leaders in Michigan higher education, including President Shapiro, believe that the state legislature might be forced to eliminate all funding of higher education, should Proposal D pass. If so, the Ann Arbor campus would lose 59 percent of its general fund revenue (Figure 4). In percentages, the situation would be even more severe across the state: the total state college and university system receives 67 percent of its general fund from the state.

Public higher education, then, would need to generate two new dollars for every current non-state dollar, to operate at or near present levels of instruction.

The major source would be expected to be tuition.

*Analysis: Michigan Department of Management and Budget, July 1980.

About Property Tax Reform

Q. Does all Tisch II property tax reduction stay in Michigan?

A. No. Proposal D gives only a little more than half of its tax relief to Michigan residents. The rest is returned to other property owners, including nonresident individuals and corporations owning resorts, vacant acreage, and agricultural lands in Michigan.

Q. How much will the Legislative-Coalition Proposal save individual property owners?

A. The \$7,100 exemption will save the average homeowner about \$350 in 1981, increasing in future years. Unlike Tisch II, this Proposal preserves the full value of existing income tax credits for senior citizens and others who have low incomes compared to their property tax. This increases the average relief to about \$425 per residential unit—almost three-fourths as much relief as Tisch II, but without a 62 percent cut in essential services.

Q. How much will the Smith-Bullard Proposal save individual property owners?

A. Proposal A would cut overall property taxes by about 50 percent statewide. Individual property tax adjustments would depend on the present operating millage rate in each community, which averages 49 mills statewide, versus the maximum 24.5 mill allocation under Proposal A.

Q. What about people who don't own property?

A. Tisch II provides direct rent relief only to senior citizens and lower income renters. Through enabling legislation, the other proposals both guarantee an automatic \$140 income tax credit added to existing credits. The \$140 renter relief will be increased each year according to increases in the GNP price index.

Q. What if the State actually reaps a tax revenue windfall?

A. That's impossible under the Legislative-Coalition Proposal. All money collected from the increase in the sales tax will be placed in a separate fund, which constitutionally can be used only to pay for providing property tax, income tax, and utility

tax breaks for Michigan residents. Under Smith-Bullard, as the tax shift would be in ratio to the property tax loss, there would be no additional state revenue.

Q. Will the federal government reap a tax revenue windfall?

A. Under Tisch II, the federal government would gain substantial additional tax revenues. Billions of dollars in deductions on the federal income tax return would be lost. Michigan already receives less federal money than it pays in. The State Department of Management and Budget estimates a direct outflow to the Federal Government of \$600 million in tax revenue, and \$200 million lost in federal matching grants. Under the other proposals, increased payments under the sales tax or income tax remain deductible on the federal return.

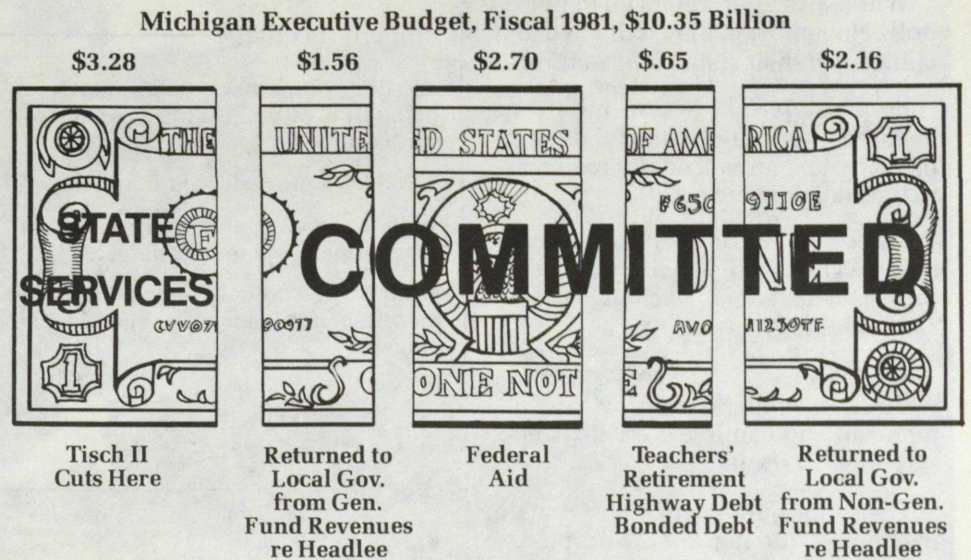
Q. What about preserving quality and opportunity in higher education?

