

## THE ART OF THE POSSIBLE

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I begin by thanking the New England School Development Council for the opportunity to speak here today. This is not the traditional, if somewhat banal, beginning. I am very grateful, because I have been forced to think seriously about the implications of a subject that I — and many of us — have only reacted to.

I should probably make the case first, and then issue my plea. But let me reverse the process and start with the conclusion — a brief plea for a policy preference.

### *A Plea for Deliberation*

You, as individuals and collectively, will be a potent force for the reform of present methods of financing of public schools. I urge you to permit the state to move gradually into the new relationship between the state and the communities.

I hope we can learn from history. I think the people of Massachusetts have a healthy fear of precipitous state takeovers, a lesson learned from the state assumption of welfare costs and administration in 1968. It is still a shambles. I don't mean to imply an exact analogy between today's subject and the welfare disaster, but it is an unavoidable if inaccurate comparison.

Premising a child's elementary and secondary education on the tax base of his local community is discriminatory and therefore wrong. I leave it to wiser heads to determine whether such a premise is a violation of the 14th amendment. But whether or not the courts mandate the change, the cause is just, and we must tackle the fiscal aspects of equal educational opportunity legislatively.

But this is radical change, with vast and perhaps unforeseeable implications for many aspects of public policy. Rashness now equals regret later. I believe strongly that we must move slowly, deliberately, and wisely. Easily said, not easily done.

*Action Under Court Mandate*

Even if we come to approach the problem under the pressure of a court decree, very great difficulty still would remain. I do not think the courts have much interest, competence, or standing to devise and order tax and expenditure patterns. It is possible to foresee a situation that should keep constitutional lawyers busy for a generation or more, if the legislature tries and repeatedly fails to find an acceptable remedy to an unconstitutional situation. When I say a generation of constitutional lawyers, I do not mean to exaggerate. It would be easy for the courts to consume 20 years in the consideration of this issue, even as they will have consumed more than that before the curse of inequality based on race is removed.

I do not think we can afford to wait a generation. Apart from the terrible human cost, the opportunity provided by our declining birth rate and a realignment of Federal and state responsibilities will have been lost.

*Massachusetts Aid to Education*

Massachusetts is like many other states in that its laws regulating state aid to local elementary and secondary education reflect two major competing political interests: that of the wealthy communities and that of the poorer communities. For example, our equalization formula is only partly equalizing because it guarantees a minimum flat grant of 15 percent of reimbursable expenditures to our wealthiest communities. Similarly, our statutes providing reimbursement for special education and school building construction are basically non-equalizing because they are based on a flat grant distribution system, with equal grants regardless of local wealth.

It seems to me that we ought to begin the process of moving toward a more equitable system of educational financing by providing that the scarce funds which the state already distributes be distributed on a completely equalizing basis, so that the state does not increase the already wide disparities caused by property values that differ from community to community. To distribute all state aid on an equalizing basis, however, would be a goal with great political obstacles to its achievement. No community considers itself so wealthy that it can afford to give up state aid which it is receiving. A substantial political constituency from our wealthier communities would, therefore, oppose attempts to develop a more equalizing approach to educational financing. Given a limited amount of

money, equalization obviously means taking from the rich to give to the poor. This is fine except that Robin Hood did not have the problems of reconciling adverse political interests and being elected to public office.

The political problem, therefore, in moving toward a system of state aid to education which is completely equalizing, is to determine what to give the wealthier communities in exchange for a reduction in their share of state aid. One possibility is to give them tax relief, but any progressive system of taxation obviously will tax in direct relation to wealth. So, we are faced with the dilemma of achieving greater equalization without alienating those constituents who would bear the burden of such equalization under any progressive tax program.

This dilemma makes appealing the suggestion of either total Federal or total state assumption of education costs. The former would provide *direct* Federal assistance while the latter would, without other changes, leave the state to face the virtually impossible task of providing the billion dollars required. However, a Federal takeover of welfare costs would provide considerable *indirect* assistance by freeing substantial state funds for educational purposes. Leaving the politics of equalization of existing state aid, I would like now to shift to some other relevant concerns.

*Need for Balanced Financing and Control*

I think that there is too great a tendency for educators, politicians, and others to try to offer simplistic panaceas to educational problems. I am not suggesting that the issue of financing is unimportant. I am merely suggesting that it is one of a number of factors: all necessary, but none sufficient in itself to produce quality education. I think that from the point of view of state educational policy, financing should be considered along with other critical factors such as the optimum size of school districts, the optimum manner of school governance, new techniques for learning such as the open campus, racial and economic integration, and a whole range of other factors.

With increased state support of local education will come the responsibility of the state to assure that all of these factors are considered in producing an opportunity for a quality education for each child. Of course, this increased state role in insuring educational quality may, at some point, conflict with the hallowed tradition of local control. It is at that point that we should consider the appro-

priate balance between state and local financing. I, for one, am loath to project a complete state takeover without assessing the impact of a more gradual approach. The lesson we have learned from past court decisions bringing sweeping changes, such as those in the areas of racial integration and voting rights, is that implementation is a lengthy and complex process which should, if possible, be carefully planned so as to minimize conflict.

