

Schools Stay Open But Funding Crisis Remains

Bob Hippler

1972

In the latest development in Detroit's cliffhanger school crisis, the Detroit Board of Education on December 5 reversed its decision of a month earlier to close the schools for eight weeks over Christmas.

On the basis of vague promises from the state legislature, the schools will now stay open until at least March 15 on a regular schedule. The Board hopes that by that time, the state will have come up with a way to finance the rest of the school year.

The meeting was held before a very large and vocal crowd of concerned students, parents and community people, mostly black. This response to the threat of school closure was primarily organized by the Student Action Coalition, a group of high school students which has formed around the financial crisis and the general problem of poor conditions in the schools.

The board's November decision to close for two months was actually a device to threaten the state if it did not come up with some money. The main threats were two:

- State law, backed up by a federal court order, requires all state public schools to provide 180 days of education for all students. Should Detroit schools lose 40 days this year, the school system—and possibly the state—would be threatened with damage suits from parents, charging injury to their children's education.
- Even more important, the state would be faced with legal suits from Detroit residents, demanding that their children be permitted to attend suburban schools. The legal argument is that since state law guarantees each Michigan schoolchild 180 days of school a year, students have the right to attend school in another district if their own district is not providing a full school year.

This raises the prospect of black children from Detroit enrolling in schools in places like Dearborn, Warren and Livonia. Fresh in mind is the racist reaction of whites in these areas to the idea of court-ordered bussing last year, State officials can be expected to move mountains to avoid this situation.

Responding to these pressures, the state has promised to try to raise funds if the schools stay open on a regular schedule until March 15, when they will be totally broke. So the crisis has in effect been postponed for another three months.

Many state officials have held that the crisis is Detroit's fault—they point out that while most state schools are supported by an average of 26 mills in property taxes, Detroit schools currently get only about 15 mills. Detroit school officials have agreed with this argument, repeatedly asking local voters to approve a millage increase.

In clinging to the property tax, government officials have been sealing the doom of Detroit schools for years. The property tax is an unequal and even capricious method of financing schools. Large urban areas, with contracting tax bases, become completely unable to support their schools, while the suburbs—filled with people and companies who made their money in Detroit and then split—have money coming out of their ears.

Even a basically conservative force like the Detroit Federation of Teachers has come out for abolition of the property tax as a method of school financing. Edward Vanderlaan, a teacher at Northern high school, has been one

of the leaders of the liberal wing of the union which opposes the paycheck-oriented policies of President Mary Ellen Riordan and favors educational quality and community control. He says this about school financing:

"Places like Detroit have an assessed valuation of about \$4,000 to back up each pupil, while the suburbs have valuations of up to \$40,000 per pupil. The gap in property values is huge, and Detroit students get shortchanged."

He also blames the state for many reductions in Detroit's tax base. "Through new expressways and urban renewal projects, the state has destroyed taxable Detroit property which would yield \$97 million per year. This alone would be enough to make up our \$80 million deficit for this year." It should be noted that the freeways and urban renewal projects like Wayne State University's research parks service mainly people who live in the suburbs.

Vanderlaan continues: "Many businesses also shortchange the city, moving their headquarters out (after taking advantage of city services for years) and leaving whatever assets remain in nontaxable form, such as the S.S. Kresge Co. did recently."

Detroit is not the only school district in trouble. "There are 50 other districts in the same boat, and there are 300 districts in the state which are operating on borrowed funds. Recently the Detroit schools borrowed \$20 million and had to pay over \$1 million in interest to local banks in less than a year. What a waste of taxpayers' money. Why isn't anything written about this? It must be great for the banks."

Many states are throwing out the property tax as an outmoded way of school financing. "California ruled it out over a year ago, and other states have too," Vanderlaan says. But what will take its place? "We favor a graduated state income tax, but that was voted down in a recent election, so I don't know how they're going to get around that," Vanderlaan says.

Actually, Vanderlaan's reliance on a graduated state income tax falls short of pinpointing the real cause of the school finance problem. City and state taxpayers are not to blame for voting down new tax proposals—in fact, they are probably showing very good sense. Individuals are already being taxed to the hilt through stiff income and sales taxes, as well as existing property levies.

The local school millage, for example, was the only local tax submitted to the voters for approval, and in a period of 10% unemployment in the Detroit area, it is hardly surprising that voters rejected it. The state graduated income tax was a very conservative proposal which would have hit mainly middle-income taxpayers and left largely untouched the major corporations and banks.

These money-making institutions are the real cause—and the main culprit in Detroit's school money crisis. The corporations, through a variety of loopholes, are able to pay income and property taxes at a much lower rate than most private individuals. As mentioned above, many leave the city to escape its problems. In some cases, the city actually gives or loans the concerns money to get them to stay—as in the 1970 controversy over the Peerless Cement Co. The banks, for their part, profit more and more the longer the school financing crisis goes on, collecting on loans—they have a vested interest in preventing a solution.

Until now, the state has been a silent third partner in this operation, slowly undermining Detroit's tax base through urban renewal and freeway construction, making no moves to correct taxing inequities, and allowing Detroit to flounder around looking for money. But now matters are clearly getting out of hand.

Perhaps one good long-range solution is a complete overhaul of the tax structure, replacing the district property tax with a sharply progressive statewide tax, preferably on all types of income, including profits and interest as well as earned wages, and also hitting large institutional property holdings. But the state can be depended upon to stall, look for band-aid solutions, and put off drastic reform as long as possible.

However, the pressures on the state are building. Both the Michigan Supreme Court and the U.S. Supreme Court are hearing cases which challenge the constitutionality of the district property tax as the sole method of school financing. The Michigan Court has taken testimony in a case brought by Gov. Milliken and Atty. Gen. Frank J. Kelley but has not yet issued a decision. The U.S. Supreme Court has the same issue before it in a San Antonio, Texas case.

There is a strong trend nationwide to outlaw the current property tax system, and if either court rules it unconstitutional, the state will be forced to provide other income.

Last week the school board also tried and failed to get the Detroit federal court to order state officials to fund the rest of the school year. The suit asked the court to enforce an order for a full school year issued July 7 by federal

Judge Stephen J. Roth, the man who authored the controversial bussing decision last year. The court dismissed the case, saying, "There is no reason for this court to believe that the Legislature will not act."

Still another suit filed by a group of Detroit parents is seeking to force the state to keep the schools open and find a long-range solution to the money crisis.

The Legislature will have only a few weeks, after it begins its 1973 term January 10, to come up with a solution. Two moves are being considered, and both would cost Detroit taxpayers millions of dollars and blatantly go against their wish not to be saddled with the cost:

- Authorization for the Detroit school board to levy a 1 per cent income tax. Detroiters already pay 2 per cent, and this would only speed up the flight of people and money from the city.
- Authorization for the school board to issue bonds to cover its anticipated \$80 million deficit and levy a tax—without a vote—to retire the bonds.

A third alternative is a direct grant from the Legislature from the state general fund, but the lawmakers will not do this unless forced into it by court decisions, just as they will not consider a tax overhaul unless backed into a corner.

Meanwhile, the rest of us ordinary citizens can watch in suspense, and do our best to raise hell if the state attempts to heap more taxes on our backs. Another strong and vocal showing at the next school board meeting would be good for a start.



Bob Hippler
Schools Stay Open But Funding Crisis Remains
1972

<https://www.fifthestate.org/archive/173-december-16-1972-january-5-1973/schools-stay-open-but-funding-crisis-remains>
Fifth Estate #173, December 16, 1972-January 5, 1973

fifthestate.anarchistlibraries.net