A. If tuition is forced to triple under Tisch II, many Michigan residents will no longer be able to afford a college education. Michigan tuition rates already are among the highest in the nation. Ironically, some Tisch II supporters contend that tuition could not be increased without a 60 percent statewide vote. This could effectively preclude higher education from compensation for lost state revenues.

Q. Why do representatives of higher education believe that the total loss of state revenue is a realistic scenario under Proposal D?

A. If Proposal D should pass, the Legislature would be forced to work with only 38 percent of its projected "normal" revenue for state services. In prioritizing need, funding for the department of social services, corrections, state police, and mental health—as examples—could all be considered more "essential" than higher education. In sharing the burden equally, public higher education would lose 62 percent of its state revenue. However, in light of prioritizations, total loss of income is a realistic scenario for higher education—including The University of Michigan.

What Would Proposal D Slash? Not 14%...Not 20%...But 62% of the Revenues for State Services



An old political adage goes, "You don't have to explain what you don't say," and when proponents of Proposal D talk about cutting "only" 20 percent of the state budget, much is not being said.

The true cut, in context of available resources to fund all state services, is closer to 62 percent.*

The confusion can stem from the following omission of fact: That more than two-thirds of the budget of the State of Michigan is inviolable. As seen in the chart above, there are four units of revenue totalling over \$7 billion that are committed by either federal restrictions or state constitutional requirements. Included in these monies is the 41.6 percent of state tax revenue that, per the Headlee amendment of 1978, must be returned to local units.

Thus, the \$2 billion cut to the state budget would have an impact only on the block to the left, the portion that finances higher education, state police, corrections, mental health, and other essential services.

A \$2 billion cut from \$3.28 billion is 62 percent.

*Analysis: Michigan State Department of Management and Budget.

A Possible "Catch 22"

If Proposal D should pass, the university must raise tuition to compensate for lost state income. Correct? Possibly not. Should "tuition" be interpreted as a "tax", the amendment could effectively stop the university from raising tuition without voter approval. Tuition decisions are historically the purview of the Board of Regents.

The definition of "tax" in Proposal D includes any "fee, levy," or "user charge."

Some Proposal D supporters contend that tuition is a "user charge" and could not be increased without 60 percent approval in a statewide vote at a general election. The next scheduled general election after this November is November 1982.

Should Proposal D pass, and universities not be free to raise tuition, as offered by State Budget Director Gerald Miller, "if that happens... you'll effectively shut down the institution(s)."

Doubled or Tripled Tuition vs.

Average Worker's Earnings

Resident undergraduate tuition in 1980-81 is up 13 percent to \$1,536 for two terms.

That is for the upper division. Lower division is \$1,364. Graduate school is \$2,108.

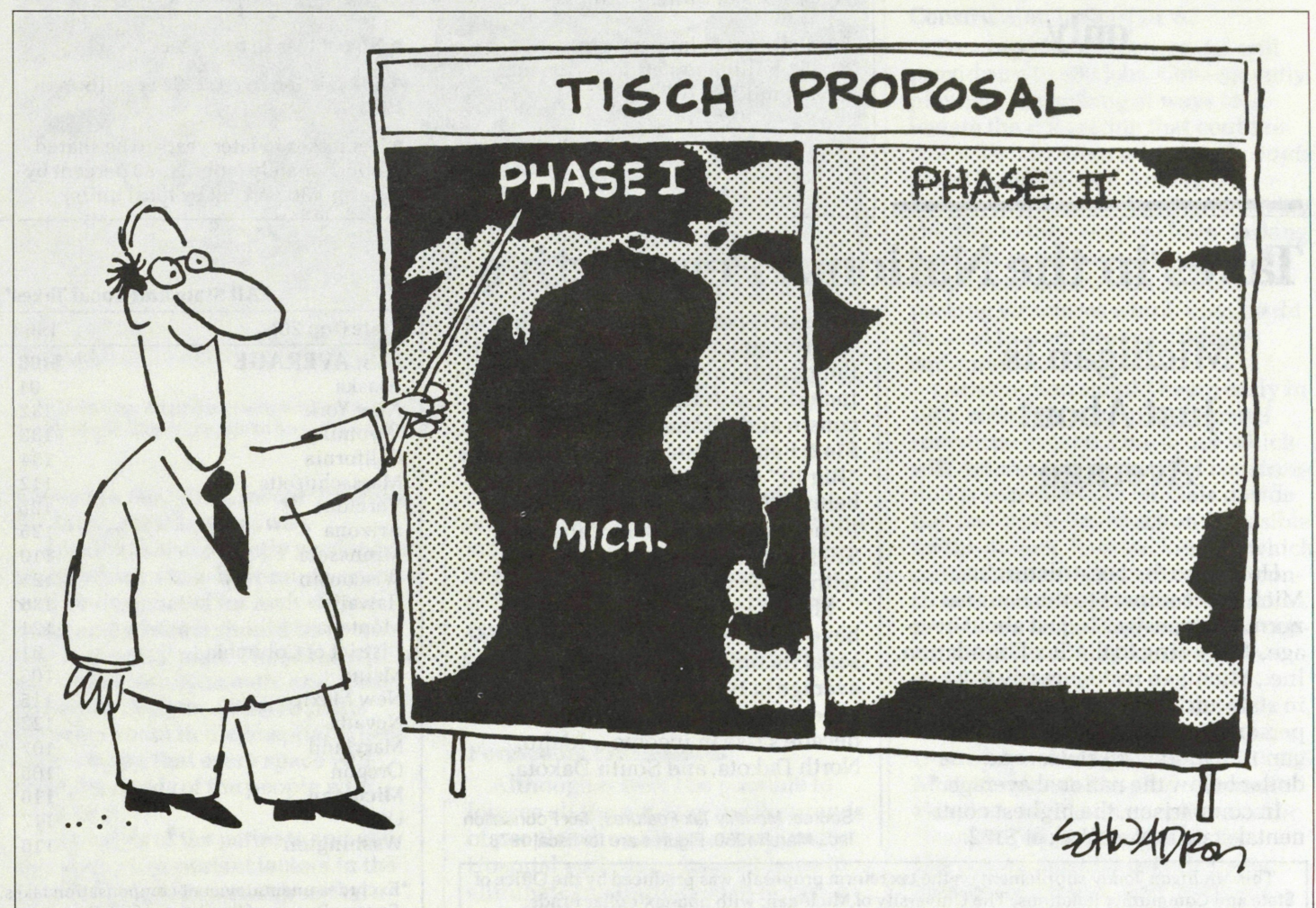
If U-M would have to double tuition next year, the upper division figure would be \$3,172. Triple would be \$4,608.