An assessment of the problem of school financing and the political climate leads me to believe that our goal should be to continue to equalize state expenditures through expanded use of existing distribution programs which relieve the overburdened property owner. I would prefer to move gradually toward a greater state role in financing and to accelerate when and if Federal funds become available for takeover of welfare costs. By taking this more gradual approach, we can strike a proper balance between state and local financing and control of education.

However, we may not have the luxury of a gradual change. Increasingly there is evidence that the courts will force us to equalize educational expenditures immediately. What then are the issues?

#### *Major Administrative Issues of State Financing*

Many commentators seem to believe that a state can solve the problem simply by shoveling vastly more money out to school districts in some prearranged formula, leaving local control and local discretion substantially unchanged. This is that simplistic panacea in its purest form. One hears often the observation that he who controls the purse controls the program, but no one seems to have really addressed that problem. It is treated as simply a manifestation of a human tendency to want to aggrandize power when one has the leverage that comes with paying the bill.

Actually, there is much more to it than that. I see many administrative problems to be solved, and I will speak to some of these briefly.

First, there is the collective bargaining relationship. There are over 300 separate collective bargaining agreements in Massachusetts public education, and they differ in their treatment of almost every conceivable economic and non-economic issue. If the state comes to pay more and more of the bill, are these differences acceptable? If school committees are state officers, which they are in Massachusetts, spending state funds, can unequal wages and conditions of employment be tolerated? Fiscal autonomy is one thing where the type of

service rendered may vary widely for good reason, as at the higher education level; it may be something else again when there is an imperative to equalize the service offered. Does not equal protection of the laws also extend to teachers? How important to the concept of local control is control over salaries and conditions of work? This becomes an especially interesting question when one considers that the conditions of work being bargained over involve increasingly the rights of teachers to participate in decisions affecting them.

Second, and at a far more basic level, could the state afford to let local school districts spend its money at their discretion? Even tight-fisted Yankees may be more liberal with other people's money than with their own. Should they be permitted to maintain inefficiently small districts, recognizing that the point at which some say inefficiency sets in seems to rise substantially every year? Will it be necessary to police contracting procedures? What assurance is required that the funds are used in a way that benefits the pupils and not some other interest? Can we rationally establish priorities without using detailed measures of effectiveness? None of these issues involves any desire to centralize power for the sake of centralizing power, or any desire to take over education; they are simply matters of an unavoidable trusteeship responsibility for the use of public funds.

I conclude that there are serious administrative problems to be thought through and overcome. I believe that state operation of the schools is a frightening prospect; centralized administration could never duplicate the variety, flexibility, and responsiveness to community character that distinguish the present system at its best. But neither do I see any way to avoid increased state involvement when the burden of financing the schools passes substantially to the state.

#### *The Question of Political Support*

These administrative problems suggest just one of the many political problems that lie in front of a program aimed at substantial equalization. We may be sure that there is virtually unanimous support in any community for a program for which someone else is taxed to increase our school expenditure, provided of course that this "someone else" keeps his nose out of the way we run our schools. We at the state level feel the same way about our relationship with the Federal government. However, within the state, as within the various communities and within the Federal government, there is no "someone else" who pays the cost: in its own affairs, each

takes money from some of the citizens to provide services to others. Of course there is nothing unusual about that, but it would be a mistake to believe that even so good a cause as equalization of educational opportunity would make it an easy political task to accomplish more shifting than now occurs.

Clearly, if equalization is seen as directly jeopardizing one community's schools to benefit the schools of another, there is no program imaginable that would attract widespread support. If, on the other hand, we equalize at the highest pre-existing level of support, the costs of education more than double. The current NESDEC formula for distributing state aid<sup>1</sup> involves an incentive for school systems to do more. Is it enough to equalize the ability of the various systems to do more, if the result is that some take advantage of the opportunity while others do not, and inequality for pupils remains? I think this begs the central issue of what is understood in the phrase "equalization of educational opportunity."

The political problem is in some ways analogous to the problem of getting small districts to combine. The wealthy district does not want its commitment diluted, the poor district does not want its costs increased, and neither wants outsiders controlling the education of its children. It is a wonder that we have done as well in district consolidation as we have. And despite my deep concern, perhaps pessimism, about the complexities of the issue, I am encouraged by the relative success in district consolidation.

It is also worth observing that there is no easy or obvious coalition of support for any particular program. City interests may be expected to make much of the fact of municipal overburden, and it is true that even a complete takeover of school expenses by the state would reduce property taxes in the larger communities by only a fraction of the reduction in suburban and rural areas. School taxes in Boston are only 17 percent of total taxes. In some small communities, they reach as high as 90 percent. Suburban interests may be expected to defend to the very last their ability to offer superior, and therefore unequal, opportunities. Rural interests may well vote their pocketbooks, and they are not notably charitable toward the cities and in fact have many problems of their own. The opportunities for a consensus on the principles and irreconcilable differences on the details seem very great indeed.

