



Michigan COMMENTARY

Playing Public Policy Poker for High Stakes

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In an incredible display that some have dubbed Lansing's mass hysteria, the legislature last month passed SB 1, abolishing the local school property tax and destroying in one fell swoop the current basis for funding Michigan schools. Faced with the awesome dilemma of having to find replacement revenues of some \$6 billion, the House, Senate, and governor now must fashion a series of reforms and restructurings that deal with four issues:

- designing an instructional system to serve the requirements of the future;
- restructuring the organization and processes of the operation of the education apparatus;
- providing adequate revenue by some means other than the recently abolished local property tax; and
- reassessing the entire tax structure of the state, not only for the operation of schools but for the operation of all government activities.

Passage of SB 1 has been widely characterized as either the greatest act of political courage in 30 years or a pathological, suicidal act that will lead to the repudiation of the legislature and the executive branch, with more than enough blame to go around. In fact, its significance extends beyond either of those simplistic and hyperbolic analyses. What has been clear to knowledgeable observers is that our school system has endured a generation of atrophy while the state's rich-district-versus-poor-district finance system grew ever more vulnerable to constitutional challenge in federal courts—as already has occurred in Kentucky, Tennessee, Montana, New Jersey, and Texas. It doesn't take that proverbial rocket scientist to infer that something had to be done or the initiative would be taken from the state and placed in the hands of the federal judiciary. United States Supreme Court Justice Ruth Bader Ginsberg has made the chilling and apt observation that as the nation's legislative branches grow increasingly squeamish at tackling the toughest public policy questions, abrogating their fundamental responsibility, they jeopardize the historic design of our republic—shared power between the legislative, executive, and judicial branches.

Notwithstanding the massive constitutional fault line running through Michigan's former school finance system, participants and onlookers alike nevertheless were agog at the enormity of the action of the legislature. Could a more rational, reasoned process have been designed to move ahead to prepare Michigan to meet the challenges of the future? Or is the legislature so paralyzed by its inability to act, to lead, to decide, that it can function only by using the whirlwind of disorder as the justification to make the required unpleasant choices?

Unfortunately, the challenge facing Michigan is at this juncture driven less by a desire for a solution than by zeal to ferret out political advantage. Fixing the education and tax systems of our state is a formidable task; adding the inevitable partisan political machinations makes this extraordinarily difficult task even more daunting.

The Republicans, led by Gov. John Engler, are very eager to make change happen by year's end, believing that this climate of chaos, replete with failed millage elections and threatened bond ratings, contains their best opportunity to radically change a system built over 150 years. Issues such as schools of choice,

curriculum change, district size, length of school year, and the shape of the new tax structure—to name only a few of the many pressing issues—all roil the waters, making it difficult to construct a solution that can win 56 votes in the House, 20 in the Senate, and the governor's concurrence. However, the Republicans are eager to forge an early deal, hoping to catch their adversaries still divided and unprepared. If they succeed in casting themselves as a party of leaders intent on getting the job done, they see it as their best chance to preempt the Democrats and guarantee the reelection of John Engler in 1994.

Meanwhile, the Democrats, unified only by a compelling and deep enmity for John Engler, hope to delay a coming to judgment on the school and tax issues. Under their strategy, the closer we draw to the 1994 elections, the more difficult it will be to pass a reform and restructuring package, and they will be able to blame the governor—whom they hope to paint as uncaring, cruel, and reactionary—for the imminent collapse of our education system. The risks of a delaying strategy are very high. As in 1959, when conservative Republicans effectively disabled Gov. Soapy Williams's capacity to govern, failure of a timely resolution of this crisis offers such disastrous consequences as the ruin of our state's credit rating, the decline of our reputation for quality of life—which will affect our business climate, and the accelerated out-migration of our strongest and most prestigious corporations.

These scenarios have the ambiance of a high-stakes Las Vegas poker game. If John Engler wins, he will be an extraordinarily strong favorite to retain the governorship and lead the GOP to control of the House and continued control of the Senate, also becoming a national figure of the first rank in Republican attempts to wrest power from President Clinton; some speculate that Governor Engler could be a future vice-presidential candidate or cabinet member.

If the Democrats prevail, and a sizeable portion of the public is persuaded that the Engler administration's policies have led to chaos and disorder, then the party stands a very good chance of winning the executive office and recapturing control of both the House and Senate. Vital in this high-stakes poker game will be the positions of the AFL-CIO, UAW, and the Michigan Education Association, along with the new mayor of Detroit, who will be eager to prove that the Detroit that snubbed Jim Blanchard but supported Bill Clinton is a vital player in the construction of a new Democratic coalition.

In the world of the future, value—rather than debt—will be the prerequisite for the economic viability and strength of nation-states. Our difficulty in 1993 is that after 12 years of debt—which we called “supply-side economics”—we are finding great difficulty in moving from an orgy of spending to a disciplined approach to the activities of government. The question of how Michigan funds its schools is a small and vital part of the larger question. In the course of its resolution, every citizen should pray that our leaders will have the courage to address the question, “What is the public interest?” rather than “Where is the political advantage?” For good or ill, what we do now will be measured in the future as a test of our courage and vision.