How would tripled tuition compare to earnings?

This year, the U.S. Department of Labor estimates that the annual income needed to support a family of four on an intermediate budget is \$22,600 (based upon a 10 percent inflation factor from the last statistic of \$20,517).

The average U.S. factory worker will earn \$17,911 next year.

The tripled tuition would be more than 25 percent of the factory worker's earnings...and 22 percent of the average income for a decent standard of living.



All Proposals Are Independent Of Each Other

When Michigan voters go to the polls November 4, they will have four choices for their state tax structure:

Proposal A—The Smith-Bullard tax revision plan, which calls for a cut in property taxes financed by an increase in the state income tax.

Proposal C—The Legislative-Coalition tax shift plan, which provides property tax relief in exchange for a state sales tax increase.

Proposal D—The Tisch Tax Plan, which cuts property taxes by more than half and requires the state to absorb the lost revenue.

The status quo—which will remain in effect should none of the proposals receive a majority vote.

All proposals will be voted upon independently. In other words, passage or failure of each proposal depends upon the majority of votes cast for that proposal only.

This means that you, the voter, need to vote on all three proposals to express yourself. You need to vote against a given proposal to defeat it—not just for another proposal.

The three plans have many conflicting provisions. If more than one plan were to pass, according to Deputy State Budget Director Douglas B. Roberts, the Michigan Supreme Court would rule on conflicting provisions, letting the plan with the highest vote count prevail where details differ.

Passage or failure of each proposal depends upon the majority of votes cast for that proposal only.

Taxes in the National Perspective

Michigan Is Just About Average

How does the tax structure in Michigan compare to the national norm? The answer is: just about average. According to the Tax Foundation, Inc., Michigan residents pay \$127 in state and local taxes per \$1,000 of personal income. This places Michigan 19th among all states, and one dollar below the national average.*

In comparison, the highest continental state is New York at \$172.