I conclude therefore that there are enormous political problems to be overcome, even if the state does acquire a great deal more fiscal

<sup>1</sup>General Laws of Massachusetts, Chapter 70, section 4.

flexibility through the assumption of welfare costs by the Federal government.

### *Economic Influence of the Property Tax*

In addition to the administrative and political problems, there are some profound economic problems in school financing that arise not just because of the number of dollars involved, but because of their traditional source, the local property tax. There is general agreement that the local property tax is cruel and regressive, and that its level is too high. It is a bad tax by almost any standard. Not the least of its ill effects has been that it has placed the interests of children in direct opposition to other interests in the cities and towns, so that its cruelty passes through to the children to the extent these other interests are taken into account.

In retrospect, it is curious irony that in our effort to put control of schools close to parents, we also put the control in communities which may or may not reflect the interests of the parents. After all, most towns do not reap the major social benefits of good education or suffer fully from its worst failures. The most successful products take advantage of upward and outward mobility. The most complete failures become wards of the state. At the same time, any municipal officer knows of many fine citizens undergoing real deprivation because of the property tax, and many have watched employment turn down as businessmen move or fail. If we had intentionally tried to pit the interests of children against such basic interests as jobs and enough money to keep a home, we could not have found a better means.

Against all these things, however, is a pragmatic maxim of public finance: An old tax is a good tax (or at least a far better alternative than a new tax). Once a tax has been a part of the economic structure for a long time, the adjustments of resource use tend to have been made. Thus, we have some very prosperous school districts in terms of valuation per school-attending child, because they voted to accept a generating plant in their district. Without the property tax and its relationship to school costs, who would accept the nuclear generator in his backyard? Having made the decision to accept it, is it reasonable for the state to take away the compensation? How will we get the generating sites, and for that matter all the industrial sites we need, if communities have less reason to accept them?

Or consider the fact that assessed valuation does not always correlate with income. Statistics show that many of the least affluent communities in Massachusetts, in terms of income per family, are on Cape Cod and the Islands, where our reliance on the property tax for financing of schools has in effect subsidized the growth of the area as a resort and a vacation home community. Thus, there are very large valuations per school-attending child which produce very low tax rates that benefit a number of otherwise very poor people. Could these communities stand a tax burden comparable to that of the rest of the state, not only in its effect on education but in withdrawing the indirect subsidization of their economic opportunities?

Also, it is worth noting that much of our pattern of residential development has, for good or ill, been shaped by property tax and school cost considerations. The consequences range from restrictive zoning, which tends to keep out any housing which cannot support the children that come with it, to the development of school-centered communities that seem almost to owe their existence and character to their common commitment to extraordinary excellence in education. It seems probable that the quality of their schools supports property values, despite the tax costs.

In sum, much of the pattern of physical and economic development of the state has been strongly shaped by the indirect consequences of the ties between property taxes and local school costs. We can only speculate at how many pieces will have to be picked up in areas unrelated to education if that connection is broken. It is clear that at the very least we will have to rethink a number of important policies involving economic development, housing, and land use.

Clearly, there are some dilemmas here. If we shift to a state property tax, as Mr. Capeless suggests,<sup>2</sup> we may work great hardship on some communities that are rich in property values but poor in terms of income. If we shift to an alternative tax, we may distribute windfalls, in property values if not in school programs. Whatever the case, a move from an old tax, however good, may let loose a whole string of consequences that can only be anticipated with great difficulty. This, of course, complicates the political problem enormously.

Surely you will forgive me if I point out that the cabinet form of organization now underway in Massachusetts should make it more feasible for us to deal with the complex interactions that a change in policy in one sector has on other sectors.

<sup>2</sup>See the paper by Robert T. Capeless in this volume.

### Conclusions

From all these thoughts, I am forced to draw only cautious and cautionary conclusions.

First, the chances of developing substantial political support for any plan aimed at both a major increase in state financing of public education and a major move toward equalization of opportunity, will depend in very large part on new fiscal freedom that can only come from a Federal takeover, one way or another, of some state costs or responsibilities.

Second, I think no one can safely rely on court decisions to provide adequate direction or guidelines for a timely reform.

Third, we don't know and we will have to find out what new relationships between the State Department of Education and local school districts may be involved. Since local control is such a long and cherished tradition in Massachusetts, any program that substantially impinged on local control would suffer a loss of support, and yet we do not know how best to minimize that interference.

Fourth, much more than education is involved. We treat the matter solely as educational at peril not only to support for the program but to important factors affecting the entire future of the state.

Fifth and last, despite all the above, the cause is just and the time to begin is now; it will not get better later on. This is why we have an extraordinary problem of political leadership, why we need to draw on all our skills in the "art of the possible."