Highlights of the Property Tax Reform Proposals

"D" Tisch II	"C" Legislative-Coalition	"A" Smith-Bullard Plan
Property Tax Relief		
<ul style="list-style-type: none"> ● Reduce property tax assessment by half—from 50 percent to 25 percent of true cash value ● Roll back property values to 1978 levels ● Limit annual increases in home and farm property values to 2 percent ● Additional Tax or millage exemptions for certain low income persons and senior citizens 	<ul style="list-style-type: none"> ● Exempt the first \$7,100 of a homestead's assessed value (\$14,200 true cash value) from property taxes levied for local government operation (not including debt levies) ● Continue and guarantee the full value of state income tax benefits for property tax relief ● Enable larger millage reductions under Headlee ● Additional special relief for renters (\$140 per unit) 	<p>The Smith-Bullard initiative does not lend itself to comparison on an item-for-item basis with the two other tax reform proposals. Its essential features, however, are as follows:</p> <ul style="list-style-type: none"> ● Limits K-12 school taxes to 7 voted mills for each school district, resulting in about \$2 billion in property tax reduction statewide. ● Allocates additional, fixed millages for the operation of other local government units, with overall residential property taxes not to exceed 24.5 mills. ● Requires the state to assume the financing of K-12 schools, and attain by 1986-87 equal per pupil funding at the level of the highest funded school district. ● Permits the levy of a statewide tax on business property, not to exceed 30.5 mills, to supplement increases in the income tax and other taxes as a source of revenues for K-12 school aid.
Other Tax Relief		
\$ None	<ul style="list-style-type: none"> ● Annual increase in the \$1,500 personal exemption under state income tax ● Remove sales tax on residential heat, light, and other utility services 	
Total \$ Property Tax Relief (Statewide)		
\$2,506 million from reducing assessments to 25 percent \$278 million from additional relief for seniors and low income persons \$100 million from existing income tax benefits \$2.864 billion TOTAL* <small>* (However, approximately \$1 billion will be paid to the Federal Government in additional income taxes.)</small>	\$750 million from SEV exemption \$390 million from preserving state income tax benefits \$105 million from \$140 aid to renters \$1.245 billion TOTAL	\$2.025 billion from SEV exemption \$105 million from aid to renters \$390 million from preserving state income tax benefits \$183 million for senior retirees \$2.703 billion TOTAL
Total \$ Property Tax Relief (Homeowners and Renters)		
\$1.756 billion	\$1.245 billion	\$2.313 billion
Total \$ Property Tax Relief, Nonresidents and Businesses		
\$1.128 billion	\$ None	\$ None
Average Property Tax Relief per Residential Unit		
\$595		50%-plus reduction
Net Replacement Revenues for State/Local Services		
None	\$767 million from 1.5 percent increase in sales and use tax	\$2.313 billion
Net \$ Loss to State/Local Services		
\$591 million to local government \$1,853 million to state government \$2,444 million TOTAL	<ul style="list-style-type: none"> ● No net loss in first year ● \$64 million in 1982, \$242 million in 1985 ● Net losses in later years to be shared proportionately (approx. 20 percent by state and 80 percent by local units) 	<ul style="list-style-type: none"> ● No net loss first year ● Shift in funding sources for K-12 from property tax to state taxes with maintenance of local control

All State and Local Taxes* per \$1,000 of Personal Income

State (top 20)	1968	1978	% Increase	1978 Rank
U.S. AVERAGE	\$108	\$128	19	
Alaska	91	175	92	1
New York	132	172	30	2
Wyoming	135	172	30	3
California	134	159	18	4
Massachusetts	112	158	18	5
Vermont	125	145	16	6
Arizona	125	143	14	7
Minnesota	110	127	15	8
Wisconsin	123	142	15	8
Hawaii	136	140	3	10
Montana	121	138	14	11
District of Columbia	91	136	49	12
Maine	105	133	27	13
New Mexico	115	133	16	13
Nevada	122	131	7	15
Maryland	107	130	21	16
Oregon	105	128	22	17
Michigan	110	127	15	19
Utah	117	127	9	19
Washington	115	127	10	19

(Alaskans pay \$175.) Other states usually recognized for the excellence of their public higher education systems include: California, 4th, \$158; Wisconsin and Minnesota, tied for 8th, \$142; Pennsylvania, 25th, \$123. In the "Big 10" states, Michigan is third, behind Wisconsin and Minnesota; Illinois is 29th, \$118; Indiana, 47th, \$103; Iowa, 32nd, \$116; Ohio, tied with Missouri for 50th, \$99.

Michigan's state and local taxes have risen 15 percent more than personal income since 1968. The national average is 19 percent. In only three states has growth been below the decade's rise in income—Idaho, North Dakota, and South Dakota.

*Source: *Monthly Tax Features*, Tax Foundation Inc., March 1980. Figures are for fiscal 1978.

*Excludes unemployment compensation taxes.

Source: Bureau of the Census, U.S. Department of Commerce, and Tax Foundation computation.

New University Hospital Moves Ahead with Careful Planning

Despite major changes taking place on the medical campus to accommodate construction of the replacement hospital facility, it will be business as usual as far as patient care is concerned, reports Douglas L. Sarbach, Director of Hospital Planning.

For hospital planners, this means working out a large number of complex logistical problems in the existing buildings and solving traffic problems—both human and vehicular—as well as planning a replacement hospital with the flexibility to meet the needs of the 21st century.

Leadership Threatened

The U-M Hospital has long been an international leader in medical teaching, research, and service, as well as the core for health care in southeastern Michigan. In recent years, however, that leadership has been threatened largely because of obsolete facilities. As a result, the state has authorized a hospital replacement project.

The project calls for a new 586-bed structure to replace the "Old Main" adult medical-surgical building, as well as the Adult Psychiatric Hospital, and to provide the core diagnostic and therapeutic services for the six other hospitals that are part of the U-M hospital complex.

Careful Planning Essential

Careful planning is central to the project. Hospital officials hope to avoid any inconvenience to patients and visitors during the five or six years it will take to complete the replacement hospital. They also intend to construct a hospital that not only makes the most efficient use of space and resources, but also has the flexibility to adapt to changing needs.

The U-M Regents have selected a building site on the north edge of the medical campus. The new hospital will rise in steps up the north site slope from the river valley below. The top of the new structure will stand about 25 feet below Old Main. With this reasonably low profile, the building will have minimum impact on the environment, consultants say, and will give a pleasing, unified appearance to the entire medical center complex.

When it is completed, the replacement hospital unit will be composed of several separate, but adjacent structures integrated into the existing medical complex, among them:

- Inpatient Building, which includes the patient care floors.
- Diagnostic and Treatment Facility housing operating rooms, radiation treatment facilities, etc.
- Administration and Education Building for administrative offices such as admitting and accounting, classrooms, and an amphitheatre.
- Ambulatory Care, basically a large doctors' office building to house clinics and normal outpatient care equipment.
- Two parking structures.

The north site encompasses the area occupied by the North Outpatient Building and part of the parking lot east of it. To make way for new construction, that building and the Clinical Faculty Office Building will be demolished. For the convenience of patients and visitors, the clinics housed in these buildings will be relocated in remodeled offices within the patient care area of the medical complex, while the displaced administrative and support offices will be

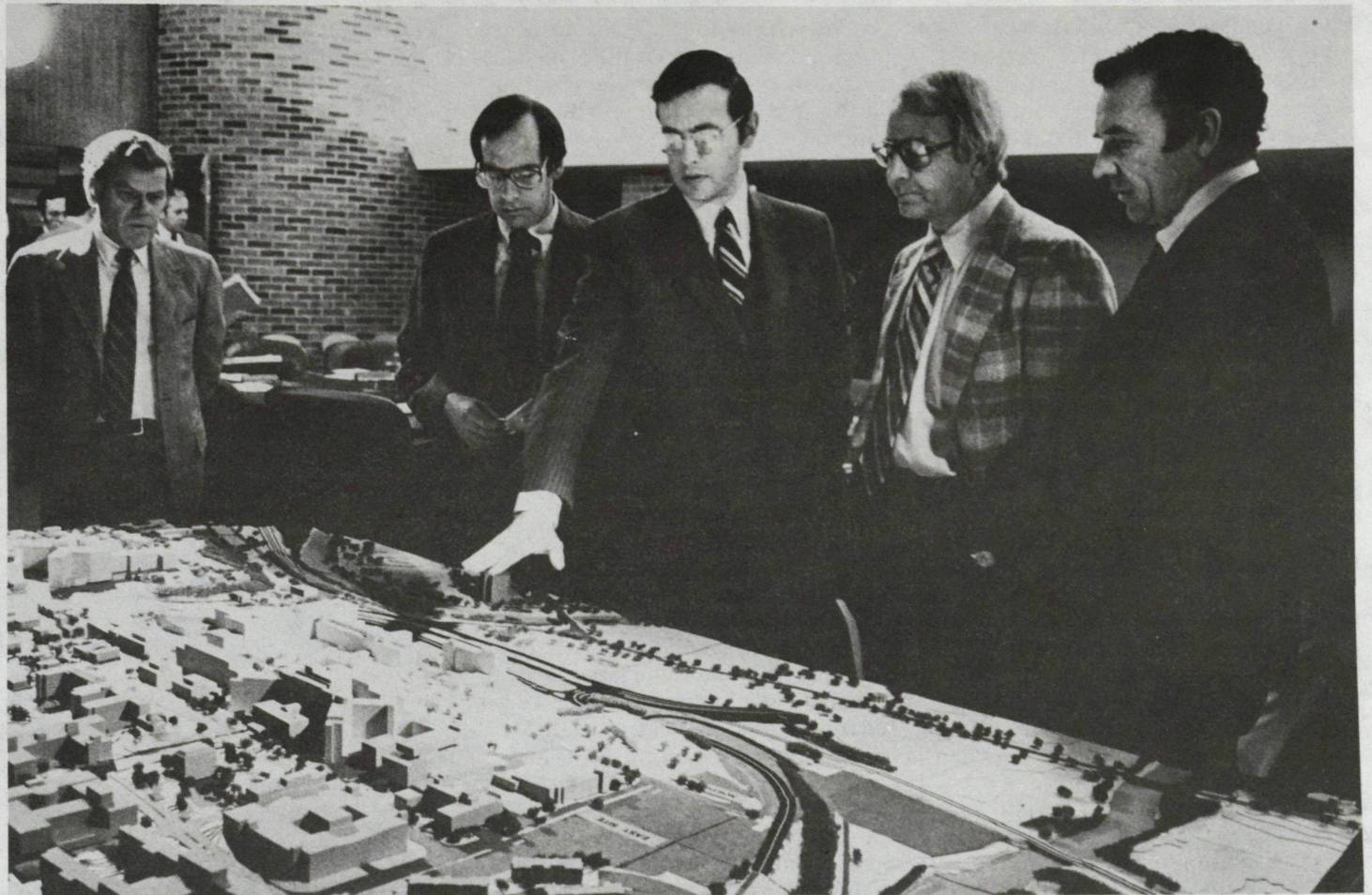


Photo by Bob Kalmbach

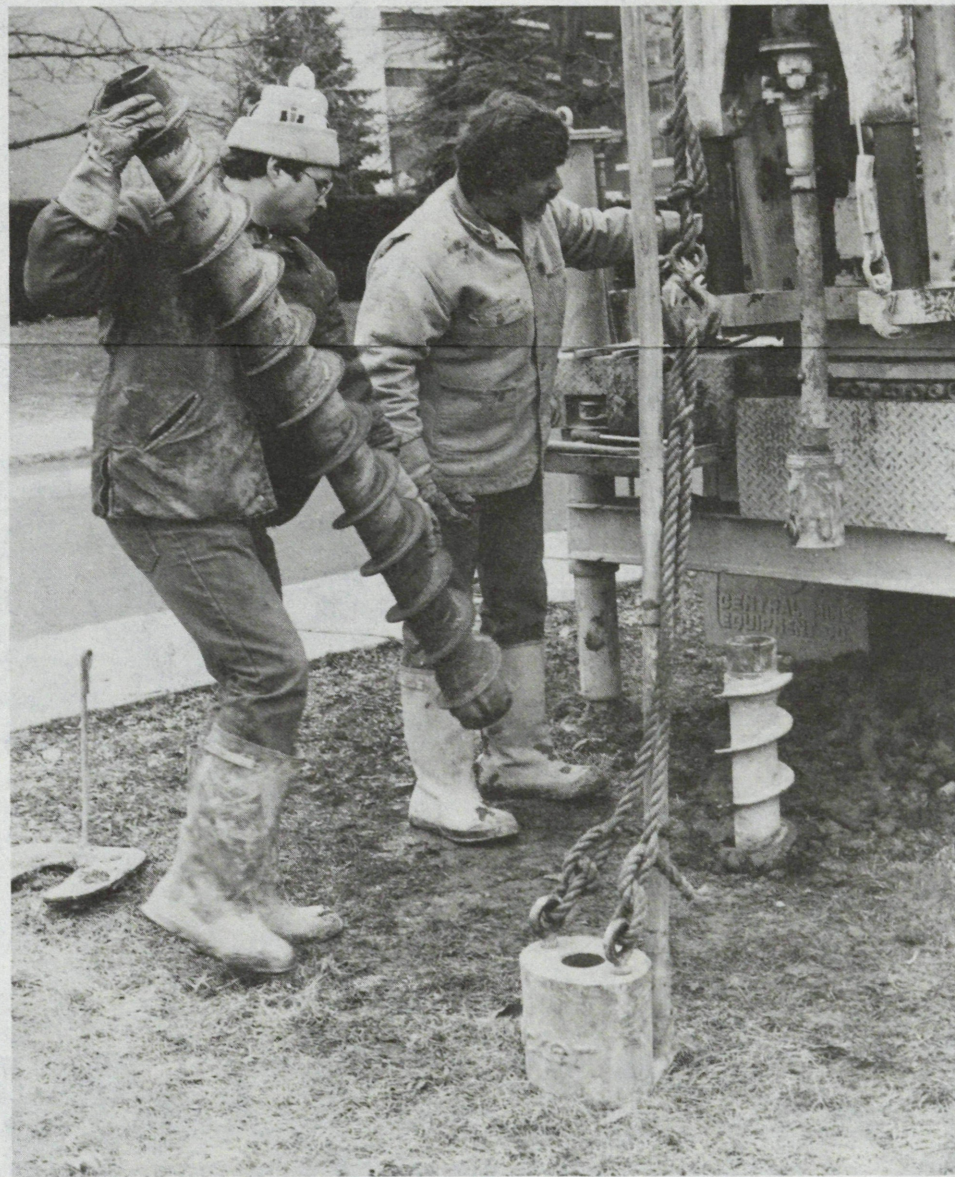


Photo by Bob Kalmbach, courtesy Hospital Star

This spring, engineers completely surveyed the hospital construction site and tested the soil to verify the ability of the site to bear the weight of the new buildings.

housed in the old St. Joseph Hospital Building a few blocks away.

Architects are currently working on plans which show how much space will be designated for each department and where it should be in relation to the total plan. The plans will be expanded into schematic and space guidance designs, detailed plans for every room in the hospital. These steps ensure that every space will meet the needs of the people who work in it.

The needs of the patients and visitors also are important factors in the hospital plans. Experts agree that a well-designed physical environment

—assuming high quality medical and nursing care together with sound organization and policy—can facilitate the therapeutic process leading to faster and more nearly complete recovery. Consequently, hospital planners will interview patients to determine their needs.

Foreseeing Frustrations

Although it won't be possible to foresee all the needs of the thousands of people who will enter University Hospital each day, planners hope to eliminate frustrations such as being unable to reach a lightswitch to read

Assessing a scale model of the medical campus with the replacement hospital are, from left, Carl Johnson (of Johnson, Johnson, and Roy, architects), Regent David Laro, U-M President Harold Shapiro, and Regents Gerald Dunn and Paul Brown.

Careful planning has marked the Replacement Hospital Project from the outset. For example, selection of the north site was preceded by a study of factors such as community image, views, vehicle access and traffic flow, retention of parking areas and existing buildings, how building masses will affect the overall Medical Campus profile and the environment, access to medical science buildings, pedestrian access to the hospital and surrounding buildings, access and operations during construction, and expansion potential.

in the evening or locate a destination without constantly stopping to ask directions.

Once the hospital is built, hospital staff will continue to evaluate and adjust components of the facility to serve the constantly changing needs of the people who visit, work, or are treated in the hospital.

Construction to Start in '82

Construction of the hospital will provide up to 680 jobs. Consequently, planners are looking at ways to alleviate the congestion that could result with that many additional people in the hospital area. Among the solutions under consideration are using shuttles to take workers from parking facilities to the work site and beginning construction with one of the parking structures which then could be used to store heavy building equipment and materials.

Construction should begin early in 1982 with completion anticipated sometime in 1986. One factor which will determine the speed of construction is whether U-M officials decide that fast-track construction is feasible for the project. Fast-tracking, in which some of the buildings are under construction before plans for the total project are completed, could cut construction time by as much as one-and-a-half years.

Improvements also are slated for more recently built structures in the U-M Hospital complex, including C.S. Mott Children's Hospital, Women's Hospital, and Children's Psychiatric Hospital. When completed, the University hospital complex will be slightly smaller, with 888 beds compared to the current 965.

Back Page Brief

Family Is Future's Challenge

The future and role of the nuclear family will be one of the great challenges of the 1980s, U-M President Harold Shapiro told graduates at U-M's summer commencement.

"It is in the family that our emotional bonds are first formed," he said, "and no humane society can function without strong emotional ties of loyalty and friendship on the one hand, and authority on the other."

Shapiro pointed out that while "it is one thing to favor plurality of family lifestyles...it is another to meet the challenge of ensuring that family arrangements of all kinds remain capable of building these critical emotional bonds."

Flint TV Is "On the Air"

WFUM/Channel 28 at U-M Flint, the nation's newest non-commercial public television station, officially signed on the air August 23, ending the Flint area's reign as the largest population center in the nation unserved by public television.

Licensed to the University, the station will broadcast locally-produced specials, as well as PBS programs.

A combination of funding from private gifts, state and federal grants, and U-M Flint, provided capital to build the station, and will be the sources for operating funds.

Energy Crisis?

U-M Students are Ready

Architecture students are looking to the future, designing buildings for maximum solar absorption during winter months and minimal absorption in the summer. A design for a 250-student international center created by Kasem Arayanimitskul, a graduate student from Bangkok, Thailand, was one of 12 award winners in a national "Design and Energy" competition sponsored by the Association of Collegiate Schools of Architecture, the U.S. Department of Energy, and the Brick Institute of America.

The competition drew some 2,200 entries from 80 schools. A maximum of four entries were allowed per school.

Coping with Industrial Obsolescence

Plant closings as a result of obsolescence are a growing problem for the northern manufacturing region of the nation.

This year U-M researchers, supported by a grant from the U.S. Department of commerce and cooperative assistance from a number of businesses, will be looking for ways to deal with the problem.

The study will define fully the economic impact of plant closings and examine the prospects for averting them through the application of new technology and the reevaluation of policies which may influence closing decisions.

A Japanese Expert in U-M's Future

U-M will establish a first-of-its-kind professorial post for an authority on Japanese business with the help of a \$100,000 grant from the Japan-U.S. Friendship Commission plus matching funds. The Japanese specialist will teach at the School of Business and Center for Japanese Studies.

"Japan is the leading industrial country in the Far East, and we have a critical need for faculty resources to equip our students with a better understanding of the international business climate," Business Dean Gilbert R. Whitaker, Jr., said of the new post.

Matching funds are being sought in Japan and the U.S.

Fieldhouse Will Ease Congestion

A new U-M sports fieldhouse took shape south of Yost Fieldhouse this summer. The no-frills building is basically an artificial turf, similar to that in Michigan stadium, covered for protection from the weather.

The new building will relieve some of the pressure from the overcrowded track and tennis building. It will benefit men's and women's activities such as the baseball and softball teams which begin practice in January when it is impossible to practice outdoors. It also will accommodate football practice on bad weather days.

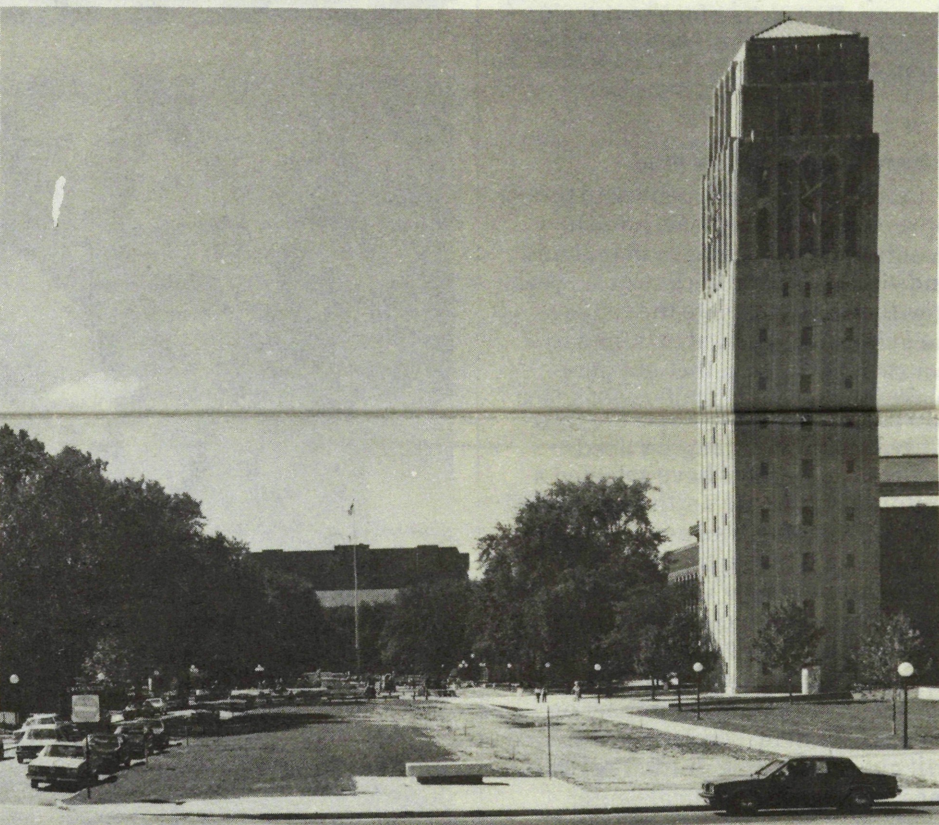
Taubman Medical Library Open



U-M students and faculty and the state's health care practitioners are enjoying improved library and teaching services with the opening of U-M's new A. Alfred Taubman Medical Library.

The structure has study areas for 966. In addition to a large collection of medical literature, the library has a computerized system, MEDLINE, and other data bases that enable almost instantaneous tapping of materials at the National Library of Medicine in Bethesda, MD. It also houses the medical school's Learning Resource Center and 3,000 volume rare book collection.

The Changing Campus Scene



Among the structural changes on campus this summer was the disappearance of southbound Ingalls Street to create a pedestrian mall. When the work was completed, the plaza around the base of Burton Tower extended to the League fountain and the area north of the fountain (toward Rackham) became a landscaped area and lawn. Automobile access to the side of Hill Auditorium and the League was preserved.

Photos by Bob Kalmbach

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